2020

CONSOLIDATED FINANCIAL REPORT

ARBN 147 481 436
(INCORPORATED IN QUEENSLAND)

Churches of Christ in Queensland

Contents

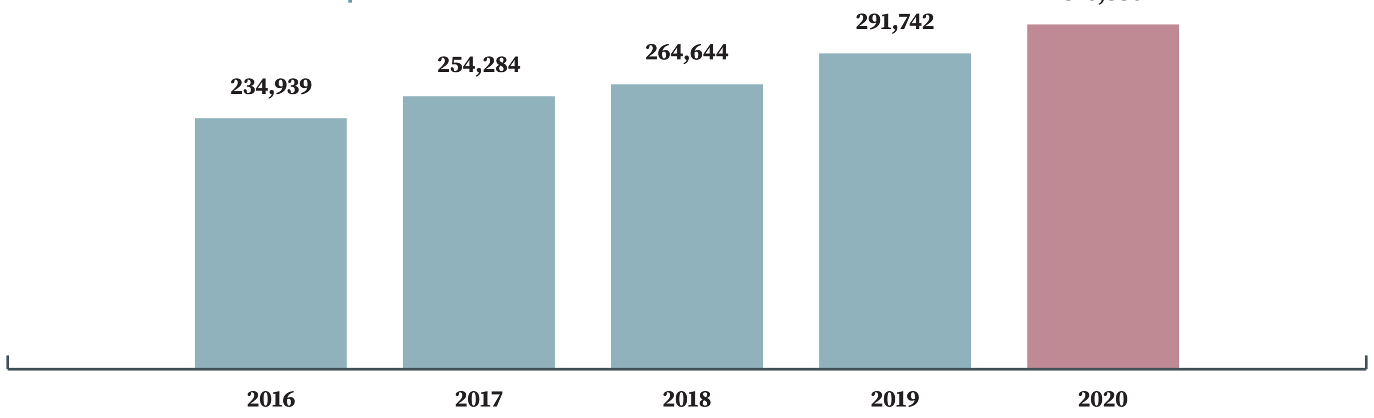
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The year in review

For the full financial report for Churches of Christ in Queensland, please refer to the Consolidated Financial Report 2019-2020.

Year in review

OPERATING REVENUE - $ '000



$316 million

Total Operating Revenue for the year ended 30 June 2020

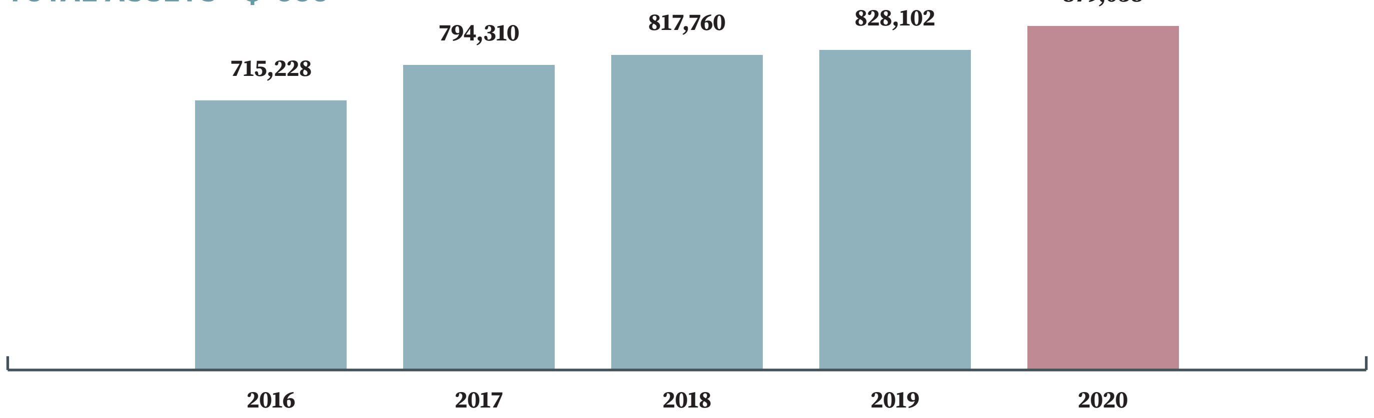
$27 million

Total Cash and Cash Equivalents and Other Investments at 30 June 2020

$71 million

Total cash spent acquiring Property, Plant and Equipment, Investment Property, and Intangible Assets for the year ended 30 June 2020

TOTAL ASSETS - $ '000



$879 million

Total Assets at 30 June 2020

Board members' report

The Board members of Churches of Christ in Queensland (CofCQ) present their report, together with the consolidated financial statements of CofCQ and its subsidiaries, for the year ended 30 June 2020 and the auditor's report thereon.

MEMBERS

The Board members at any time during the current financial year and up to the date of signing this report:

MEMBER	POSITION
Ken Ewald	Chair
Nigel King	Deputy Chair
Douglas Sparkes	Member
Jill Gray	Member
Dale White	Member
Steve Slade	Member
Jillian Carson	Member

Members because of their position in the entity:

MEMBER	POSITION
Geoff Charles	Conference President
Gary Edwards	Chief Executive Officer

PRINCIPAL ACTIVITIES

Churches of Christ in Queensland is a group of mainstream Christian churches which has been an active part of the Queensland community over 130 years. CofCQ operates the Centenary Development Foundation, a Religious Charitable Development Fund and is endorsed as an income tax exempt charity by the Australian Taxation Office. The Churches of Christ Care division and Churches of Christ Housing Services Ltd are recognised as a Public Benevolent Institution (PBI). Deductable gift funds are also operated in respect of PBI activities.

The principal activities of CofCQ during the course of the financial year were:

† - mission and ministry support to affiliated churches

† - development of mission strategies into the wider community

† - a range of early childhood services

† - community housing

† - residential care and independent living services for people who are aged

† - community based services to people who are aged

† - a variety of services in the child safety and protection area

† - operation of commercial activities

† - finance and investment services that are exempt from requirements of the Banking Act 1959 to the wider CofCQ community.

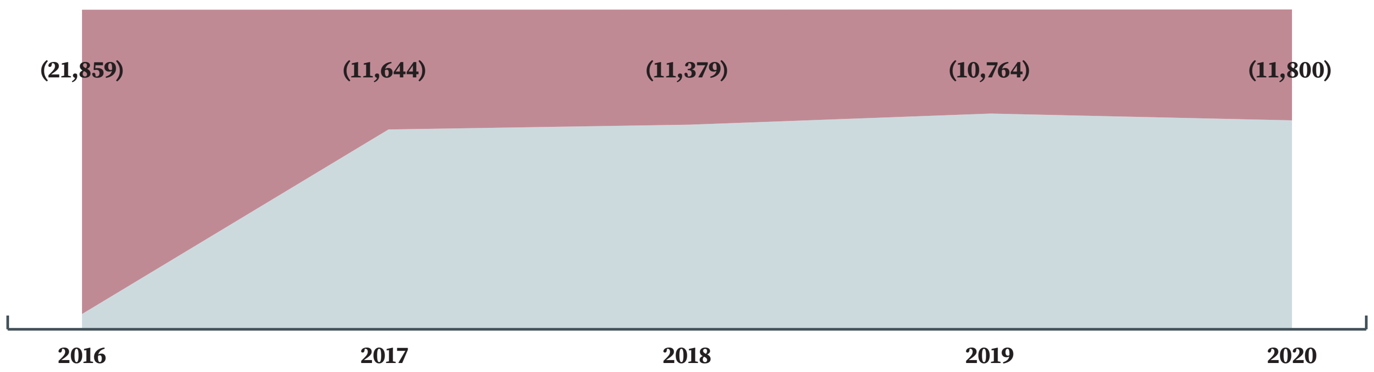
No significant change in the nature of these activities occurred during the year.

RESULT AND REVIEW OF OPERATIONS

Operational performance

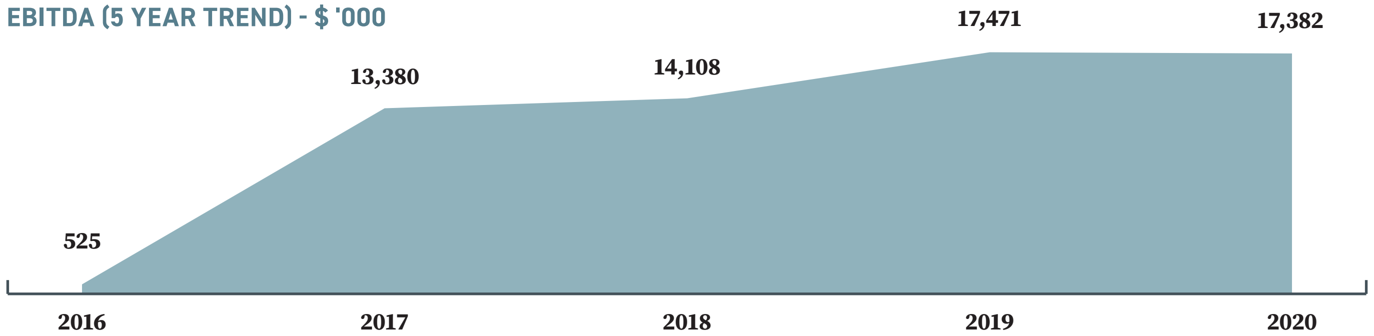
The loss from operating activities for year ended 30 June 2020 amounted to $11,800,310 (2019: loss of $10,764,004).

