Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Services

ABN: 47 291 464 804

Financial Statements

For the Year Ended 30 June 2022

LCAQD - Lutheran Services

ABN: 47 291 464 804
For the Year Ended 30 June 2022

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LCAQD - Lutheran Services

ABN: 47 291 464 804
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Revenue & other income	3	**143,966,477**	123,468,768
Employee benefits expense		**(107,682,568)**	(89,133,590)
Depreciation and amortisation		**(10,566,231)**	(10,186,743)
Impairments		**-**	(1,532,533)
Other operating expenses		**(29,074,694)**	(24,644,549)
Finance costs		**(522,092)**	(192,446)
Deficit for the Year		**(3,879,107)**	(2,221,093)

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LCAQD - Lutheran Services

ABN: 47 291 464 804
Statement of Financial Position
As At 30 June 2022

	Note	2022	2021
ASSETS		**$**	**$**
Current assets			
Cash and cash equivalents	5	**33,902,190**	47,188,912
Trade and other receivables	6	**2,643,531**	1,630,691
Financial Assets		**48,237,446**	35,267,615
Other current assets		**560,650**	651,901
Total current assets		**85,343,817**	84,739,119
Non-current assets			
Property, plant and equipment	7	**124,844,143**	81,833,628
Investment properties	8	**58,709,840**	60,567,565
Intangible assets	9	**533,571**	631 099
Total non-current assets		**184,087,555**	143 032 292
TOTAL ASSETS		**269,431,371**	**227,771,410**
LIABILITIES			
Current liabilities			
Trade and other payables	10	**5,900,646**	6,374,287
Financial liabilities	11	**261,072**	25,392
Other current liabilities	12	**199,225,150**	158,708,860
Short-term provisions	13	**10,466,107**	8,955,579
Total current liabilities		**215,852,975**	174,064,118
Non-current liabilities			
Financial liabilities	11	**3,208,333**	-
Other long-term provisions	13	**4,216,749**	3,936,534
Other non-current liabilities	12	**528,628**	266,965
Total non-current liabilities		**7,953,710**	4,203,499
TOTAL LIABILITIES		**223,806,685**	178,267,617
NET ASSETS		**45,624,686**	49,503,793
EQUITY			
Accumulated funds		**45,624,686**	49 503 793
TOTAL EQUITY		**45,624,686**	49 503 793

The above statement of financial position should be read in conjunction with the accompanying notes.

LCAQD - Lutheran Services

ABN: 47 291 464 804
Statement of Changes in Equity
For the Year Ended 30 June 2022

2022

	Accumulated funds $	Total $
Balance at 1 July 2021	49,503,793	49,503,793
Deficit after income tax expense for the year	(3,879,107)	(3,879,107)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(3,879,107)	(3,879,107)
Balance at 30 June 2022	45,624,686	45,624,686

2021

	Accumulated funds $	Total $
Balance at 1 July 2020	51,724,886	51,724,886
Deficit after income tax expense for the year	(2,221,093)	(2,221,093)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(2,221,093)	(2,221,093)
Balance at 30 June 2021	49 503 793	49 503 793

The above statement of changes in equity should be read in conjunction with the accompanying notes.

LCAQD - Lutheran Services

ABN: 47 291 464 804
Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Cash from operating activities:			
Receipts from residents, funding and others		**133,888,129**	118,063,753
Payments to suppliers and employees		**(139,685,812)**	(112,335,574)
Interest received		**142,494**	304,639
Interest paid		**(493,282)**	(181 144)
Net cash provided by (used in) operating activities		**(6,148,471)**	5,851,674
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		**-**	38,695
Acquisition of property, plant and equipment		**(9,751,841)**	(9,764,095)
Funds invested in Macquarie portfolio		**(17,025,928)**	(56,100,000)
Withdrawal of funds from investment portfolio		**-**	23,800,971
Cash acquired in a business combination		**6,387,673**	-
Net cash provided by (used in) investing activities		**(20,390,096)**	(42,024,429)
Cash flows from financing activities:			
Proceeds from residents contributions		**36,212,818**	24,563,287
Repayment of residents contributions		**(36,963,006)**	(22,710,178)
Proceeds from ILU contributions		**18,896,250**	15,561,800
Repayment of ILU contributions		**(4,279,522)**	(3,895,455)
Repayment of leases		**(412,875)**	(296,387)
Proceeds from (repayment of) borrowings		**(201,821)**	(23,404)
Net cash provided by (used in) financing activities		**13,251,844**	13,199,663
Net increase (decreases) in cash held		**(13,286,723)**	(22,973,092)
Cash at beginning of financial year		**47,188,912**	70,162,005
Cash at end of financial year	5	**33,902,189**	47,188,912

The above statement of cash flows should be read in conjunction with the accompany ng notes.

