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The Uniting Church in Australia – Queensland  
Synod  
Lifeline Community Care

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Financial Statements  
for the year ended 30 June, 2009



**THE UNITING CHURCH IN AUSTRALIA – QUEENSLAND SYNOD**

**LIFELINE COMMUNITY CARE**

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**THE UNITING CHURCH IN AUSTRALIA – QUEENSLAND SYNOD**

**LIFELINE COMMUNITY CARE**

**INCOME STATEMENT**

**For the year ended 30 June 2009**

	Notes	<b>2009</b> <b>\$000</b>	<b>2008</b> <b>\$000</b>
<b>Revenue</b>			
Revenue from continuing operations	3	121,791	108,417
Other income	3	413	382
<b>Total Revenue</b>		<u>122,204</u>	<u>108,799</u>
<b>Expenses</b>			
Salaries and employee expenses		(84,059)	(74,867)
Materials		(1,404)	(2,097)
Occupancy expenses		(13,769)	(12,523)
Administration expenses		(10,656)	(9,496)
Depreciation and amortisation expense	4	(2,227)	(2,181)
Finance costs	4	(72)	(180)
Other expenses		(6,891)	(5,842)
<b>Total Expenses</b>		<u>(119,078)</u>	<u>(107,186)</u>
<b>Surplus for the year</b>		<u>3,126</u>	<u>1,613</u>

The income statement should be read in conjunction with the accompanying notes to the financial statements set out on pages 7 to 24.

**THE UNITING CHURCH IN AUSTRALIA – QUEENSLAND SYNOD**

**LIFELINE COMMUNITY CARE**

**BALANCE SHEET**

**As at 30 June 2009**

	Notes	2009 \$000	2008 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	25,325	20,542
Trade and other receivables	7	2,270	2,874
Other assets	8	1,295	1,386
Inventories	9	270	-
<b>Total Current Assets</b>		29,160	24,802
<b>Non Current Assets</b>			
Property plant and equipment	10	43,708	42,470
Intangible assets	11	417	308
<b>Total Non Current Assets</b>		44,125	42,778
<b>Total Assets</b>		73,285	67,580
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	15,203	12,829
Borrowings	14	-	290
Employee benefits	13	6,379	5,780
<b>Total Current Liabilities</b>		21,582	18,899
<b>Non Current Liabilities</b>			
Borrowings	14	-	1,214
Employee benefits	13	1,450	1,478
<b>Total Non Current Liabilities</b>		1,450	2,692
<b>Total Liabilities</b>		23,032	21,591
<b>Net Assets</b>		50,253	45,989
<b>EQUITY</b>			
Accumulated funds		50,253	45,989
<b>Total Equity</b>		50,253	45,989

The balance sheet should be read in conjunction with the accompanying notes to the financial statements set out on pages 7 to 24.

**THE UNITING CHURCH IN AUSTRALIA – QUEENSLAND SYNOD**

**LIFELINE COMMUNITY CARE**

**STATEMENT OF CHANGES IN EQUITY**

**For the year ended 30 June 2009**

	<b>Accumulated Funds \$000</b>
Balance at 1 July 2007	43,710
Net surplus for the year	1,613
Increase to equity resulting from governance change	666
<b>Balance at 30 June 2008</b>	<b>45,989</b>
Balance at 1 July 2008	45,989
Increase to equity resulting from governance change	1,138
Net surplus for the year	3,126
<b>Balance at 30 June 2009</b>	<b>50,253</b>

The statement of changes in funds should be read in conjunction with the accompanying notes to the financial statements set out on pages 7 to 24.