RESULT FROM OPERATING ACTIVITIES (5 YEAR TREND) - $ '000



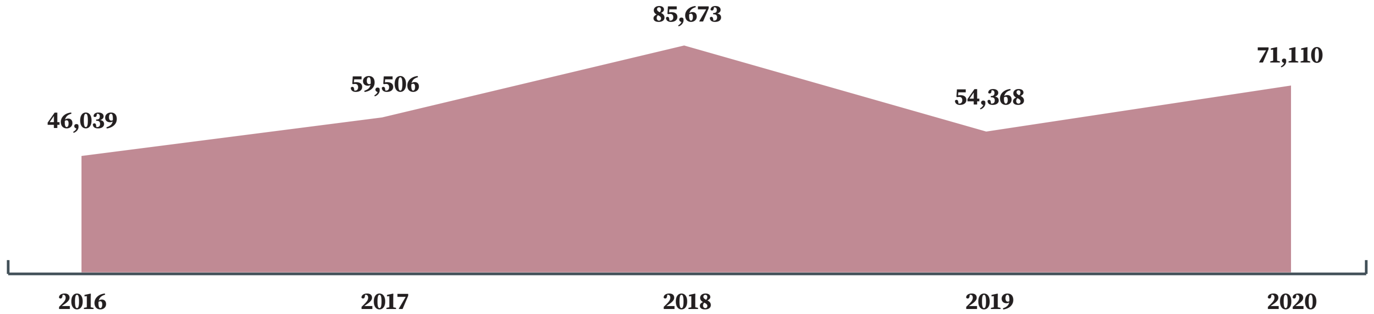
The loss from operating & finance activities graph above includes significant amounts of non-cash items which stems from having $476m (2019: $468m) in Property, Plant and Equipment and Right-of-use assets on the consolidated statement of financial position. As a result, CofCQ uses Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) to measure performance and sustainability.

EBITDA (5 YEAR TREND) - $ '000



As shown in the above graph, EBITDA for 2020 is $17,381,598 (2019: $17,471,375). This result is a combination of factors and whilst our revenue increases were marginal they were offset by our substantial investment in support services and processes. This increased expenditure was planned last year during our budget process as it was recognised as being essential to provide the capacity to accommodate our growth objectives in line with the Strategic Plan.

CASH SPENT ON TANGIBLE & INTANGIBLE ASSETS (5 YEAR TREND) - $ '000

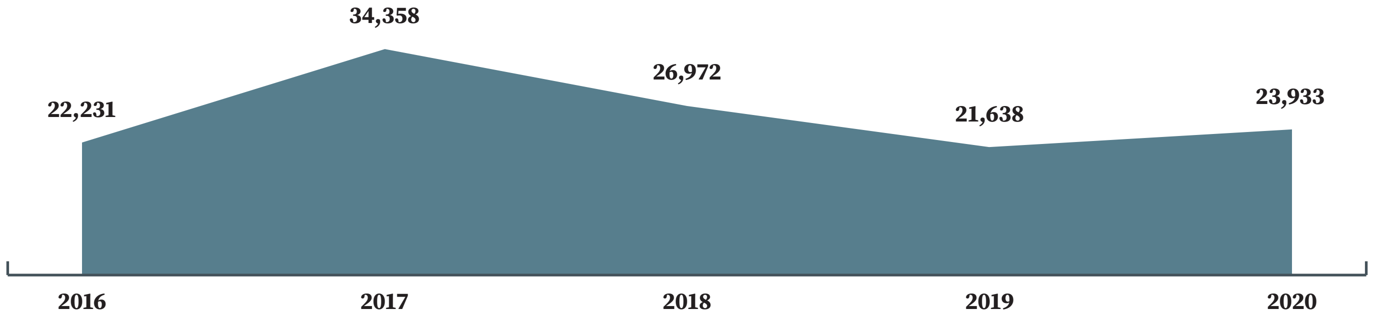


Financial sustainability and growth

Whilst financial sustainability is fundamental to achieving our strategic objectives and appropriate cash surpluses are vital for investment in our existing and future services, we were cognisant that this year a platform of substantial investment in infrastructure, technology and support areas was essential in achieving the longer term goals of the organisation.

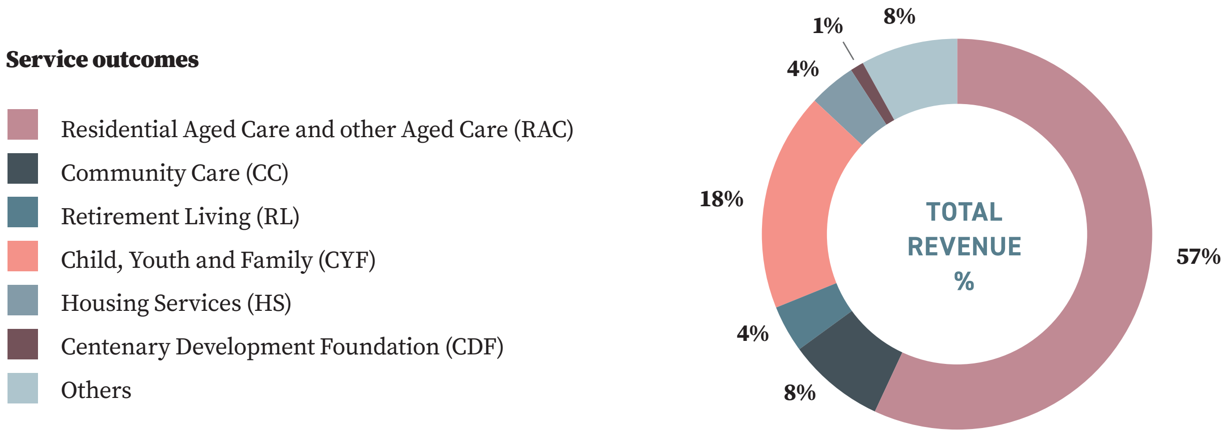
Notwithstanding the result from operating activities, underlying cash flow performance remains strong. This strength stems from the capital intensive nature of residential aged care and the consequent non-cash effect of depreciation. Furthermore, to support our capital expenditure program, CofCQ established a debt facility of $45m in 2020, of which $23m (51%) remains available for use, in addition to our $24m surplus cash and cash equivalents at 30 June 2020.

CASH AND CASH EQUIVALENTS* (5 YEAR TREND) - $ '000



* Included cash used for specific purpose (refer to Note 3)

Service outcomes



RESIDENTIAL AGED CARE

The current year has shown continued strong demand for our residential aged care services, with occupancy above 94%. There are continued industry-wide financial headwinds driven by well-below CPI increases to government aged care subsidies countered by above CPI wage cost increases between 2.5% to 3%. The Government provided a short term additional financial investment to all providers in the fourth quarter in recognition of these challenges in the context of the developing COVID pandemic. Government funding in the last quarter also focused on financially shoring up rural and remote services with increased supplements. This has assisted with several of our smaller rural and remote services.

Investigation into the financial viability of residential aged care in Australia has been progressed by the Commonwealth Government on two fronts during the year. Firstly the trialling of a new funding tool proposed to replace the current ACFI (Aged Care Funding Instrument) which Churches of Christ has participated in; and the work underway by the Royal Commission into Safety and Quality in Aged Care which has proposed that to provide residential aged care to the standard expected by the Australian community will require significantly greater investment. Recommendations from the Royal Commission are due to be handed down to Government in early 2021.

The latter part of the 2019-20 year in residential aged care has been significantly impacted by the response to the COVID-19 pandemic, with extensive resources and planning diverted into protecting residents.

Over the past four years we have been on a journey completing a number of major developments, with another residential aged care development completed in Boonah in June 2020. This 64-bed service replaced the existing nursing home on the Boonah Campus, and with the net additional 41 cottages, provides a 105-bed service for the Fassifern region.

COMMUNITY CARE

Community Care continues to expand through several initiatives which include offering Cottage respite options to communities in the Darling Downs, Wide Bay and Gold Coast regions. Also, additional Commonwealth Home and Support funding saw more clients joining our family through Home Modification, Maintenance and Domestic Services. Home Care Packages increased by 20% from the previous year. Managing and optimising package utilisation with consumers, along with increased market competitiveness, continues to put pressure on CofCQ and the industry.

Analysis of data through our client software system continues to provide dashboard and Key Performance Indicator (KPI) capacity to support business decisions and preparedness for future changes to the industry. Home Care Package Pricing Transparency, which includes information packs, helped our clients to understand the fees and charges for our services as part of the new legislation. These packs were well received and generated enquiries from people in the community.

New innovative ways to expend our Home Assist Secure program were introduced with the Department of Housing. Since the introduction of My Aged Care, Home Assist Secure Providers have struggled to meet the outputs required for the program. To address these challenges, initiatives were tabled with the Department as follows:

1. Repurpose Security Hardware Funding to Drought Relief for affected regions (i.e. Stanthorpe/Warwick),
2. Entering into a Memorandum of Understanding (MOU) with RACQ on pipeline of member referrals, and
3. Support to increase marketing investment to raise the profile of the program.

In addition to these innovative services, the Department repurposed 2018-19 Home Assist Secure surpluses back into our funding to provide welfare checks to Seniors. 22,101 calls were made to our most vulnerable communities in Queensland, ensuring their safety with food and medication during the initial stages of COVID-19.

RETIREMENT LIVING

Retirement Living operates 23 villages across Queensland and Victoria, providing services for over 1,136 residents in 1,117 Independent Living Units.

The pinnacle of the year was the opening of the new apartment building at Lady Small Haven Retirement Village at Benowa on the Gold Coast in May 2020. The architecturally-designed building nominated for a UDIA award features 65 apartments which make up the current total village unit number of 117. Delivered ahead of schedule, the building is designed under the Liveable Housing Australia Guidelines, with the highest levels of accessibility standards, allowing residents to age-in-place. It also has a green star rating for reaching the best practice benchmarks for sustainability in building. The redevelopment is part of our vision to enhance retirement and aged care facilities on the Gold Coast.