1 Statement of Significant Accounting Policies

(a) General information

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, the Australian Charities and Not-for-profits Commission Act 2012, the Aged Care Act 1997 and associated regulations as appropriate for not-for-profit oriented entities.

The financial report covers the entity of Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Services. Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Services consists of registered aged care facilities, retirement villages, disability, family and community services and the LCC Support Centre, all established and domiciled in Australia.

New, revised or amending Accounting Standards and Interpretations adopted

The Australian Accounting Standards Board (AASB) has issued a number of new accounting standards that are mandatory for the current reporting period.

The adoption of these Standards did not have any significant impact on the Entity, except as follows:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-forProfit Tier 2 Entities

The entity has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SME's. As a result, there is are minor changes to narrative disclosures in the financial report, but no impact on the recognition and measurement of the numbers.

The entity has also assessed applicable Accounting Standards which have been issued or amended but not yet effective, and do not believe any of them to have a material impact if they were to be adopted for the period ending 30 June 2022.

(b) Basis of preparation

Reporting basis and conventions

The Financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The entity is a not-for-profit entity for financial reporting purposes.

The Statement of Financial Position of the entity discloses total current assets of $85,343,817 and total current liabilities of $215,852,975 resulting in working capital deficiency of $130,509,158.This partially arises because of the requirement under Australian Accounting Standards to classify all Aged care residential liabilities (comprising Accommodation Bonds, Entry Contributions and Refundable Accommodation Deposits or RADS) and Licenses to Reside (Retirement village) to be disclosed as current liabilities, whereas the assets to which they relate, Property, Plant & Equipment and Investment Properties, are required to be classified as non-current assets. In practice, the rate at which the entity's retirement residents vacate their units and aged care facility residents depart the facility, and hence the rate at which the Residential Aged care will fall due for repayment, can be estimated on the basis of statistical tables. The entity's best estimate for the total ILU Licences to reside deposits of $70,982,856 out of which estimated payout required within the next 12 months is $2,978,887. The entity's best estimate is that of the total Aged Care Residential liabilities the total of $124,316,573, only $22,191,598 is statistically likely to be paid within the next 12 months. Further, if this amount was repayable, it is estimated that contributions of more than $26,320,472 would be received from new residents.

After considering all available current information, those charged with governance have concluded there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due and payable and preparation of the financial statements on a going concern basis is appropriate.

(c) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(d) Fair value

Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the entity. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.
Fair value is applied to:
-The Financial Assets as disclosed on the Statement of Financial Position: this consists of investments in listed investments, managed by a broker. Fair values are obtained on advice of the external broker, using a direct-comparison market approach of quoted prices in an active market. Gains and losses are accounted for through profit or loss.
-The land and buildings acquired as part of the Business Combination as described at Note 21: The entity's policy is to account for land and buildings at cost, but for land and buildings acquired through a business combination, accounting standard AASB 3 requires that any goodwill or discount on acquisition be accounted for based on fair values. As such, the entity obtained an external valuation of the land and buildings acquired. The external valuer used a combination of income/going concern basis, and direct comparison. The amounts determined by the external valuer will be used as 'deemed cost' going forward.

(e) Investment properties

Land and Buildings have the function of investments and are regarded as composite assets. In accordance with applicable accounting standard, the buildings, including plant and equipment are depreciated.

Investments property is measured at cost, including transaction costs.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner occupation. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on date of change of use.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised as profit or loss.

(f) Property, plant and equipment

Classes of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation and impairment losses. Where required under the terms of government funding agreements, purchases of capital items to the value of $5,000 have been expensed in the period purchased. All capital items with a purchase value of less than $1,000 are immediately expensed.

Property
All freehold land is shown at cost. Freehold buildings are shown at cost less accumulated depreciation and impairment losses.