**THE UNITING CHURCH IN AUSTRALIA – QUEENSLAND SYNOD**

**LIFELINE COMMUNITY CARE**

**CASH FLOW STATEMENT**

**For the year ended 30 June 2009**

	Notes	<b>2009</b> <b>\$000</b>	<b>2008</b> <b>\$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers, clients and others		49,119	46,664
Receipts from government		70,560	58,126
Interest received		873	1,243
Other receipts		2,238	2,762
Payments to suppliers and employees		(113,956)	(103,485)
Finance costs		(72)	(180)
<b>Net cash inflow from operating activities</b>	18	<b>8,762</b>	<b>5,130</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant & equipment		(2,824)	(3,981)
Payment for intangible assets		(290)	(210)
Proceeds from sale of property, plant and equipment		157	787
Cash proceeds arising from governance change		482	128
<b>Net cash outflow from investing activities</b>		<b>(2,475)</b>	<b>(3,276)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	1,425
Repayment of borrowings		(1,504)	(1,410)
<b>Net cash inflow from financing activities</b>		<b>(1,504)</b>	<b>15</b>
Net increase in cash held		4,783	1,869
Cash and cash equivalents at the beginning of the financial year		20,542	18,673
<b>Cash and cash equivalents at the end of the financial year</b>	6	<b>25,325</b>	<b>20,542</b>

The cash flow statement should be read in conjunction with the accompanying notes to the financial statements set out on pages 7 to 24.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

### NOTE 1 REPORTING ENTITY

Lifeline Community Care is an unincorporated not-for-profit organisation established by the Uniting Church in Australia - Queensland Synod. The Uniting Church in Australia - Queensland Synod has appointed the Board of UnitingCare Queensland to govern its health and community services activities, including the operations of Lifeline Community Care. Legal title to all property beneficially utilised in the services provided by Lifeline Community Care is held in trust by the Uniting Church in Australia Property Trust (Q.), a body incorporated by statute and domiciled in Australia.

The registered office of the Uniting Church in Australia Property Trust (Q.) is:  
The Uniting Church in Australia – Queensland Synod  
60 Bayliss Street, Auchenflower QLD 4066

UnitingCare Queensland operates from Level 5, 193 North Quay, Brisbane, QLD 4000.

The principle office of Lifeline Community Care is:  
117 Gipps Street, Fortitude Valley, QLD 4006

### NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of compliance

The financial report is a General Purpose Financial Report prepared in accordance with Australian Accounting Standards (AASB's), adopted by the Australian Accounting Standards Board ("AASB"). A statement of compliance with IFRS cannot be made due to the application of not for profit sector specific requirements contained in A-IFRS.

The financial report of Lifeline Community Care for the year ended 30 June 2009 was approved by the Board of UnitingCare Queensland on 20 October 2009.

#### b) Basis of preparation

The financial report is presented in Australian dollars rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Lifeline Community Care has reviewed the financial reporting changes for the year ended 30 June 2009 and there are no impacts on the preparation of the financial statements and disclosures.

Lifeline Community Care has not elected to early adopt any revised accounting standards.

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective. Initial application of the following Standards will not affect any of the amounts recognised in the financial report but in some instances, will change the disclosures presently made in relation to the General Purpose Financial Report.

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101'	1 January 2009	30 June 2010
AASB 123 'Borrowing Costs' (revised), AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010
AASB 3 'Business Combinations' (revised), AASB 127 'Consolidated and Separate Financial Statements' (revised) and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	1 July 2009	30 June 2010
AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation'	1 January 2009	30 June 2010
AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 January 2009	30 June 2010
AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 July 2009	30 June 2010
AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	1 January 2009	30 June 2010

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items'	1 July 2009	30 June 2010
AASB Interpretation 15 'Agreements for the Construction of Real Estate'	1 January 2009	30 June 2010
AASB Interpretation 16 'Hedges of a Net Investment in a Foreign Operation'	1 October 2008	30 June 2010
AASB Interpretation 17 'Distributions of Non-cash Assets to Owners', AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners'	1 July 2009	30 June 2010

The initial application of the expected issue of an Australian equivalent accounting Standard/Interpretation to the following Standard/Interpretation is not expected to have a material impact on the financial report of the organisation:

IFRIC 18 'Transfers of Assets from Customers'	1 July 2009	30 June 2010
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The financial report has been prepared on an accruals basis of accounting and includes the assumption that Lifeline Community Care will continue to operate as a going concern. The historical cost convention has been applied, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

**c) Critical accounting estimates and judgements**

The preparation of a financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgements in the process of applying the accounting policies. Management is responsible for the development, selection and disclosure of critical accounting policies and estimates and their ongoing application. The estimates and judgements that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year are:

***Provision for Long service leave***

The provision for long service leave is assessed annually, refer note 2(p)

***Estimated useful lives of assets***

The estimated useful lives of assets are assessed annually. This assessment takes into consideration legislative and safety requirements and plans to ensure continued compliance therewith. The estimated useful lives reflect existing redevelopment plans which are also subject to review based on requirements and cost. Future changes to the redevelopment program may impact on the assessment of useful lives with a corresponding impact on depreciation expense in future periods.