In the past 12 months Retirement Living has emphasised the continuation of legislative changes for Queensland villages, with Victoria's still pending due to the COVID-19 pandemic. Contract offering changes for Queensland villages have been well received by purchasers. While it is the intent to implement the same changes to Victoria's villages, these contracts have taken a little longer to implement, however will be completed in the 2020-21 financial year. The implementation of the new CRM system as a single source of truth took place in July 2019. In addition to these changes there was a focus on selling long-standing units, building waiting lists for all villages, and achieving sales outcomes for the high vacancy sites. This change in focus has seen positive results for the current year.

CHILDREN, YOUTH AND FAMILIES

Churches of Christ in Queensland Children Youth and Families (CYF) supports over 20% of all children and young people in statutory care in Queensland. In addition, the CYF group of services supports over 6,000 children, young people, families, and carers through our early childhood, early intervention, out-of-home care, and transition to adulthood services.

In the 2019-20 financial year, CYF experienced growth in state government grant funded services realised primarily through additional annual funding for residential services, transition services with the Next Steps Plus program in Townsville and Mount Isa, and growth throughout foster and kinship care services. In addition, CYF remains a provider of choice for fee-for-service arrangements.

We continue to seek opportunities to develop integrated service responses that combine our service offerings to better meet the needs of children, young people and their families. A key focus is demonstrating our commitment to reduce the overrepresentation of Aboriginal and Torres Strait Islander children in statutory care and in supporting children and young people to thrive. Our support is tailored to meet the individual needs of children, young people, families, and carers across urban, regional and remote communities of Queensland.

HOUSING SERVICES

Churches of Christ Housing operates across 15 local government areas and manages a portfolio of 1,210 properties.

This year we assisted 2,915 people across a range of housing programs. We continue to seek opportunities to make a positive difference in people's lives by delivering secure affordable housing. Working in partnership with the Queensland Government, we expanded our senior's housing portfolio with the construction of two new developments at Hillcrest and on Bribie Island (ongoing).

Marblewood Apartments at Hillcrest forms part of Churches of Christ's integrated campus for seniors at Hillcrest in Logan City, with 32 one and two-bedroom modern units. The $8.2 million construction project commenced in April 2019 and was completed in March 2020. We also commenced an 83-unit development at Bongaree on Bribie Island in November 2019. An extension of our existing housing development at Bongaree, the project will add to our provision of long-term community housing for seniors in the area. The development is expected to be complete by mid-2021.

We also increased our affordable housing portfolio in the master planned community of Ripley in the City of Ipswich. The portfolio is an innovative approach to affordable housing provision, with the opportunity for tenants to transition to ownership through a pilot shared equity scheme.

We continued to deliver high quality services over the year, with several community engagement and capacity building programs. We secured new funding for the continued delivery of our digital outreach service, Digi Ask with $60,000 from the Department of Housing and Public Works and $10,000 sponsorship from Locality Planning Energy (LPE). This year several of our residents participated in our Digital Inclusion Project delivered by DigiAsk, supporting our seniors to be digitally connected and safe in the digital world.

CENTENARY DEVELOPMENT FOUNDATION

Centenary Development Foundation (CDF) fulfils the role of the group treasury operation and accepts funds from retail clients and churches by providing a number of investment products. We provide loans and grants to Churches of Christ churches and assist in financing our mission of bringing the light of Christ into communities.

In this period, we have continued to see reduced returns given continued low interest rates and the repayment of loans which have impacted margins. This scenario is likely to continue for some time to come, especially considering the state of our economy as a result of COVID-19.

CDF continues to look at introducing new savings products, and we have a new product set for launch early in 2021.

CHURCH AND COMMUNITY ENGAGEMENT

The Church and Community Engagement team has excelled in the heat of the COVID-19 environment. Over the last 12 months we have redeployed staff into Residential Aged Care (RAC) to serve with client, family and staff care. We have served our churches with regular professional inputs and extraordinary care, we have reinvented our team to meet the demands of this new context and leadership challenge. Everything changed in an instant and we adapted to continue our core business of partnering with God to build his Kingdom.

DIVIDENDS

No dividends were paid or recommended during the year as CofCQ is a not-for-profit organisation and is prohibited from paying dividends. CofCQ has no ability to issue general shares or options.

STATE OF AFFAIRS

In the opinion of the Board members, responding to the impact of COVID-19 was a significant change in the operational state of affairs of CofCQ that occurred during the financial year under review. All of our services were impacted but were able to remain viable, continue to operate and provide services to those in need. This was achieved by altering our business and service delivery models on a regular basis as the pandemic evolved. CofCQ remain in a strong and resilient position going into the new financial year as a result of the changes made to our operations to counter COVID-19.

ENVIRONMENTAL REGULATION

CofCQ's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

CofCQ is very conscious of the environment and takes every step possible to minimise the effects of any waste through various working processes.

INDEMNIFICATION AND INSURANCE OF OFFICERS, BOARD MEMBERS AND AUDITORS

Indemnification

CofCQ has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of CofCQ, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in successfully defending legal proceedings.

Insurance

During the financial year, CofCQ paid insurance premiums insuring Board members against a liability (with certain exclusions) arising as a result of work performed in their capacity as Board members.

EVENTS SUBSEQUENT TO BALANCE DATE

CofCQ has been actively managing the challenges of the COVID-19 pandemic throughout the organisation, via existing and bespoke crisis management procedures. The pandemic has been a particular risk for our 30+ Residential Aged Care facilities, notably the two facilities in Melbourne, Victoria, during the period of widespread community transmission in Q3 2020.

In August 2020, one of our Melbourne facilities was exposed to a COVID-19 outbreak. The outbreak has been closely managed by State and Federal health authorities and CofCQ has actively cooperated with these agencies to control the transmission.

Despite this issue, CofCQ are in a stronger trading position since year end than in the corresponding prior year period and have sufficient cash reserves & operating cash flows to counter the broader consequences of the global pandemic.

LIKELY DEVELOPMENTS

CofCQ established a COVID-19 taskforce in 2020 to primarily oversee the management of infection control in our Aged Care Services. This taskforce is expected to continue its operations and respond to new challenges presented over the next 12 months.

Signed in accordance with a resolution of the Board members.

Nigel King
Deputy Chair

Gary Edwards
Chief Executive Officer

Dated the 28th day of September 2020, Brisbane.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Note	2020 ($ '000)	2019 ($ '000)
REVENUE AND OTHER INCOME			
Revenue	1	311,676	280,728
Sales from land developments		884	1,354
Other income	1	3,820	9,660
		316,380	291,742
EXPENDITURE			
Costs from land developments		(699)	(1,023)
Costs of services and supplies	2	(28,051)	(26,283)
Employee benefits expense	2	(230,590)	(207,973)
Depreciation and amortisation expenses	2	(29,685)	(28,471)
Property and maintenance expenses		(18,671)	(20,867)
Other expenses	2	(20,484)	(17,889)
		(328,180)	(302,506)
RESULT FROM OPERATING ACTIVITIES		(11,800)	(10,764)
FINANCE ACTIVITIES			
Finance income	1	411	700
Finance costs	2	(12,246)	(1,108)
		(11,835)	(408)
LOSS FROM OPERATING AND FINANCE ACTIVITIES BEFORE TAX		(23,635)	(11,172)
OTHER ACTIVITIES			
Net gain on disposal of held-for-sale assets	1	1,671	-
Impairment loss on buildings	2	-	100)
Impairment loss on intangible assets	2	(257)	-
Resident share in unit value	2	(955)	269
Change in fair value of investment property	2	530	(5,010)
Restructure and one-off salary costs	2	(928)	(958)
Residential Aged Care Implementation costs	2	(707)	-
		(646)	(5,799)
NET PROFIT/(LOSS) FOR THE PERIOD		**(24,281)**	**(16,971)**
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(24,281)**	**(16,971)**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2020

	Note	2020 ($ ' 000)	2019 ($ ' 000)
ASSETS			
Current assets			
Cash and cash equivalents	3	23,933	21,638
Trade and other receivables	4	7,991	7,655
Contract assets	5	2,786	-
Inventories	6	649	640
Financial assets	7	1,913	1,950
Other investments	8	2,797	4,393
Assets held for sale	9	5,926	8,101
Total current assets		45,995	44,377
Non-current assets			
Inventories	6	4,540	5,215
Property, plant and equipment	10	472,378	468,020
Right-of-use assets	11	3,754	-
Investment property	12	311,754	270,941
Intangible assets	13	40,637	39,549
Total non-current assets		833,063	783,725
TOTAL ASSETS		879,058	828,102
LIABILITIES			
Current liabilities			
Trade and other payables	14	462,525	432,863
Contract liabilities	15	3,728	-
Provisions	16	7,393	6,832
Lease liabilities	17	1,106	-
Financial liabilities	18	11,422	11,614
Employee benefits	19	30,372	26,617
Deferred income	20	-	2,816
Total current liabilities		516,546	480,742
Non-current assets			
Contract liabilities	15	108,074	-
Lease liabilities	17	3,316	-
Financial liabilities	18	31,025	4,150
Employee benefits	19	3,216	3,109
Deferred income	20	-	93,657
Total non-current assets		145,631	100,916
TOTAL LIABILITIES		662,177	581,658
NET ASSETS		216,881	246,444
FUNDS			
General funds		216,881	246,444
TOTAL FUNDS		216,881	246,444

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of change in funds

For the year ended 30 June 2020

	Total funds ($ ' 000)
BALANCE AT 1 JULY 2018	263,415
Profit/(Loss)	(16,971)
Other comprehensive income	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(16,971)
BALANCE AT 30 JUNE 2019	246,444

	Total funds ($ ' 000)
BALANCE AT 1 JULY 2018	246,444
Adjustment from the adoption of new standards	(5,282)
Profit/(Loss)	(24,281)
Other comprehensive income	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(24,281)
BALANCE AT 30 JUNE 2020	216,881

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2020

	Note	2020 ($ ' 000)	2019 ($ ' 000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		317,800	285,405
Payment to suppliers and employees		(310,415)	(270,005)
Interest received		449	640
Dividends and distributions received		18	28
Interest paid		(1,140)	(1,108)
Interest paid on lease liability		(209)	-
Net cash from CDF loans & borrowings activities		(192)	(4,954)
Net cash flows from operating activities	3	6,311	10,006
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investments		1,572	3,164
Proceeds from sale of property, plant and equipment	3	2,468	4,613
Proceeds from sale of intangible assets	3	2,940	-
Purchase of property, plant and equipment	3	(29,200)	(49,711)
Purchase of investments property	3	(40,283)	(3,588)
Purchase of intangible assets	3	(1,627)	(1,069)
Net cash flows used in investing activities		(64,130)	(46,591)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from accommodation bonds & ingoing contributions		126,460	94,373
Refund of accommodation bonds & ingoing contributions		(91,893)	(68,245)
Proceeds from borrowings		50,137	24,161
Repayment of borrowing		(23,600)	(24,161)
Repayment of lease liabilities		(990)	-
Net proceeds of capital grants		-	5,123
Net cash flows from financing activities		60,114	31,251
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,295	(5,334)
Cash and cash equivalents at beginning of year		21,638	26,972
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	**23,933**	**21,638**

The accompanying notes form an integral part of these consolidated financial statements.