Plant and equipment
Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of Property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amounts are assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the entity includes the cost of the material, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets held at cost including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The depreciation rates used for each class of depreciable assets are:

Buildings - general	2.5%	Buildings - other	5-20%
Investment Properties	2.5-25%	Furniture & Fittings	15-20%
Plant and Equipment	2.5-25%	Computer Equipment	10-33%
Motor Vehicles	7.5-25%		

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

(g) Financial Instruments

Recognition & Measurements
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).
Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.
Trade receivables are initially measured at the transaction price as the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.
Classification and subsequent measurement
Financial liabilities
Financial liabilities are subsequently measured at:
– amortised cost; or
– fair value through profit or loss.
The entity has no material financial liabilities measured at fair value through profit or loss.
Financial assets
Financial assets are subsequently measured at:
– amortised cost;
– fair value through profit or loss; or
– fair value through other comprehensive income, not applicable to this entity
Measurement is on the basis of two primary criteria:
– the contractual cash flow characteristics of the financial asset; and
– the business model for managing the financial assets.
A financial asset that meets the following conditions is subsequently measured at amortised cost:
– the financial asset is managed solely to collect contractual cash flows; and
– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
The contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
The business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.
By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.
The entity initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the entityings is documented appropriately, so the performance of the financial liability that is part of a entity of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability 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 using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(j) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Borrowing Costs

Borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(l) Income Tax

Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Services consists of registered charitable organisations and is therefore exempt from Income Tax under Sect 50-5 of the Income Tax Assessment Act 1997 except for income tax payable on interest earned in the Retirement Village Maintenance Reserve Funds which is recognised as an expense of the Retirement Village Scheme Operator where applicable.

(m) Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue in relation to rendering of service to residents is recognised when the service is provided to the residents. Government grants and subsidies are recognised as income at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government subsidies are recognised based on actual resident/client classifications, with any adjustments required being made upon receipt of the funds from the Government. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Deferred management fee (DMF) revenue on retirement village assets is earned while the resident occupies the independent living unit and is recognised as income over the residents expected tenure. The expected tenure is calculated using historical trends of rollovers within the entity. DMF revenue is not discounted to present value, as the income is earned by reducing the existing resident loan.

Revenue is recognised when it is received or when the right to receive payment is established. All revenue is stated net of the amount of goods and services tax (GST).

(n) Trade and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives where it is likely that the entity will obtain ownership of the asset, or over the term of the lease.

Lease payments for operating leases, where substantially all risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

The Entity leases retail and office facilities. The leases typically run for a period of 1-3 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on fixed increases. For certain leases, the Entity is restricted from entering into any sub-lease arrangements, but in any case has no plans to do so.
The retail and office leases were entered into up to three years ago. Prior to 2020, these leases were classified as operating leases under AASB 117.

(q) Government Grants

Government grants are recognised at fair value on receipt where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(r) Aged care Residents Liabilities and ILU License to Reside

Entry Contributions / Accommodation Bonds and RADS that represent a liability at balance date are classified as current liabilities in the statement of financial position. Based on historical trends and experience it is likely that the majority of the liability recognised will not be payable within 12 months, however there is no unconditional right to defer settlement of the liability for more than 12 months and, therefore, the liability is recognised as current in its entirety.

Aged care resident liabilities and ILU License to reside liabilites are recorded at the current value of the contractual liability.

2 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires those charged with governance to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Those charged with governance continually evaluate judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Those charged with governance base these judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, believed to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of useful lives of assets

The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of retirement villages residents tenure

An estimate has been made of the tenure of retirement village residents for the purpose of recognising the Deferred Management Fee (DMF) revenue relating to residents occupancy of the retirement village units. This estimate has been made with reference to the historical tenure period of residents and industry norms.

LCAQD - Lutheran Services

ABN: 47 291 464 804
Notes to the Financial Statements
For the Year Ended 30 June 2022

3 Revenue	**2022**	**2021**
	$	**$**
Revenue from Contracts with Customers		
Government revenue		
Department of Health Funding	**64,715,513**	56,495,137
Other Government Funding	**9,044,861**	7 119 201
Total government revenue	**73,760,374**	63,614,338
Resident and client revenue		
Basic daily fees	**18,911,009**	16,296,868
Other resident fees	**2,185,872**	1,428,838
Other client fees	**25,142,989**	21,851,675
Total resident and client revenue	**46,239,870**	39 577 381
Total revenue from contracts with customers	**120,000,243**	103,191,719
Other income		
Accommodation income - from government	**8,654,628**	7,540,938
Accommodation income from residents	**9,127,530**	8,001,621
Interest income	**142,556**	375,884
Investment property rental income	**1,304,349**	1,081,883
Dividends received	**990,389**	435,969
Other finance income	- **4,859,957**	2,554,022
Sundry income	**494,401**	286,732
Gain on 'bargain purchase' acquisition	**8,112,337**	-
Total other income	**23,966,234**	20,277,049
TOTAL REVENUE AND OTHER INCOME	**143,966,477**	123 468 768