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d) Principles of aggregation**

The accounts reflect the aggregation of the operations of Lifeline Community Care including the following: State Office, Childrens, Disabilities, Families, Lifeline Brisbane, Lifeline Caboolture, Lifeline Cairns, Lifeline Coral Coast Capricorn, Lifeline Fraser District, Lifeline Gold Coast, Lifeline Mackay-Whitsunday, Lifeline North Queensland, Lifeline Sunshine Coast, Lifeline Ipswich West Moreton, Ipswich Toowoomba Employment Service and Crossroads.

Transactions within the organisation have been eliminated.

**e) Income tax**

No provision for income tax has been made in the financial report, as Lifeline Community Care is part of the Uniting Church in Australia Property Trust (Q). The Trust is exempt from income tax under section 50-5 and section 11-5 of the Income Tax Assessment Act 1997 as it is a religious and charitable institution. Lifeline Community Care has been endorsed by the Australian Taxation Office as an income tax exempt charitable entity under Subdivision 50-B of the Income Tax Assessment Act 1997.

**f) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Contingencies and commitments are also disclosed net of GST payable or recoverable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

**g) Revenue recognition**

***Rendering of services***

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date to the extent that it is probable that the economic benefits will flow to the entity and that revenue can be reliably measured. The stage of completion is assessed by reference to the stage of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the revenue received or to be received cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods. Revenues are recognised at fair value of the consideration received or receivable. Fee revenue is recognised when the service is provided.

***Government grants***

Government grants are not recognised until there is reasonable assurance that the organisation will comply with the conditions attaching to them and the grants will be received. Government grants that are reciprocal in nature are recognised when the service is provided. A reciprocal transfer generally arises when a return obligation exists to the funding provider. Where there is a return obligation, revenue is deferred in the balance sheet and is recognised as deferred income and released to the income statement as the obligations are satisfied. Grants that compensate for the cost of an asset are recognised in the income statement immediately when control is obtained and the amount can be measured reliably.

***Rental income***

Rental revenue is accounted for on a straight-line basis over the term of the rental arrangement.

## **NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### ***Sale of goods***

Sale of goods revenue is recognised when the control of the goods has been passed to the buyer.

### ***Interest income***

Interest revenue is recognised as it accrues, using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest revenue over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### ***Donations, gifts and fundraising***

Revenue from donations, gifts and fundraising is recognised in the year it is received. Donation and fundraising monies are recognised as an asset and revenue when control of the contribution is gained. In instances where these monies are not able to be spent for the intended purpose and as a result there arises an obligation to repay, a subsequent offsetting expense and liability is recorded.

## **h) Expenses**

### ***Finance costs***

Finance costs comprise interest payable on borrowings calculated using the effective interest method.

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB 117 Leases
- exchange differences arising from foreign currency borrowings to the extent they are recognised as an adjustment to interest costs.

Finance costs are expensed as incurred and included in net financing costs unless directly attributable to the acquisition or construction of a qualifying asset and then capitalised as part of the cost of the asset.

The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

### ***Leases***

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits. Leases of property, plant and equipment where Lifeline Community Care has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 17). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

### ***Maintenance and repairs***

Plant and equipment is serviced on a regular basis. The costs of maintenance are charged as expenses as incurred, except where they relate to a material replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 2(l). Other routine operating maintenance, repair and minor renewal costs are charged as expenses as incurred.

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and are an integral part of cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are carried at face value of the amounts deposited or drawn.

**j) Financial Assets – Trade and other receivables**

Trade and other receivables are stated at their amortised cost less any impairment losses.

**k) Inventories**

The majority of inventories are acquired by way of donation for nil cost. Other inventory purchases on hand at balance date are valued at the lower of cost and net replacement value.