About this report

For the year ended 30 June 2020

1 CORPORATE INFORMATION

CofCQ is incorporated under letters patent issued pursuant to the Religious Educational and Charitable Institutions Act 1861-1959 on 18 January 1962. The organisation is a not-for-profit entity established to pursue charitable purposes only and must apply its income in promoting those purposes. Clause 20 of the Constitution and the Australian Charities and Not-for-profits Commission (ACNC) Act 2012 requires CofCQ to prepare financial statements that are audited annually.

The address of the registered office of CofCQ is: 41 Brookfield Road
Kenmore QLD 4069

2 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

CofCQ has elected to adopt Australian Accounting Standards - Reduced Disclosure Requirements (established by AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements).

The consolidated financial report of CofCQ represents Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission (ACNC) Act 2012.

The consolidated financial statements for the year ended 30 June 2020 were approved and authorised for issue by the CofCQ Board on 28 September 2020.

a) Basis of consolidation

The Group financial statements consolidate those of the Parent Entity and all of its subsidiaries as at 30 June 2020. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

b) Basis of measurement

The consolidated financial report has been prepared on the historical cost basis, except for investment property and investment in equity securities, which are presented at fair value through profit or loss.

The accounting policies disclosed below have been consistently applied by CofCQ and its controlled entities to all periods presented in these consolidated financial statements.

c) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is CofCQ's functional currency. Amounts disclosed in the financial statements have been rounded to the nearest thousand, unless otherwise stated.

d) Uses of estimates and judgements

The preparation of consolidated financial statements in conformity with Australian Accounting Standards requires management to make a range of judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. Estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In making any judgement, estimates or assumptions relating to reported accounts, management has also considered, where appropriate, the impact of COVID-19.

Information about assumptions and estimation uncertainties that may result in material adjustments within the next financial year are included in the notes.

e) Income tax

CofCQ income is predominately exempt from income tax, as Section 50-5 of the Income Tax Assessment Act 1997 exempts recognised charitable institutions from Income Tax. However, one subsidiary of CofCQ is subject to income tax.

For this subsidiary, tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

f) Comparatives

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

g) Positive statement of going concern

The financial statements have been prepared on a going concern basis. The entity has a net current asset deficiency of $470,550,975 (2019: $436,365,203). This is mainly due to the accommodation bonds, ingoing contributions, and provision for resident share in unit value of $418,598,294 (2019: $381,375,993) [refer Note 14 & Note 16] being classified as current liabilities (as there is deemed no right to defer settlement until 12 months after the reporting date), however the demand for repayment is expected to be spread over future years. Further, the repayment of accommodation bonds and ingoing contributions will be offset by incoming refundable accommodation deposits and ingoing contributions.

Other current liabilities that have contributed to the net current asset deficiency in the current financial year are trade payables and accrued expenses, contract liabilities, financial liabilities, and employee benefits of $59,507,912 (2019: $59,116,977 [refer Note 14, 15, 18 and 19], which are not all expected to settle within the next 12 months.

Specifically, within the trade payables and accrued expenses [Note 14] liability is $14,653,768 of income in advance which relates to funded services. These amounts are expected to be recognised as revenue in the subsequent period(s) as the relevant performance obligations are satisfied, and are not expected to result in any significant cash outflows from the organisation.

h) New or amended Accounting Standards and Interpretations adopted

CofCQ has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 1058 Income of Not-for-Profit Entities

CofCQ has adopted AASB 1058 Income of Not-for-Profit Entities for the first time, using the modified retrospective approach which requires all cumulative effects to be recognised at the date of initial application date being 1 July 2019.

No changes to revenue recognition were identified upon the adoption of AASB 1058 on transition.

AASB 15 Revenue from contracts with customers

CofCQ has adopted AASB 15 Revenue from contracts with customers for the first time, using the modified retrospective approach which requires all cumulative effects to be recognised at the date of initial application date being 1 July 2019.

Although AASB 15 is principles based, it is a significant change from the previous revenue requirements and involves new judgements and estimates as revenue is recognised when control of a good or services transfer to a customer or on satisfaction of performance obligations under contracts, which replaced the previous notion of risks and rewards.

Transition

AASB 15 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening Total Funds as at 1 July 2019 is as follows:

The adoption of AASB 15 on 1 July 2019 resulted in CofCQ reassessing one contract it has with the State Government. Under AASB 118 Revenue the Youth Connect Program - Standing Charges were recognised when the risks and rewards were transferred to CofCQ. However, the new accounting standard required the Standing Charges to be recognised over the life of the program using straight-line method. As a result, $409,000 of prior periods standing charges were re-recognised as revenue on 1 July 2019. The adjustment was made against Total Funds and Contract Liabilities to the same value. The impact of adoption on CofCQ Consolidated Financial report as at 1 July 2019 is as follows:

IMPACT ON ADOPTION OF AASB 15

	AASB 118 ($'000)	Impact of adoption of AASB 15 ($'000)	AASB 15 ($'000)
Revenue - Standing Charges	950	(409)	541
Retained Earnings	950	(409)	541
Contract liabilities	-	409	409
	-	409	409

AASB 15 *Revenue from contracts with customers* requires presentation of the following items separately in the statement of financial position:

(i) 'contract asset' for the right to consideration in exchange for services that have transferred to a customer;

(ii) 'contract liability' for the obligation to transfer services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer; and

(iii) 'receivable' for the right to consideration that is unconditional (only the passage of time is required before payment of that consideration is due).

AASB 16 Leases

CofCQ has adopted AASB 16 Leases for the first time. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Transition

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening Total Funds as at 1 July 2019 is as follows:

Leases in which CofCQ is a lessee

CofCQ has recognised new assets and liabilities for its operating leases of its photocopying machines and a number of properties for its Child, Youth & Family (CYF) & residential aged care (RAC) services. The nature of expenses related to those leases will now change because CofCQ will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, these costs were recognised as operating lease expense on a straight-line basis over the term of the lease.

IMPACT ON ADOPTION OF AASB 16

CofCQ as a lessee	As at - 1 July 2019 ($'000)
Operating lease commitments reported at 30 June 2019 (AASB 117)	(7,037)
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4% for property and 10% for equipment (AASB 16)	545
Short-term leases not recognised as a right-of-use asset (AASB 16)	509
Low-value assets leases not recognised as a right-of-use asset (AASB 16)	53
Other adjustments (AASB 16)	630
Operating lease liabilities (AASB 16)	(5,300)
Increase in right of use assets (AASB 16)	4,619
Reduction in opening Total Funds	(681)

Leases in which CofCQ is a lessor

CofCQ has evaluated its contractual arrangements relating to the provision of residential aged care and retirement living accommodation and has determined the following:

Residential aged care

The accounting treatment for residential aged care accommodation arrangements where residents have elected to pay a DAP is not expected to change upon adopting AASB 16.

Retirement living

The accounting treatment for retirement living accommodatiom with its contractual residents arrangement has had a significant impact on CofCQ accounts. Under AASB 16, the Drawdown Management Fees (DMF) is to be recognised over the resident 'expected length of stay', using the straight-line method not by contractual obligation.

At adoption date, CofCQ has revaluated all of its residents contracts to assess the cumulative effect upon the adoption of AASB 16 on its opening balance of Total Funds at 1 July 2019. The adjusted amount to retained earning opening balance is $4,192,000, which is the difference between DMF charges as per contract and AASB16.

IMPACT ON ADOPTION OF AASB 16

CofCQ as a lessor	As at - 1 July 2019 ($'000)
Increase in lease liability from deferred management fees (AASB 16)	(4,192)
Reduction in opening total funds	4,192

Notes to the consolidated financial statements

For the year ended 30 June 2020

1 INCOME

	2020 ($ ' 000)	2019 ($ ' 000)
Government revenue and grants	223,527	204,927
Residential basic daily fee revenue	44,529	43,785
Resident rent revenue	10,560	9,879
Services rendered from clients	12,704	13,049
Rent from investment properties	4,504	5,536
Other operating revenue	5,283	3,552
Imputed revenue on RAD and bond balances under AASB 16	10,560	-
Revenue	311,676	280,728
Bequests, donations and fundraising	362	536
Net gain on disposal of property, plant and equipment	178	664
Net gain on disposal of intangible assets	1,880	-
Net fair value bed licences	1,400	8,460
Other income	3,820	9,660
Interest from approved deposit taking institutions	208	373
Interest from external loans made by CDF	174	174
Interest from residents	71	98
Dividends	18	28
Realised gain on equity securities	4	-
Unrealised gain on equity securities	(64)	27
Finance income	411	700
Net gain on disposal of held-for-sale assets	1,671	-
Other non-operating activities	1,671	-

RECOGNITION AND MEASUREMENT

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised if it meets the criteria outlined below.