Disaggregation of revenue
By Geographic region
All revenue is from Australia

By major product line
All revenue is earned from provding services relating to aged care

Timing of revenue recognition

Transferred at a point in time	**-**	-
Transferred over time	**120,000,243**	103,191,719
	120,000,243	103,191,719

4 Deficit before income tax includes the following specific expenses
(a) Deficit for the Year includes the following items:

	2022	**2021**
	$	**$**
Depreciation of investment properties	**3,093,125**	2,974,598
Depreciation of property, plant and equipment	**7,188,880**	7,068,952
Amortisation of intangible assets	**284,225**	143,193
Gain/(Loss) on disposal of property, plant and equipment	**(56,750)**	38,695
Impairment of property, plant and equipement	**-**	1,532,533
Short-term and low value lease payments	**624,243**	723,541
Remuneration of auditors:		
Audit of the financial report	**112,000**	97,500
Other services: Benchmarking project		0

Management is satisfied that the non-audit services did not impact the auditor's independence as the work was performed by other staff from the audit firm who were not engaged in the performance of the audit, and the subject matter of the non-audit services was not related to the audited financial report.

5 Cash and Cash Equivalents	**2022**	**2021**
	$	**$**
Cash in hand	**31,850**	27,290
Cash at Bank	**10,138,461**	5,334,264
Cash Held with Broker	**9,951,045**	200,971
Short-term bank deposits	**13,780,834**	41 626 387
	33,902,190	47,188,912

Included in Cash at Bank are certain amounts that are restricted for use due to the capital replacement fund which is $ 1,907,969 for FY2019 and $1,716,433 for FY2018, established under section 91 and 92 of the Retirement Villages Act 1999 which cannot be used by the entity in its ordinary activities.

6 Trade and Other Receivables	**2022**	**2021**
	$	**$**
Current		
Trade receivables	**1,963,393**	1,344,730
Other receivables	**680,138**	285,960
	2,643,531	1,630,691

7 Property Plant and Equipment

	2022 $	2021 $
Freehold land at cost	**25,807,392**	19,325,426
Buildings		
At cost	**132,191,325**	92,247,559
Accumulated depreciation	**(52,980,998)**	(48,976,882)
Total buildings	**79,210,326**	43,270,677
Plant and equipment		
At cost	**15,287,802**	13,717,807
Accumulated depreciation	**(8,296,291)**	(7,585,790)
Total plant and equipment	**6,991,510**	6,132,017
Furniture, fixtures and fittings		
At cost	**9,933,175**	8,017,619
Accumulated depreciation	**(4,812,930)**	(4 157 032)
Total furniture, fixtures and fittings	**5,120,244**	3 860 587
Motor vehicles		
At cost	**3,645,352**	3,300,456
Accumulated depreciation	**(2,179,835)**	(1,950,777)
Total motor vehicles	**1,465,517**	1,349,679
Computer equipment		
At cost	**4,243,103**	4,244,830
Accumulated depreciation	**(2,339,397)**	(1,888,166)
Total computer equipment	**1,903,706**	2,356,664
Right to use - Lease Assets		
At Cost	**1,835,017**	1,062,448
Accumulated depreciation	**(958,309)**	(564 722)
Total Right to use - Lease Assets	**876,708**	497 726
Improvements		
Capital works in progress	**3,468,740**	5,040,851
Total property, plant and equipment	**124,844,143**	81,833,628

Movements in carrying amounts

2022	Capital Works in Progress $	Land $	Buildings $	Plant and Equipment $	Furniture, Fixtures and Fittings $
Balance at the beginning of year	5,040,851	19,325,426	43,270,677	6,132,016	3,860,587
Additions	9,839,030	6,481,966	39,975,138	2,012,667	2,184,879
Disposals		-	(47,225)	(4,603)	(3,647)
Transfer from capital works in progress	(11,411,140)				
Reclassification to other asset types			74,320	(93,290)	3,312
Reclassification to intangibles					
Reclassification to investment property					
Depreciation expense	-	-	(4,062,584)	(1,055,281)	(924,888)
Impairment Expenses		-	-	-	-
Carrying amount at the end of year	**3,468,741**	**25,807,392**	**79,210,326**	**6,991,510**	**5,120,244**
	2				