**l) Property, plant and equipment**

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (note 2(m)). The cost of self constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

All items of property, plant and equipment with a cost less than \$1,000 are charged directly to the Income Statement.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**Subsequent Costs**

The subsequent cost of replacing an item of property, plant and equipment is recognised in the carrying value when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the organisation and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

**Depreciation**

With the exception of freehold land, depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The expected useful lives are as follows:

	<b>2009</b>
Buildings	40 to 50 years
Building Improvements	5 to 15 years
Plant and equipment, including furnishings, fixtures and fittings	3 to 20 years
Motor vehicles	5 to 10 years

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed.

## NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### l) Property, plant and equipment (continued)

#### ***Sale of property, plant and equipment***

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

#### ***Derecognition and disposal***

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is derecognised.

### m) Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

#### ***Calculation of recoverable amount***

The recoverable amount of long term receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance sheet date.

The recoverable amount of other assets, specifically property, plant and equipment and intangibles, is the higher of fair value less costs to sell and depreciated replacement cost of those assets where the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Lifeline Community Care would replace the asset if deprived of its use to replace the asset's remaining future economic benefits. Where the depreciated replacement cost is not able to be used, recoverable amount is assessed as the higher of the fair value less costs to sell or the value in use for the applicable asset.

#### ***Reversal of impairment losses***

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses on goodwill and certain financial assets are not reversed.

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**n) Intangible assets**

***Other intangibles***

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Income Statement as an expense as incurred. Annual software licensing costs are recognised in the Income Statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and sufficient resources exist to complete development.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The expenditure capitalised includes the cost of materials (including the perpetual license to use software), and direct labour. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Capitalised development expenditure is recorded as intangible assets and amortised from a point at which the asset is ready for use on a straight line basis over its useful life, which varies from 2 to 5 years.

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

**o) Financial Liabilities**

Financial liabilities relate to:

**Trade and other payables.**

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30 day terms.

**Borrowings**

Borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**p) Employee benefits**

***Wages and salaries, annual leave and sick leave***

Liabilities for wages and salaries (including non-monetary benefits) and annual leave expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the reporting date. They are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Long service leave**

A liability for long service leave is recognised in the provision for employee benefits, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

**Superannuation**

Liability for superannuation is recognised in payables and measured at the amounts expected to be paid when the liability is settled.

**Employee benefit on-costs**

Employee benefit on-costs, are recognised and included with employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

**q) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**2009**                      **2008**  
**\$000**                      **\$000**

**NOTE 3 REVENUE AND OTHER INCOME**

**From continuing operations**

*Operating Revenue*

Government Grants	70,560	57,870
Sale of Goods	39,423	36,026
Client revenue	9,093	10,698
Rental income	999	1,586
	<hr/>	<hr/>
	120,075	106,180

*Other Revenue*

Fundraising and donation revenue	843	994
Interest income	873	1,243
	<hr/>	<hr/>
	1,715	2,237
	<hr/>	<hr/>
	121,791	108,417

**Other Income**

Other Income	395	272
Net gain from sale of property, plant & equipment	18	110
	<hr/>	<hr/>
	413	382

	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
<b>NOTE 4</b>		
<b>EXPENSES</b>		
<i>Depreciation (Note 10)</i>		
Buildings	505	495
Plant and equipment	969	1,029
Motor vehicles	572	545
<b>Total depreciation</b>	<u>2,046</u>	<u>2,069</u>
<i>Amortisation (Note 11)</i>		
Intangible Assets	181	112
<b>Total amortisation</b>	<u>181</u>	<u>112</u>
<b>Total Depreciation and Amortisation</b>	2,227	2,181
Finance costs	72	180
Net loss on disposal of property, plant and equipment	58	-

**NOTE 5 REMUNERATION OF AUDITORS**

Audit of Financial Report	138	129
	<u>138</u>	<u>129</u>

**NOTE 6 CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	3,430	4,172
Funds at call - Uniting Church Investment Services	21,895	16,370
	<u>25,325</u>	<u>20,542</u>

**NOTE 7 TRADE AND OTHER RECEIVABLES**

Trade Receivables	2,288	2,892
Allowance for doubtful debts	(18)	(18)
	<u>2,270</u>	<u>2,874</u>

**(a) Impaired trade receivables**

No loss in respect of impaired trade receivables was recognised during the year ended 30 June 2009.