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which CofCQ is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, CofCQ: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Revenue from contracts with customers (cont.)

CofCQ recognises revenue under AASB 15 which applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. CofCQ uses the five-step model as set out in AASB 15 to account for revenue arising from contracts with customers, using the modified retrospective approach which requires all cumulative effects to be recognised at the date of initial application date being 1 July 2019.

The transaction price is allocated to performance obligations on the basis of their relative standalone selling prices and recognised as revenue accordingly as those performance obligations are satisfied over time each day as the customers simultaneously receives and consumes the benefits provided by CofCQ.

CofCQ has applied the practical expedient not to disclose the transaction price allocation to underperformed performance obligations because all performance obligations are considered to be met on a daily basis. Therefore CofCQ does not have any outstanding performance obligations that have not been met at the reporting date.

Government revenue and grants

Government revenue reflects CofCQ's entitlement to revenue from the Australian Government based upon the specific care and accommodation needs of the individual residents. Government revenue comprises of basic subsidy amounts calculated in accordance with the Aged Care Funding Instrument ('ACFI'), accommodation supplements, funding for short-term 'respite' residents and other Government incomes. Revenue is recognised over time as services are provided. Funding claims are submitted/updated daily and Government revenue is payable within approximately one month of services having been performed.

Government grants and subsidies are recognised in accordance with the performance of the services to which they relate. Grants that compensate CofCQ for expenses incurred are recognised in profit and loss as revenue from government for rendering of services on a systematic basis in the same period in which the expenses are recognised. Should a program cease to operate or fail to spend funding in accordance with the agreements, CofCQ recognises a liability as specified in the funding agreements.

Grants that compensate CofCQ for the cost of an asset are recognised as income upon receipt where the agreement does not specify the circumstances for their expenditure and control of the funds is obtained upon receipt.

Grants for the cost of an asset, whose terms include service conditions, are recognised progressively over the period of the obligation, with the grant funding initially recognised as contract liability (2019: deferred income) in the balance sheet.

Residential basic daily fee revenue

CofCQ receives Daily Fees in accordance with the Aged Care Act which are funded directly by the resident as a Basic Daily Fee which is set by the Government. The Basic Daily Fee is calculated as a daily rate and is payable by a resident for each day that a resident is in a home.

Resident rent revenue

Resident rent revenue is recognised on a straight line basis over the term of the lease, except when an alternative basis is more representative of the pattern of services rendered through the provision of the leased premises.

Services rendered

Revenue from services rendered is recognised in the consolidated statement of profit or loss and other comprehensive income in proportion to the stage of completion of the transaction at balance date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably.

Revenue recognition from residential aged care services is recognised upon the delivery of the services to the clients, of which a significant amount of the revenue is through Government funding.

Rent from investment properties

Rent revenue from investment properties (see note 12) is recognised on a straight-line basis over the expected period of resident stay/occupancy. This includes lease income from deferred management fees recognised over the average length of occupancy of the residents, which is determined based on historical tenure data. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other operating revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Bequests, donations and fundraising

Bequests, donations and fundraising are recognised as other income upon receipt if there is no identified contract or the contract does not contain specific performance obligations. A "Gift Fund" bank account exists to satisfy tax requirements as CofCQ operates a Deductible Gift Fund.

Sales from land development

Sales from land development are recognised in the consolidated statement of profit or loss and other comprehensive income in full at settlement.

Imputed revenue on RAD and bond balances

For residential aged care accommodation arrangements where the resident has elected to pay a RAD or Bond, CofCQ receives a financing benefit in the form of an interest free loan. Adoption of AASB 16 requires recognition of interest expense (to impute an interest charge on RADs and Bonds) and, correspondingly, income (to reflect the interest free loan financing benefit received) with no net impact on profit or loss. For the current financial year this equated to $10,559,522, using the quarterly average RAD/Bond balance and multiply by the Maximum Permissible Interest Rate (MPIR) of the relevant quarter.

1 INCOME (CONT.)

Finance income

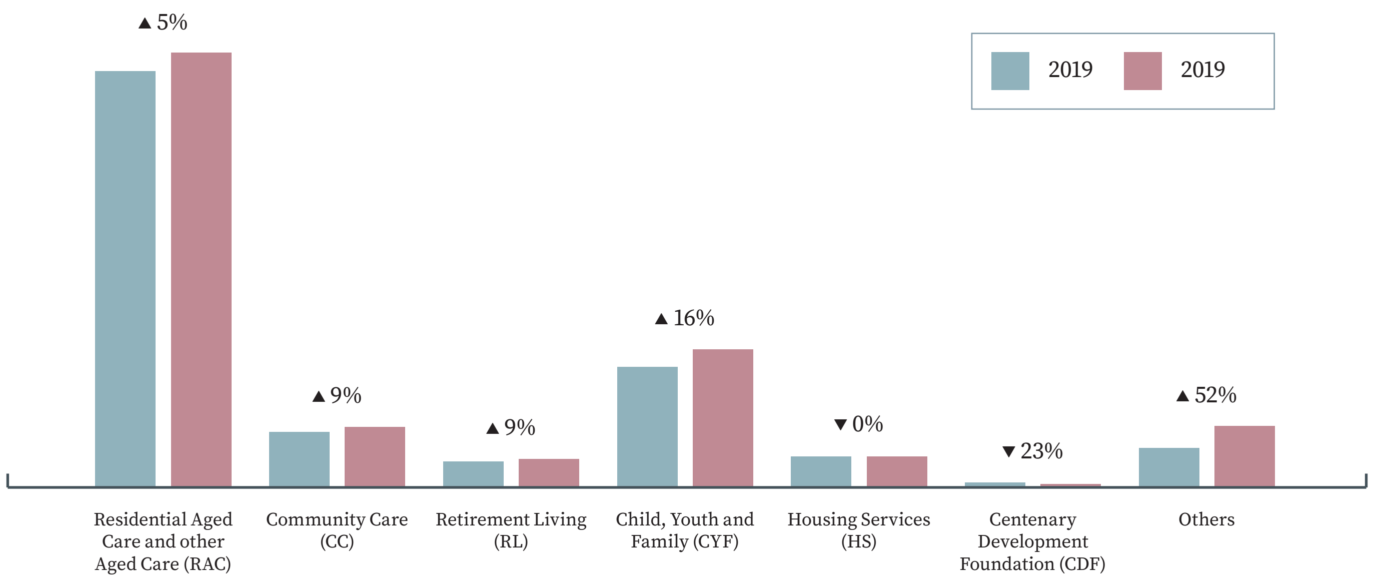
Finance income comprises interest receivable on fund invested with investors. Interest income is recognised as it accrues, using the effective interest method.

Revenue from dividends is recognised when the right to receive the payment is established.

Significant accounting judgements, estimates and assumptions

Following the adoption of AASB 16, CofCQ has determined the use of the Maximum Permissible Interest Rate ("MPIR") as the interest rate to be used in the calculation of the Imputed Revenue on RAD and Bond Balances. The MPIR is a rate set by the Government and is used to calculated Daily Accommodation Payment to applicable residents.

REVENUE BY DIVISIONS (% OF CHANGE) - YEAR BY YEAR



2 EXPENSES

	2020 ($ ' 000)	2019 ($ ' 000)
Services expenses	13,784	13,488
Supplies & consumables expenses	14,267	12,795
Costs of services and supplies	28,051	26,283
Remuneration and on-costs	208,799	187,979
Superannuation expense	18,731	17,030
Other employee expenses	3,060	2,964
Employee benefits expense	230,590	207,973
Depreciation expenses	28,004	27,189
Amortisation expenses	1,681	1,282
Depreciation and amortisation expenses	29,685	28,471
Lease expenses	384	413
Maintenance reserve fund expenses	1,110	887
Other expenses	18,990	16,589
Other expenses	20,484	17,889

	2020 ($ ' 000)	2019 ($ ' 000)
Interest paid to investors by CDF	168	272
Interest paid on lease liability	209	-
Interest paid to residents	746	670
Interest paid on borrowings	563	166
Interest on refundable RADs	10,560	-
Finance costs	12,246	1,108
Impairment loss on buildings	-	100
Impairment loss on intangible assets	257	-
Resident share in unit value	955	(269)
Change in fair value of investment property	(530)	5,010
Restructure and one-off salary costs	928	958
RAC Implementation costs	707	-
Other non-operating activities	2,317	5,799

RECOGNITION AND MEASUREMENT

Expenses

Expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Depreciation and amortisation

Refer to notes 10, 11 and 13 for details on depreciation and amortisation.

Operating lease payments

Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income, on a straight line basis over the term of the lease.

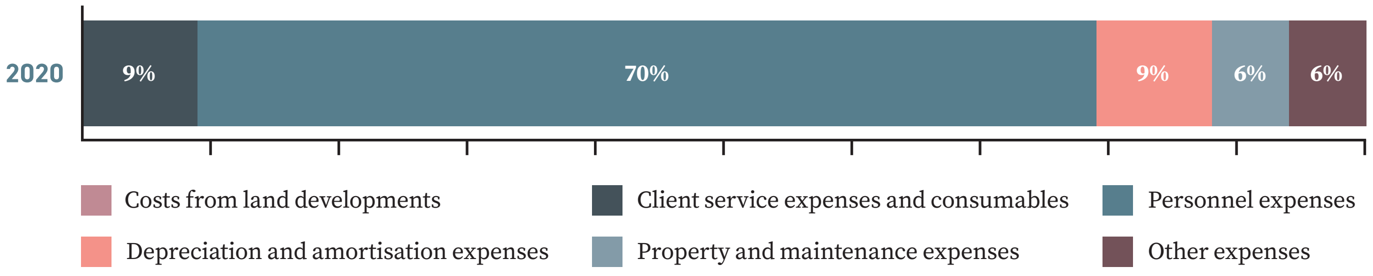
Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest method and imputed interest on RAD and bond balances, as a result of AASB 16 adoption (Note 1). Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are expensed as incurred and included in net financing costs.