2022 (Continued)	Motor Vehicles $	Computer Equipment $	Right to use - Lease Assets $	Total $
Balance at the beginning of year	1,349,679	2,356,664	497,726	81,833,627
Additions	346,423	181,502	772,569	61,794,175
Disposals		(35)	(2,916)	(58,426)
Transfer from capital works in progress				(11,411,140)
Reclassification to other asset types	(1,527)	(108,027)		(125,212)
Reclassification to intangibles				-
Reclassification to investment property	-			-
Depreciation expense	(229,058)	(526,399)	(390,671)	(7,188,881)
Impairment Expenses	-	-		-
Carrying amount at the end of year	**1,465,517**	**1,903,706**	**876,709**	**124,844,143**

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8 Investment Properties	**2022**	**2021**
	$	**$**
At cost	**84,537,901**	83,431,422
Accumulated depreciation	**(25,828,061)**	(22 863 857)
Total investment property	**58,709,840**	60,567,565

Movements in Carrying Amounts

	2022	**2021**
	$	**$**
Balance at the beginning of year as previosuly reported	60,567,565	62,131,790
Additions	1,244,976	-
Disposals	(16,147)	(9,726)
Transfer from Capital Work in Progress	6,571	(2,671)
Reclassification (to)/from investment properties	-	1,422,770
Depreciation Expense	(3,093,125)	(2,974,598)
Carrying amount at the end of year	**58,709,840**	60,567,565

9 Intangible Assets	**2022**	**2021**
	$	**$**
Intangible Assets		
At Cost	1,281,050	1,030,623
Accumulated Amortisation	(747 479)	(399 524)
Total intangible assets	**533,571**	631 099

Movements in Carrying Amounts

2022	**Bed Licences**	**Computer Software**	**Total**
		$	**$**
Balance at the beginning of year	85,000	546,099	631,099
Additions	-	68,056	68,056
Transfer from plant & equipment		118,641	118,641
Disposals		-	-
Amortisation Expense	(49,000)	(235,225)	(284,225)
Carrying amount at the end of year	36,000	497,571	533,571

10 Trade and Other Payables	**2022**	**2021**
Current	**$**	**$**
Unsecured liabilities		
Trade payables	**3,575,245**	3,865,433
Other payables	637,201	395,654
Accrued expenses	1 688 200	2 113 200
	5,900,646	6,374,287

11 Financial Liabilities	**2022**	**2021**
Current	**$**	**$**
Loan - Related Party	11,072	25,392
Loan - Other	250 000	-
Total	**261,072**	**25,392**

	2022	**2021**
Non-Current	**$**	**$**
Loan - Other	3 208 333	-
Total	**3,208,333**	

The Loan-Other is owing to the Department of Health and Aged Care and was acquired by the Entity as part of the business combination described in Note 21
The loan is payable in monthly instalments over a 13-year period. Interest varies according to the Consumer Price Index.

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12 Other Liabilities	**2022**	**2021**
Current	**$**	**$**
Income in advance	4,476,100	4,491,100
Net Home Care Packages unspent funds / (receivable)	(911,618)	1,405,911
ILU Licences to Reside	70,982,856	61,081,663
Lease Liabilities	361,239	237,313
Aged care resident Liability#	124,316,573	91,492,873
Total	**199,225,150**	**158,708,860**
Non-Current		
Lease Liabilities	528 628	266 965
Total	**528,628**	**266,965**

The carrying amounts of other liabilities are assumed to approximate the fair values. The impact of discounting has been determined not to be significant.