**(b) Fair values**

For receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

**(c) Interest rate risk**

There is no exposure to interest rate risk for these short term receivables.

**(d) Credit Risk**

There is no concentration of credit risk with respect to the receivables.

	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
<b>NOTE 8 OTHER CURRENT ASSETS</b>		
Prepayments	1,295	1,386
	<hr/>	<hr/>

<b>NOTE 9 INVENTORIES</b>		
Stock on hand	270	-
	<hr/>	<hr/>

**NOTE 10 PROPERTY, PLANT AND EQUIPMENT**

	Freehold land \$000	Buildings \$000	Building Improvements \$000	Plant & equipment \$000	Motor Vehicles \$000	TOTAL \$000
<b>COST</b>						
<b>Cost as at 1 July 2007</b>	20,037	16,409	480	7,995	4,229	49,150
Additions	886	752	37	943	864	3,482
Work in Progress	-	-	-	518	-	518
Assets included in a disposal group classified as held for sale and other disposals	(177)	(2)	-	(101)	(850)	(1,130)
Transfers	237	75	17	378	225	932
<b>Cost as at 30 June 2008</b>	<hr/> 20,983	<hr/> 17,234	<hr/> 534	<hr/> 9,733	<hr/> 4,468	<hr/> 52,952
Additions	458	529	119	1,070	598	2,774
Work in progress	-	-	51	-	-	51
Assets included in a disposal group classified as held for sale and other disposals	-	(23)	-	(498)	(317)	(838)
Transfers	330	243	-	51	156	780
<b>Cost as at 30 June 2009</b>	<hr/> 21,771	<hr/> 17,983	<hr/> 704	<hr/> 10,356	<hr/> 4,905	<hr/> 55,719

**NOTE 10 PROPERTY, PLANT AND EQUIPMENT (continued)**

	Freehold land \$000	Buildings \$000	Building Improvements \$000	Plant & equipment \$000	Motor Vehicles \$000	TOTAL \$000
<b>DEPRECIATION</b>						
<b>Accumulated depreciation as at 1 July 2007</b>	-	(960)	(215)	(5,624)	(1,662)	(8,461)
Depreciation expense	-	(443)	(51)	(1,024)	(545)	(2,063)
Disposals	-	-	-	84	353	437
Transfers	-	(56)	(17)	(257)	(65)	(395)
<b>Accumulated depreciation as at 30 June 2008</b>	-	(1,459)	(283)	(6,821)	(1,919)	(10,482)
Depreciation expense	-	(445)	(60)	(969)	(572)	(2,046)
Disposals	-	3	-	480	154	637
Transfers	-	(7)	-	(39)	(74)	(120)
<b>Accumulated depreciation as at 30 June 2009</b>	-	(1,908)	(343)	(7,349)	(2,411)	(12,011)
<b>Net carrying value 30 June 2008</b>	20,983	15,775	251	2,912	2,549	42,470
<b>Net carrying value 30 June 2009</b>	21,771	16,075	361	3,007	2,494	43,708

Legal title to all property beneficially utilised in the services provided by Lifeline Community Care is held in trust by the Uniting Church in Australia Property Trust (Q.).

**(a) Leased Assets**

No plant and equipment exists where Lifeline Community Care is a lessee under a finance lease.

**NOTE 11 INTANGIBLE ASSETS**

	Software \$000
<b>COST</b>	
<b>Cost as at 1 July 2007</b>	630
Additions	52
Work in progress	157
<b>Cost as at 30 June 2008</b>	839
Additions	290
Work in progress	-
Disposals	(8)
<b>Cost as at 30 June 2009</b>	1,121
<b>AMORTISATION</b>	
<b>Accumulated amortisation as at 1 July 2007</b>	(411)
Amortisation expense	(120)
<b>Accumulated amortisation as at 30 June 2008</b>	(531)
Amortisation expense	(181)
Disposals	8
<b>Accumulated amortisation as at 30 June 2009</b>	(704)
<b>Carrying value 30 June 2008</b>	308
<b>Carrying value 30 June 2009</b>	417

	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
<b>NOTE 12      TRADE AND OTHER PAYABLES</b>		
Trade payables	5,288	3,861
Other payables	763	837
Unexpended Grants	9,152	8,131
	<u>15,203</u>	<u>12,829</u>

The entity has financial risk management policies in place to ensure that payables are paid within the credit timeframe.