Impairment

Impairment expenses are recognised to the extent that the carrying amounts of assets exceed their recoverable amount.

OPERATING EXPENSES BY TYPE



3 CASH AND CASH EQUIVALENTS

Current		2020 ($ ' 000)	2019 ($ ' 000)
Cash at bank and in hand		8,221	6,147
Cash at bank - Deductible Gift Fund	(a) - 1	68	608
Cash at bank - MRF	(a) - 2	2,951	2,968
Cash at bank - CRF	(a) - 2	1,540	1,535
Cash at bank - GSC	(a) - 3	339	-
Cash at bank - PMUF	(a) - 4	10,814	10,380
Cash and cash equivalents		23,933	21,638

RECOGNITION AND MEASUREMENT

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short-term bills and call deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of a change in value.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of CofCQ, and earn interest at the respective short-term deposit rates.

(a) Funds have been received that are required to be used for specific purposes. These funds fall into four categories:

1 - Deductible Gift Fund - an Australian Taxation Office requirement as CofCQ has deductible gift recipient endorsement for its Public Benevolent Institution, Churches of Christ Care.

2 - Maintenance Reserve Fund (MRF) / Capital Replacement Fund (CRF) - bank accounts required to be maintained in accordance with the Retirement Villages Act (1999).

3 - General Service Charges (GSC) - bank accounts required to be maintained in accordance with the Retirement Villages Act (1999).

4 - Housing Planned Maintenance and Upgrade Funds (PMUF).

CofCQ has established planned maintenance and upgrade funds (PMUF) as part of its commitment to establish a Housing Stock Asset Management Strategy for newly built properties established under Nation Building - Economic Stimulus Plan funding programs and for other housing assets.

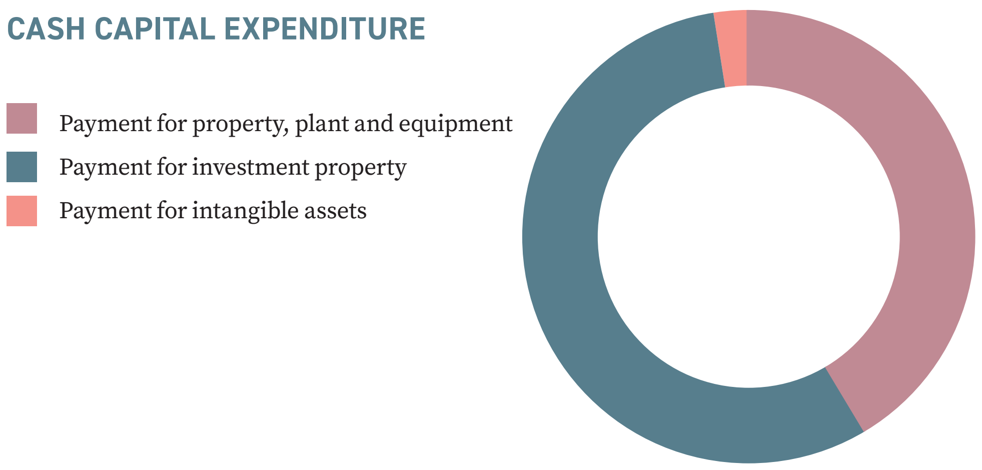
The PMUF is a cash reserve and is established based on an independent Quantity Surveyor assessment. This reserve represents a contribution from operational rental income to provide for both cyclical maintenance and property upgrades for the lifetime of the property. It is not intended that the PMUF will provide for the replacement of properties or responsive maintenance and the fund will be held in separate interest bearing bank accounts for ease of management and transparency.

CofCQ operate separate bank accounts held by CDF in the form of 'Cash and cash equivalent' and 'Term deposits' to mitigate the risk of spending residential aged care Bond/RAD money receipts on non-allowable expenditure, as outlined in the Aged Care Act 1997 and the Aged Care (Transitional Provisions) Act 1997 legislations.

Reconciliation of cash flows from operating activities	2020 ($ ' 000)	2019 ($ ' 000)
Net loss for the period	(24,281)	(16,971)
Non-cash items		
Add depreciation of property, plant and equipment	28,004	27,189
Add amortisation of intangible assets	1,681	1,282
Add impairment loss on property, plant and equipment	-	100
Add impairment loss on intangible assets	257	-
Add assets write-off	220	273
Add Resident share on investment property	955	(269)
Less (gain)/loss on fair value of investments	64	(27)
Non-cash items (cont.)		
Less (gain)/loss on fair value of investment property	(530)	5,010
Less (gain) on recognition of bed licences	(1,400)	(8,460)
Less (gain) on disposal of intangible assets	(1,880)	-
Less (gain) on disposal of property, plant and equipment	(1,849)	(664)
Less deferred government capital grants recognised through income	(2,857)	(2,749)
Less retention incomes	(4,504)	(5,589)
Operating profit before changes in working capital and provisions	(6,120)	(875)
(Increase)/decrease in assets		
(Increase)/decrease in trade and other receivables	(5,547)	9,056
(Increase)/decrease in inventories	667	972
Increase/(decrease) in liabilities		
Increase/(decrease) in trade payables and accrued expenses	13,303	2,935
Increase/(decrease) in loans and borrowings	146	(4,954)
Increase/(decrease) in employee benefits	3,862	2,872
Net cash flow from operating activities	6,311	10,006

Net cash capital expenditure	2020 ($ ' 000)	2019 ($ ' 000)
Cash capital expenditure		
Payment for property, plant and equipment	29,200	49,711
Payment for investment property	40,283	3,588
Payment for intangible assets	1,627	1,069
	71,110	54,368
Less: Proceeds from sale of property, plant, equipment and intangibles	(5,408)	(4,613)
Net cash capital expenditure	65,702	49,755

CASH CAPITAL EXPENDITURE



4 TRADE AND OTHER RECEIVABLES

Current	2020 ($ ' 000)	2019 ($ ' 000)
Trade and other receivables	1,915	1,850
Prepayments	2,434	2,510
Sundry receivable	3,642	3,295
Total trade and other receivables	7,991	7,655

RECOGNITION AND MEASUREMENT

Trade and other receivables

Trade and other receivables initially recognised at fair value and subsequently at amortised cost, less any allowance for expected credit losses. Residential aged care assets and liabilities are recognised upon receipt of payment.

Allowance for expected credit loss of trade receivables

Receivables are shown net of expected credit losses which amount to $946,827 (2019: $842,344) as at 30 June 2020, arising from client accounts and loans receivables that are expected to default over 60 days. The amount of expected credit losses is recognised in the consolidated statement of profit or loss and other comprehensive income.

Significant accounting judgements, estimates and assumptions

CofCQ has determined that the risk characteristics of its customers were not significantly impacted by COVID-19 during the period. There has been no significant shift in customer payment patterns and performance following the declaration of the COVID-19 pandemic in Australia that would materially impact the ability to collect outstanding debtor balances.

5 CONTRACT ASSETS

Current	2020 ($ ' 000)	2019 ($ ' 000)
Contract assets	2,786	-
Total contract assets	2,786	-

As at 30 June 2020, CofCQ has contract assets of $2,785,555 with relevant government department in relation to the Youth Connect programme it has operated since December 2017.

RECOGNITION AND MEASUREMENT

Contract assets are recognised when CofCQ has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

6 INVENTORIES

Current		2020 ($ ' 000)	2019 ($ ' 000)
Trading stocks	(a)	22	22
Land development stocks	(b)	627	618
		649	640
Non-current			
Land development stocks	(b)	4,540	5,215
		4,540	5,215
Total inventories		5,189	5,855

RECOGNITION AND MEASUREMENT

Inventories

Inventories are measured at the lower of cost and net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell.

(a) Goods held for resale in the commercial businesses.

The costs of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, or conversion costs, and other costs incurred in bringing them to their existing location and condition.

(b) Land held for sub-division for resale.

Land held for development and resale is initially valued at cost. Cost includes the cost of acquisition and development costs until completion of development. Sales and cost of sales are brought to consolidated statement of profit or loss and other comprehensive income on settlement.

7 FINANCIAL ASSETS

Current	2020 ($ ' 000)	2019 ($ ' 000)
Loans receivable - Affiliated churches	1,913	1,950
Total financial assets	1,913	1,950

RECOGNITION AND MEASUREMENT

Loan receivables are initially recognised at fair value, then subsequently held at amortised cost.

8 OTHER INVESTMENTS

Current	2020 ($ ' 000)	2019 ($ ' 000)
Term deposits	2,453	3,974
Equity securities	344	419
Total investments	2,797	4,393

In October 2019, CofCQ received a dividend payout from City Pacific MT on an old investment, which was fully impaired in 2011. The amount of $38,246 was recorded as an impairment reversal in the statement of profit or loss and other comprehensive income.

RECOGNITION AND MEASUREMENT

Term deposits are initially recognised at fair value, then subsequently held at amortised cost.

Equity securities are assets held on listed securities on the Australian Stock Exchange (ASX). Assets in this category are measured at fair value with gains or losses recognised in the statement of profit or loss and other comprehensive income. The fair values of financial assets in this category are determined by reference to active market transactions. The equity securities are denominated in $AUD and are publicly traded in Australia.

9 ASSETS HELD FOR SALE

Current	2020 ($ ' 000)	2019 ($ ' 000)
Property, plant and equipment	5,926	7,041
Bed licences	-	1,060
Total assets held for sale	5,926	8,101

The current year movement due to the tagging of a number of properties and bed licences as 'Held for sale' and the reclassification of Wynnum properties out of 'Held for sale' and back to 'Property, plant and equipment', due to Board's decision not to proceed with the disposals.