The amount includes balances for Accommodations bonds, Entry contribution and Refundable Accommodation deposits

13 Provisions	**2022**	**2021**
Employee Benefits	**$**	**$**
Current	10,466,107	8,955,579
Non-current	4,216,749	3,936,534
Total	**14,682,856**	**12,892,113**

14 Key Management Personnel Compensation

Any person having an authority & responsibility for planning, directing & controlling the activities, directly or indirectly included any director of the entity is considered Key Management Personnel

The totals of remuneration paid to key management personnel of the association during the year are as follows:

	2022	**2021**
	$	**$**
Total Compensation	2 096 777	1 740 954

15 Capital and Leasing Commitments

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:	**2022**	**2021**
	$	**$**
Payable - minimum lease payments		
- not later than 12 months	528,628	248,332
- between 12 months and 5 years	361,239	255,946
	889 867	504 278

(b) Capital Expenditure Commitments	**2022**	**2021**
	$	**$**
Capital expenditure commitments contracted for:		
Plant and equipment purchases	**1,902,738**	150,380
Capital expenditure projects	**3,077,041**	669,994
	4,979,780	820,374
Payable:		
- not later than 12 months	**4,979,780**	820,374
	4,979,780	820 374

16 Contingent liabilities and Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable:

(a) Government Capital Grants
Pursuant to the conditions attached to Government Capital Grants, the entity is contingently liable to repay, based on a formula, all or part of the grants received if the project to which the funds applied ceases to be used for the purpose approved, or is sold or otherwise disposed of within twenty years of the completion of the project.

The maximum contingent liability as at 30 June 2022 is nil (2021: nil).

(b) Funding Surpluses
The entities within the Community Services division of LCAQD - Lutheran Services Consolidated receive funding from various government agencies which include the Department of Health, Department of Communities, Child Safety and Disability Services, Queensland Health, Sunshine Coast Medicare Local, Department of Education and Training, Department of Justice, Gambling Community Benefit Fund and the Department of Housing and Public Works. A condition of the funding is that any allocated funding not expended in carrying out the specified services will be refunded or repaid by reduction of next year's grant. At 30 June 2022 the entity had consolidated prior year surpluses of $701,690 (2021: $1,194,263) carried forward.

17 Related party transactions
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parities unless otherwise stated.

Detailed table
The effective controlling body of Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Services is the Lutheran Church of Australia QLD District (LCAQD). The effective controlling body of LCAQD is the Lutheran Church of Australia (LCA) and all transactions between LCAQD - Lutheran Services and entities under the control of the LCA, including LCAQD and the LCA's internal charitable investment institution the Lutheran Laypeoples League, are considered related party transactions. The following related party transactions are included in the reported results:

	2022 $	2021 $
a) Rent and outgoings paid to LCAQD	369,164	432,958
b) Governance contribution paid to LCAQD	396,969	331,665
c) Staff salaries & wages paid to LCAQD	814,941	686,846
At balance date the following related party balances are included in the reported position:		
d) Payable from LCAQD - Lutheran Services to LCAQD	-	-

18 Events After the Balance Sheet Date

As at the date of this report there are no significant after-balance-date events. The financial report was authorised for issue on the date the Declaration by Council was signed. The Council has the power to amend and reissue the financial report.

19 Economic Dependence
The entity is dependent on the continued use and availability of property owned by the Lutheran Church of Australia QLD District (LCAQD).

The entity's ability to continue to operate in its current capacity is dependent upon receipt of ongoing operational funding from the Federal and State Government. Those charged with governance are confident, based on historical information and governmental policy, that this funding support will continue to be provided.

20 Financial Risk Management

The Entity s financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments held with a broker, accounts receivable and payable, loans from other entities and leases.

The Entity faces credit risk, market risk, interest rate risk and liquidty risk in the management of its financial instruments.

Credit risk exists in relation to Cash and Cash Equivalents, and Receivables. The entity manages risk by investing with reputable institutions, reconciling receivable accounts, obtaining written contracts for fees to be received and monitoring ageing statistics of all debts. There are no significant concentrations of credit risk.

Liquidity risk is the risk that debts will not be able to be paid as and when they fall due. The entity manages this risk through rolling cashflow forecasts and minimising external debt.

Market risk exists in relation to interest rates and the performance of the Australian share market, in which the entity has invested funds through a broker.

Changes in interest rates would impact income earned from resident accommodation deposits and cash at bank, as well as interest payable on refunded resident contributions and the loan, however the impacts are not likely to be significant to the entity as a whole.

Changes in the Australian share market would impact investment income. The entity manages this risk by investing with an experienced broker and having an Investment Management Strategy.