**NOTE 13      EMPLOYEE BENEFITS**

**Current**

Liability for annual leave	4,167	3,713
Liability for long service leave	1,915	1,692
Liability for other leave	297	375
	<u>6,379</u>	<u>5,780</u>

**Non Current**

Liability for long service leave	1,450	1,478
	<u>1,450</u>	<u>1,478</u>

**Total**

	<u>7,829</u>	<u>7,258</u>
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**NOTE 14      BORROWINGS**

**Current**

*Secured*

Loans	-	290
<b>Total current borrowings</b>	<u>-</u>	<u>290</u>

**Non current**

*Secured*

Loans	-	1,214
<b>Total non-current borrowings</b>	<u>-</u>	<u>1,214</u>

**Total borrowings**

	<u>-</u>	<u>1,504</u>
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**NOTE 15      FINANCIAL INSTRUMENTS**

**(a)      Financial and liquidity risk management objectives**

Lifeline Community Care's current strategy to meet minimum liquidity requirements is to constantly monitor cash flow through the preparation of monthly cash flow statements and cash flow reconciliations and forecasts.

**NOTE 15 FINANCIAL INSTRUMENTS (continued)**

**(b) Financial and liquidity risk management objectives**

Lifeline Community Care has no risk exposure to borrowings, and does not have market risk exposure to foreign exchange, equity prices, or financial instruments such as interest rate swaps or forwards.

Lifeline Community Care uses the services of The Uniting Church Investment Service (the financial activity of the Uniting Church in Australia Property Trust (Q.)). Uniting Church Investment Service (UCIS) performs a treasury role for the Church and its agencies, and provides products including transactional, investment, cash management and loan options.

UCIS utilises a banking platform which is commonly employed by APRA regulated financial entities within Australia, and conducts its day to day business in accordance with documented procedures and risk management practices. UCIS was granted exemption from the Banking Act 1959 (Banking exemption No 1 of 2006) on 26 June 2006 and, through the Uniting Church in Australia Property Trust (Q.), is registered for relief from the Corporations Act 2001 under Class Order [CO 02/184].

**(c) Credit risk exposure**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Lifeline Community Care minimises credit risk exposure through regular review of accounts receivable, and a policy, where appropriate, to enter into direct debit arrangements with regular clients.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

**(d) Fair values**

Fair values of monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. The carrying amounts of financial assets and financial liabilities which have been recognised on the balance sheet approximate their fair values.

	Note	2009 \$000		2008 \$000	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>					
Cash and cash equivalents	7	25,325	25,325	20,542	20,542
Trade and other receivables	8	2,270	2,270	2,874	2,874
<b>Financial Liabilities</b>					
Trade and other payables	13	15,203	15,203	12,829	12,829

***Trade and other receivables/payables***

For receivables/payables with a remaining life of less than one year, the amortised cost amount is determined to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

**(e) Interest rate risk exposures**

Lifeline Community Care carries no long term payables other than operating leases, which are not recognised in the balance sheet.

***Effective interest rates and re-pricing analysis***

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they re-price.

**NOTE 15 FINANCIAL INSTRUMENTS (continued)**

	Note	Effective interest rate	Non-interest bearing Available	Floating interest rate Available	Fixed interest maturing in:			Financial Liabilities	TOTAL \$000
			\$000	\$000	Less than one year \$000	2 – 5 years \$000	More than 5 years \$000	One month or less \$000	
<b>2009</b>									
<b>Financial assets</b>									
Cash assets	7	3.25	3,430	21,895	-	-	-		25,325
Receivables	7,8		2,270	-	-	-	-		2,270
			<u>5,700</u>	<u>21,895</u>	-	-	-		<u>27,595</u>
<b>Financial liabilities</b>									
Trade and other payables	12		-	-	-	-	-	15,203	15,203
			-	-	-	-	-	15,203	15,203
<b>Net Financial Instruments (Assets)</b>									<u>12,392</u>
<b>2008</b>									
<b>Financial assets</b>									
Cash assets		7.25	4,172	16,370	-	-	-		20,542
Receivables			2,874	-	-	-	-		2,874
			<u>7,046</u>	<u>16,370</u>	-	-	-		<u>23,416</u>
<b>Financial liabilities</b>									
Trade and other Payables			-	-	-	-	-	12,829	12,829
			-	-	-	-	-	12,829	12,829
<b>Net Financial Instruments (Assets)</b>									<u>10,587</u>
								<b>2009 \$000</b>	<b>2008 \$000</b>