RECOGNITION AND MEASUREMENT

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as 'held for sale'.

9 ASSETS HELD FOR SALE (CONT.)

On initial classification as 'held for sale', assets are recognised at the lower of carrying amount and fair value, less costs to sell. Impairment losses on initial classification as 'held for sale' and subsequent gains or losses on remeasurement are recognised in the statement of profit or loss and other comprehensive income. Gains are not recognised in excess of any cumulative impairment loss.

Where the asset ceases to be classified as 'held for sale' it is remeasured at the lower of its carrying amount before the asset was classified as 'held for sale', adjusted for any depreciation or revaluation that would have been recognised had the asset not been classified as 'held for sale', and its recoverable amount at the date of the subsequent decision not to sell.

Adjustment to the carrying amount of asset that ceases to be classified as 'held for sale' are recorded in profit or loss from continuing operations in the period in which the criteria for assets 'held for sale' are no longer met.

10 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant & equipment	Capital work in progress	Total
	($ ' 000)	($ ' 000)	($ ' 000)	($ ' 000)	($ ' 000)
Cost					
Balance at 1 July 2019	74,455	467,819	96,090	30,793	669,157
Additions	-	23	-	75,362	75,385
Transfer from Capital WIP to Land Stocks	-	-	-	(159)	(159)
Transfer from Capital WIP	2,881	36,703	10,155	(49,739)	-
Transfer between assets group	-	(373)	373	-	-
Transfer to Investment Property	-	-	-	(35,740)	(35,740)
Transfer to Intangible Assets	-	-	-	(1,627)	(1,627)
Transfer from Capital WIP to Expenses	-	-	-	(1,362)	(1,362)
Transfer from held for sale assets	475	31	-	-	506
Transfer to held for sale assets	(101)	(137)	-	-	(238)
Disposals	(650)	(3,705)	(2,914)	-	(7,269)
Balance at 30 June 2020	77,060	500,361	103,704	17,528	698,653

	Land	Buildings	Plant & equipment	Capital work in progress	Total
	($ ' 000)	($ ' 000)	($ ' 000)	($ ' 000)	($ ' 000)
Accumulated Depreciation and Impairment					
Balance at 1 July 2019	-	(144,241)	(56,896)	-	(201,137)
Depreciation charge for the year	-	(17,961)	(9,062)	-	(27,023)
Transfer between assets group	-	5	(5)	-	-
Transfer from held for sale assets	-	(20)	-	-	(20)
Transfer to held for sale assets	-	-	-	-	-
Disposals	-	188	1,717	-	1,905
Balance at 30 June 2020	-	(162,029)	(64,246)	-	(226,275)
Net carrying value at 30 June 2020	77,060	338,332	39,458	17,528	472,378

10 PROPERTY, PLANT AND EQUIPMENT (CONT.)

Borrowing Costs

Interest expense directly attributable to the acquisition, construction or production of qualifying assets is capitalised. The amount of borrowing cost capitalised during the year ended 30 June 2020 was $593,628 (2019: $218,035).

Leasehold Improvements

Leasehold improvements with a carrying value of $5,100,034 (2019: $4,904,925) are included within the carrying values of buildings disclosed above.

RECOGNITION AND MEASUREMENT

The carrying value of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Costs include expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour
- the other costs directly attributable to bringing the assets to a working condition for their intended use
- where CofCQ has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located
- eligible borrowing costs.

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

CofCQ is the legal entity that holds title for all of the freehold and charitable trust assets of both CofCQ itself and the religious charitable entities (local churches) that choose to affiliate with CofCQ. The CofCQ Financial Position only recognises the value of the assets that CofCQ controls for the sole usage of CofCQ and its wholly owned subsidiaries (i.e. the charitable trust assets of affiliated churches are not included in the CofCQ accounts).

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to CofCQ. Ongoing repairs and maintenance are expensed as incurred.

Depreciation and amortisation

Depreciation of property, plant and equipment is recognised as an expense over the estimated useful lives of each part of an item of property, plant and equipment on a straight-line basis. Depreciation methods, useful lives and residual values are reassessed at least annually.

When changes are made, adjustments are reflected prospectively in current and future periods only. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and ready for use. The depreciation rates for each class of asset are as follows:

	2020	2019
- Buildings	20 - 50 years	20 - 50 years
- Leasehold improvements	7 - 40 years	7 - 40 years
- Plant and equipment	3 - 15 years	3 - 15 years

For assets acquired by a tax paying entity/subsidiary, depreciation is calculated using the rate and method as specified by the Australian Taxation Office, and not in accordance with the general policy outlined above.

Derecognition

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss from derecognising the asset (the difference between the proceeds of disposal and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

CofCQ tests property, plant and equipment for impairment:

- at least annually
- where there is an indication that the asset may be impaired (which is assessed at least each reporting date); or
- where there is an indication that previously recognised impairment may have changed.

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the assets is tested for impairment as part of the cash-generating unit (CGU) to which it belongs.

Uses of estimate and judgement

The estimations of useful lives, residual value and depreciation methods require management judgement and are reviewed annually. If they need to be modified, the change is accounted for prospectively from the date of reassessment until the end of the revised useful life, both the current and future years.

11 RIGHT-OF-USE ASSETS

	Buildings	Plant & equipment	Total
	($ ' 000)	($ ' 000)	($ ' 000)
Cost			
Balance at 1 July 2019	4,455	164	4,619
Addition - New leases	97	18	115
Less: Accumulated depreciation	(847)	(133)	(980)
Total right-of-use assets	3,705	49	3,754

RECOGNITION AND MEASUREMENT

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where CofCQ expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

CofCQ has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

12 INVESTMENT PROPERTY

	2020	2019
	($ ' 000)	($ ' 000)
Balance at 1 July	270,941	272,363
Additions	40,283	3,588
Net gain/(loss) from fair value adjustments	530	(5,010)
Balance at 30 June	311,754	270,941
Total investment property	311,754	270,941

RECOGNITION AND MEASUREMENT

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are revalued annually and are included in the statement of financial position at fair value. These values are supported by market evidence and/or by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The independent valuers provide the fair value of the Group's investment property portfolio every third year. Between year one and year three the fair value is determined by the Directors using the fair value model compiled by the independent valuers as the basis.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the statement of profit or loss and other comprehensive income within change in fair value of investment property.

The valuations comprise the gross realisation value based on individual unit of completed unsold/repurchased stock and rental dwellings and assessed market value of the proprietary interest (DMF) secured by the existing contracts associated with those occupied dwellings.

Rental income and operating expenses from investment property are reported within revenue and other expenses respectively, and are recognised as described in Notes 1 and 2.

12 INVESTMENT PROPERTY (CONT.)

Significant accounting judgements, estimates and assumptions

The valuation methodology applied to the investment properties is dependent upon a number of inputs including; an assessment of the future market value of the right to occupy, the average length of occupancy of the residents and the availability of new residents willing to take up occupancy when vacancies arise. These inputs are all subject to a level of estimation uncertainty that may affect the future value of the investment properties.

The Directors acknowledge that COVID-19 has created significant short-term market uncertainty on sales prices and volumes of retirement living investment properties. Having considered internal turnover data, which remains strong, at the time of authorising these financials statements, the Directors believe that this uncertainty does not have a significant impact on the reported fair values of the investment properties as at 30 June 2020. Should conditions change, there may be an adverse impact on the future value of the investment properties.

13 INTANGIBLE ASSETS

	2020	2019
Current	($ ' 000)	($ ' 000)
Internally developed and acquired software		
Balance at 1 July	5,509	5,702
Additions	1,627	1,069
Amortisation for the year	(1,662)	(1,262)
Balance at 30 June	5,474	5,509
Bed licences		
Balance at 1 July	33,763	26,363
Fair value of bed licences brought into operation	1,400	8,460
Transfer to held for sale assets	-	(1,060)
Balance at 30 June	35,163	33,763
Operating motel management rights		
Balance at 1 July	277	297
Amortisation for the year	(20)	(20)
Impairment loss	(257)	-
Balance at 30 June	-	277
Total intangible assets	40,637	39,549

RECOGNITION AND MEASUREMENT

Intangible assets acquired separately are measured at initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over their useful lives and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method is reviewed at the end of each financial year. Intangible assets with indefinite lives are tested for impairment in the same way as goodwill.

Internally developed and acquired software

Internally developed and acquired software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date.

Amortisation has been included within depreciation and amortisation expense.

13 INTANGIBLE ASSETS (CONT.)

	2020	2019
- Software	3 - 5 years	3 - 5 years

Bed licences

Acquired bed licences are recognised at cost, less any accumulated impairment losses. Bed licences that are acquired at no cost, or for a nominal cost, are recorded at fair value as at the date of acquisition or date of activation.

Operating motel management rights

Rights acquired by CofCQ via its subsidiary Mission Action Pty Ltd, to operate a motel business have been recognised as an intangible asset. The intangible asset has a finite useful life from acquisition and is measured at cost less accumulated amortisation and any accumulated impairment losses. The amortisation is recognised on a straight-line basis.

Impairment of non-financial assets

CofCQ tests intangible assets for impairment:

- at least annually
- where there is an indication that the asset may be impaired (which is assessed at least each reporting date); or
- where there is an indication that previously recognised impairment may have changed.

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the assets is tested for impairment as part of the cash-generating unit (CGU) to which it belongs.

Amortisation is not charged against these licences as they have an indefinite life under the current legislation. Bed licences are tested for impairment annually.

Uses of estimate and judgement

The estimations of useful lives, residual value and amortisation methods require management judgement and are reviewed annually. If they need to be modified, the change is accounted for prospectively from the date of reassessment until the end of the revised useful life, both the current and future years.