LCAQD - Lutheran Services

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Notes to the Financial Statements
For the Year Ended 30 June 2022

21 Business Acquisition

On 21st October 2021, the Entity acquired Gympie and District Home for the Aged, Inc (trading as "Cooinda"), an aged care provider offering residential aged care facilities.
Lutheran Services controls 100% of the voting rights of Cooinda.
The cost to acquire CoInda was $0.
Assets acquired and liabilities assumed were:

Cash	6,387,673
Debtors	100,000
Land and Buildings	41,100,000
Employee Provisions	(1,605,465)
Borrowings	(3,645,834)
RAD's and bonds	(33,624,037)
Payables	(600 000)
Net Assets	8,112,337

The excess of net assets over consideration paid was recognised in profit or loss for the year.

22 Entity Details

The principal places of business of the entity are:

Support Centre:
Lutheran Services - 24 McDougall Street, Milton, QLD 4064

Aged Care Services (including Retirement Villages):
Alondra Residences - 19 Union Street, Nundah, QLD 4012
Cooinda - 2 Cooinda Street, Gympie, QLD 4570
Immanuel Gardens Retirement Village - 10 Magnetic Drive, Buderim, QLD 4556

Orana Lutheran Complex - MacDiarmid Street, Kingaroy QLD 4610

Salem Lutheran Rest Home - 280 Hume Street, Toowoomba, QLD 4350

St Andrews Lutheran Aged Care - 2 Sullivan Road, Tallebudgera, QLD 4228

St Pauls Lutheran Aged Care - Tomlinson Road, Caboolture, QLD 4510

Tabeel Lutheran Home - 27 Ambrose Street, Laidley, QLD 4341
Teviot Villas Boonah - 16 Church Street, Boonah, QLD 4310
Trinder Park Rest Home - 10 Laurel Avenue, Woodridge, QLD 4114

Wahroonga Retirement Village - Wahroonga Street, Biloela, QLD 4715

Zion Lutheran Home - 24 Union Street, Nundah, QLD 4012
Zion Retirement Village - 10 O'Connell Street, Gympie, QLD 4570

Community Services:
Central Queensland and Wide Bay
Graceville Centre, Nambour
Keystone Disability Centre, Woodridge
Trinity Disability Support Service, Southport
Bridges Reconnect, Woodridge
Good Shepherd Emergency Relief Services, Brisbane
Intercept Family & Community Services, Caboolture
Somerset Community Services, Lowood
Mary & Martha's Women's Refuge, c/- Milton

The registered office of the controlling entity is:
Lutheran Services
24 McDougall Street
Milton QLD 4064

LCAQD - Lutheran Services

ABN: 47 291 464 804
Declaration By Those Charged With Governance

Those Charged with Governance of Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Services declare that:

1. The financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, as set out on pages 3 to 16, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, the Aged Care Act 1997 and:

a. comply with Australian Accounting Standards - Simplified Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulations 2013; and
b. give a true and fair view of the entity s financial position as at 30 June 2022 and of its performance for the year ended on that date.

2. In the opinion of Those Charged with Governance, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Those Charged with Governance.

Leena Vuorinen 16/09/2022

Chair - Lutheran Services Council Date:
Dr Leena Vuorinen

16/09/2022

Chair - Finance, Audit and Risk Management (FARM) Committee Date:
Andrew Spyropoulos

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 60.40 OF THE AUSTRALIAN CHARITIES
AND NOT-FOR-PROFITS COMMISSION ACT 2012

TO THE DIRECTORS OF LUTHERAN CHURCH OF AUSTRALIA QUEENSLAND DISTRICT (LCAQD) – LUTHERAN SERVICES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Stewart Douglas
Director
Brisbane
16 September 2022

Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LUTHERAN SERVICES

Opinion
We have audited the financial report of Lutheran Services, which comprises the statement of financial position as at 30 June 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by Council.

In our opinion the financial report of Lutheran Services is in accordance with Division 60 of the *Australian Charities and Not-for-Profit Commission Act 2012*, including:

(i) giving a true and fair view of Lutheran Services' financial position as at 30 June 2022 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulations 2013*.

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of Lutheran Services in accordance with the ethical requirements of the Australian Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Council for the Financial Report
The Council for Lutheran Services is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Non-for-Profits Commission Act 2012* and for such internal control as the Council for Lutheran Services determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible entity is responsible for assessing the ability of Lutheran Services to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Lutheran Services or to cease operations, or has no realistic alternative but to do so.

The Council is responsible for overseeing Lutheran Services' financial reporting process

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SUNCARE COMMUNITY SERVICES LIMITED

Auditor's Responsibilities for the Audit of the Financial Report (continued)

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Stewart Douglas
Director
Brisbane
16 September 2022