**NOTE 16 COMMITMENTS FOR EXPENDITURE**

**Operating Leases**

Non-cancellable operating lease rentals are payable as follows:

**Lease of Plant and IT Equipment**

Within one year	6,157	5,598
One year or later and no later than five years	8,197	8,439
Later than five years.	-	-
	<u>14,354</u>	<u>14,037</u>

**Lease of Motor Vehicles**

Within one year	1,306	1,481
One year or later and no later than five years	810	1,107
Later than five years.	-	-
	<u>2,116</u>	<u>2,588</u>

**NOTE 17 CONTINGENT LIABILITIES**

Periodically, the organisation receives legal claims from previous and/or current clients. These claims are handled by the governing organisation Uniting Care Queensland and/or the organisation's insurers. No claims, other than insurance policy excesses, have been paid by this organisation during the financial year.

The Child Care centres operated by the organisation were built with the assistance of the Commonwealth and State Governments. The terms of the agreement provide that the initial construction costs less 4% of the costs per year must be repaid if the centres were closed down within 25 years of initial use. The organisation has no current intention to close these centres. The contingent liability at 30 June 2009, if the centres were to be closed within the 25 years period, is \$667,621 (2008: \$727,328).

Other than the above matters, the organisation is not aware of any other contingent liabilities at the date of this report.

**NOTE 18 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
<b><i>Cash flows from operating activities</i></b>		
Operating surplus/ (deficit)	3,126	1,613
<b>Adjustments for:</b>		
Depreciation and amortisation expense	2,227	2,181
(Gain)/Loss on disposal of property, plant and equipment	40	(110)
Provision for doubtful debts	-	(73)
Provision for employee benefits	570	1,269
(Increase)/Decrease in receivables	604	(104)
(Increase)/Decrease in inventories	(270)	-
(Increase)/Decrease in other assets	91	(213)
Increase/ (Decrease) in payables	2,374	567
<b>Net cash inflow from operating activities</b>	<b>8,762</b>	<b>5,130</b>

**NOTE 19 KEY MANAGEMENT PERSONNEL DISCLOSURE**

**(a) Transactions with key management personnel**

In addition to their salaries, the organisation provides non-cash benefits to key management personnel. Key management personnel compensation paid to Lifeline Community Care executives included in staff costs (see Income Statement) are as follows:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	807,810	751,245

**(b) Other key management personnel transactions with Lifeline Community Care or its controlled entities**

No key managers, or their related parties, hold positions in other entities that transacted with Lifeline Community Care in the reporting period.

From time to time, UnitingCare Queensland Board members and other key management personnel of Lifeline Community Care, or their related entities, may purchase goods or services from Lifeline Community Care. These purchases are on the same terms and conditions as those entered into by employees or customers and are trivial or domestic in nature.

**NOTE 20 OTHER RELATED PARTY DISCLOSURES**

Lifeline Community Care is part of the Uniting Church in Australia – Queensland Synod and has a related party relationship with various agencies and departments of the Uniting Church in Australia Property Trust (Q.) including The Department of Finance and Property Services, Uniting Church Investment Services, Uniting Church Insurance, Uniting Church Superannuation and Wesley Mission Brisbane.

The organisation is governed by UnitingCare Queensland and also has a related party relationship with other activities conducted by UnitingCare Queensland, including Blue Care, UnitingCare Health and the Centre for Social Justice.

***Transactions and balances with related parties***

Transactions with related parties are generally priced on an arms length basis. Significant related party relationships are:

	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
<p>The Uniting Church in Australia Property Trust (Q.) (<i>The Property Trust</i>) is the legal entity under which all activities of UnitingCare Queensland are conducted, including those carried on by UnitingCare Health. Certain transactions require the delegated authority of the property trust to be completed (i.e. land purchases and sales, receipt of bequests, execution of contracts). Neither the Property Trust nor the Department of Finance and Property Services imposes any material charge for the performance of these transactions. Insurance, investment and financing services are also provided through The Uniting Church in Australia – Queensland Synod.</p>		
<p><i>Uniting Church Superannuation fund</i></p>		
Superannuation	3,174	3,162
<p><i>Uniting Church in Australia – Queensland Synod</i></p>		
Chaplains fees	260	207
Insurance	629	563
<p><i>Uniting Church Investment Services</i></p>		
Interest revenue	863	1,215
Borrowing costs	72	180
Cash on deposit at balance date	21,895	16,370
<p><i>The aggregate amount payable to the Uniting Church Investment Service is:</i></p>		
Current interest bearing liability	-	290
Non current interest bearing liability	-	1,214
<p><i>UnitingCare Queensland</i></p>		
Administration and Board secretariat fee	371	290
Audit administration fee	63	-
Net receivable owed	233	-
Net payable owing	-	19
<p><i>UnitingCare Australia</i></p>		
Administration Levies	97	130

**NOTE 21 ECONOMIC DEPENDENCY**

The services of Lifeline Community Care are over 50% funded by grants received from both the State and Commonwealth governments. The continuing operation of these services is dependent on the various government departments' continued financial support and is subject to regular reviews and accreditation requirements.

**NOTE 22 SUBSEQUENT EVENTS**

No matters or occurrences have come to attention since the financial year end up to the present time which would materially affect the financial report or disclosures therein.

**NOTE 23 GOVERNANCE CHANGE**

As a result of governance changes occurring in respect to Uniting Care during the financial year the Crossroads business unit was transferred under Lifeline Community Care management control from 1 July 2008. Crossroads has been reflected in the aggregation of operations of Lifeline Community Care for the year ended 30 June 2009.

Details of the transfers are as follows:

	<b>\$000</b>
Cash	482
Trade and other receivables	47
Net property, plant & equipment	660
Trade and other payables	(20)
Provisions for employee benefits	(31)
<b>Net Assets (equity)</b>	<u>1,138</u>

## DECLARATION BY THE BOARD OF UNITINGCARE QUEENSLAND

The Board of UnitingCare Queensland declares that:

- (a) the financial statements and notes set out on pages 3 to 24:
  - i. comply with Australian Accounting Standards and mandatory professional reporting requirements and;
  - ii. provide a true and fair view of the financial position of Lifeline Community Care as at 30 June 2009 and of its performance as represented by the results of its operations and its cash flows, for the financial year ended on that date and;
- (b) there are reasonable grounds to believe that Lifeline Community Care will be able to pay its debts as and when they become due and payable.

The Board has been given declarations by the Executive Director and Director, Corporate Services of Lifeline Community Care.

This declaration is made in accordance with a resolution of the Board.

Dated this 20th day of October 2009

On behalf of the Board



.....  
Heather Watson, Chair  
UnitingCare Queensland Board



.....  
Dawson Petie, Chair  
UnitingCare Queensland Audit, Risk and Compliance Committee

## INDEPENDENT AUDITOR'S REPORT

## **Independent Auditor's Report to The Uniting Church in Australia – Queensland Synod, Lifeline Community Care**

We have audited the accompanying financial report of The Uniting Church in Australia – Queensland Synod - Lifeline Community Care (“Lifeline Community Care”), which comprises the balance sheet as at 30 June 2009, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the UnitingCare Queensland Board (“the Board”) declaration as set out on pages 3 to 25.

### *The Responsibility of the Director's for the Financial Report*

The Board of UnitingCare Queensland are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Australian professional accounting bodies*.

*Qualification*

Cash from sale of goods is a significant source of revenue for Lifeline Community Care. Lifeline Community Care has determined that it is impracticable to establish control over the collection of cash from sale of goods prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to cash from sale of goods had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether cash from sale of goods for Lifeline Community Care is complete.

*Qualified Audit Opinion*

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed, the financial report presents fairly in all material respects, the financial position of Lifeline Community Care as at 30 June 2009 and of its financial performance, its cash flows and its changes in equity for the year ended on that date in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

DELOITTE TOUCHE TOHMATSU

R D Wanstall  
Partner  
Chartered Accountants  
Brisbane, 20 October