14 TRADE AND OTHER PAYABLES

	2020 ($ ' 000)	2019 ($ ' 000)
Current		
Trade payables and accrued expenses	51,319	58,318
Accommodation bonds/deposits	240,985	217,473
Ingoing contributions	170,221	157,072
Total trade and other payables	462,525	432,863

RECOGNITION AND MEASUREMENT

Trade and other payables are recognised at amortised cost. Trade payables are non-interest bearing and are settled on conventional trade terms.

Accommodation bonds/deposits

Accommodation bonds/refundable accommodation deposit (RAD) is a non-interest bearing deposit paid or payable to an Approved Provider by a resident for the resident's accommodation in an aged care facility. Bond deposits may be reduced by annual retention fees charged in accordance with the Aged Care Act 1997. Prior to 1 July 2014, lump sum refundable accommodation deposits were referred to as accommodation bonds.

RADs are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Due to the short-term nature of RADs, their carrying value is assumed to approximate their fair value.

Prior to 1 July 2014, accommodation bonds were not payable by residents paying a high care accommodation payment. From 1 July 2014, under the Living Longer Living Better reforms, residents can choose to pay a full lump sum (RAD), a 'daily accommodation payment' (DAP), or a combination of both.

Accommodation bond balances are reduced by annual retention fees charged in accordance with the Aged Care Act 1997. However, retention fees are not applicable to post 1 July 2014 RADs.

As there is no unconditional right to defer payment for 12 months, RAD liabilities are recorded as current liabilities. In our experience only a proportion of residents will depart from our facilities in any 12 month period and therefore it is reasonable to expect that only a proportion of these liabilities will become due and payable within one year. During the financial year under review, 32% ($69,875,805) of accommodation bonds/deposits were refunded. Assuming a similar resident transition rate for 2019-20, $77,442,696 of accommodation bonds/deposits will be refunded within the next 12 month period.

14 TRADE AND OTHER PAYABLES (CONT.)

All refunds are expected to be funded from incoming residents and demand for aged care service remains strong.

Ingoing contributions (Contributions)

Contributions relate to Independent Living Unit and Apartment residents. ILU contributions are non interest bearing and are recognised at fair value through profit or loss with resulting fair value adjustments recognised in profit or loss. Fair value is the amount payable on demand and is measured at the principal amount plus the resident's share of any increases in the market value of the occupied ILUs (for contracts that contain a capital gain share clause) less deferred management fees contractually accruing up to reporting date. Sensitivity analysis on reasonably plausible changes to market value do not significantly affect fair value.

Contributions are presented inclusive of the residents' share of any increases in market value of the ILU to reporting date and net of deferred management fees contractually accrued to reporting date and other amounts owing by residents, which are deducted from the loan on repayment following the residents' departure. Entry contributions are settled after a resident vacates the property in line with the applicable State based Retirement Village Acts.

During the financial year under review, 14% ($21,623,717) of ingoing contributions were refunded. Assuming a similar resident transition rate for 2019-20, $22,579,667 of ingoing contributions will be refunded within the next 12 month period. All refunds are expected to be funded from contributions received from incoming residents.

15 CONTRACT LIABILITIES

	2020 ($ ' 000)	2019 ($ ' 000)
Current		
Contract liabilities	668	-
Contract grants liabilities	3,060	-
	3,728	-
Non-current		
Contract grants liabilities	108,074	-
	108,074	-
Total deferred income	111,802	-

RECOGNITION AND MEASUREMENT

Contract liabilities represent CofCQ's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when CofCQ recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before CofCQ has transferred the goods or services to the customer.

Contract grants liabilities

A contract grant liabilities for government capital grants received for the purpose of establishing and operating community housing programs has been recognised as the funding grant contains enforceable performance rights. As obligations under the term of these agreements are progressively fulfilled, the related income will be recognised on a straight line basis over 40 years through the consolidated statement of comprehensive income.

Significant accounting judgements, estimates and assumptions

In applying AASB 15 Revenue from contracts with customers, CofCQ has determined that the Affordable Housing capital grant contracts it has with the government contain sufficient enforceable performance rights in the form of specific usages over the term of the contract that it would fall under AASB 15.

The movement in the contract grant liabilities received during the year was as follows:

	2020 ($ ' 000)	2019 ($ ' 000)
Balance at 1 July	96,473	-
Contract grants liabilities - received	17,518	-
Contract grants liabilities - recognised through income	(2,857)	-
Balance at 30 June	111,134	-

During the current year, CofCQ has received $17,518,090 of capital grant funding for Social Housing Programs in Queensland.

16 PROVISIONS

Provision for resident share in unit value

The provision relates to the retirement living residents who has contractually entered into an agreement with CofCQ to participate in the capital share in the unit value.

	2020	2019
Current	**($ ' 000)**	**($ ' 000)**
Balance at 1 July	6,832	7,823
Addition/(reversal) during the year	955	(268)
Utilised during the year	(394)	(723)
Balance at 30 June	7,393	6,832
Total provisions	7,393	6,832

RECOGNITION AND MEASUREMENT

A provision is recognised in the statement of financial position when CofCQ has a present legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

17 LEASE LIABILITIES

	2020	2019
Current	**($ ' 000)**	**($ ' 000)**
Lease liabilities	1,106	-
	1,106	-
Non-current		
Lease liabilities	3,316	-
	3,316	-
Total lease liabilities	4,422	-

RECOGNITION AND MEASUREMENT

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, CofCQ's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

LEASES AS LESSEE

Maturity analysis - contractual undiscounted cash flows	**2020**	**2019**
	($ ' 000)	**($ ' 000)**
- Less than one year	2,028	3,030
- Between one and five years	3,262	3,013
- More than five years	457	994
Total undiscounted lease liabilities at 30 June	5,747	7,037

As at 30 June 2020, total undiscounted lease liabilities related to short-term leases and is included in the above table amounted to $840,195.

The entity leases property under non-cancellable operating leases. Leases generally include a right of renewal at which time all terms are renegotiated.

During the financial year ended 30 June 2020, $1,923,111 was recognised as an expense in the operating result in respect of operating leases (2019: $4,450,772). Upon adoption of AASB 16 majority of the properties and equipment leases will now recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, these costs were recognised as operating lease expense on a straight-line basis over the term of the lease.

LEASES AS LESSOR

Property is leased to other entities under non-cancellable operating leases. The future minimum lease payments under these leases are as follows:

	2020	2019
	($ ' 000)	**($ ' 000)**
- Less than one year	990	930
- Between one and five years	1,954	1,068
- More than five years	634	634
Total commitments under operating leases	3,578	2,632

During the financial year ended 30 June 2020, $1,120,496 was recognised as income in the operating result in respect of operating leases (2019: $1,060,909).

Significant accounting judgements, estimates and assumptions

In applying AASB 16, CofCQ has made the following judgements.

In determining the lease term used to ascertain total future lease payments, CofCQ consider all facts and circumstances that create an economic benefit to exercise an extension option. Renewal options are only considered to be part of the lease term if the lease is reasonably certain to be extended. CofCQ has included renewal periods as part of the lease term for all leases as it is reasonably certain these will be extended. This assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment and is also within the control of CofCQ.

Where CofCQ cannot readily determine the interest rate implicit in the lease, it uses the quote borrowing rate from its lender for the relevant asset group to calculate the present value of the future lease payments.

18 FINANCIAL LIABILITIES

	2020	2019
Current	**($ ' 000)**	**($ ' 000)**
Investments from investors	10,835	10,770
Christian deposits	4	4
Service fee contributions	583	840
	11,422	11,614
Non-current		
Loans	26,537	-
Bonds Issued	4,488	4,150
	31,025	4,150
Total interest bearing loans and borrowings	42,447	15,764

18 FINANCIAL LIABILITIES (CONT.)

RECOGNITION AND MEASUREMENT

Loans

Loans are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

All loan facilities are classified as non-current, as the Westpac facility expires in September 2023 and NHFIC expires in November 2029.

Christian Deposits

Christian Deposits are a discontinued class of deposit originally offered by the Churches of Christ Care (CofCC) agency. They attract variable interest remitted annually on June 30 and the money is used for the provision of facilities and services.

Service Fee Contributions (SFCs)

SFCs are amounts deposited, and held from residential aged care residents which relate to a scheme where residents receive a reduction in their service fee at an agreed rate based on the amount deposited with CofCQ. SFCs are recognised as liabilities of CofCQ upon receipt and have been classified as current as they are repayable on demand. The reduction in the service fee is recognised in profit or loss at the time of billing. Interest income on the amounts deposited is recognised in profit or loss.

Bonds Payable

Bonds Payable is a funding vehicle used by Churches of Christ in Queensland (CofCQ) in partnership with Social Outcomes and Westpac bank, to fund the Youth CONNECT program to assist and support young people 15 to 25 years old exiting the state care system.

The initial fair value of the liability portion of the bond was determined using an effective interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds.

19 EMPLOYEE LIABILITIES

Current	2020 ($ ' 000)	2019 ($ ' 000)
Annual leave	20,216	17,416
Long service leave	9,223	8,241
Personal leave	926	948
Wages and salaries accrued	7	12
	30,372	26,617
Non-current		
Long service leave	3,216	3,109
	3,216	3,109
Total employee benefits	33,588	29,726

RECOGNITION AND MEASUREMENT

Short-term benefits

Short-term employee benefits, including annual and personal leave, are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Non-accumulating non-monetary benefits, such as cars, are expensed based on the net marginal cost to CofCQ, as the benefits are taken by the employees.

Long service leave

CofCQ's net obligation in respect of long service leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated as the present value of expected future payments using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the Milliman Australia rates at the balance sheet date which have maturity dates approximating the terms of CofCQ's obligations.

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense when they are due.

CofCQ makes contributions to a defined contribution superannuation fund. The amount recognised as an expense was $18,731,404 for the financial year ended 30 June 2020 (2019: $17,029,681).

20 DEFERRED INCOME

Current	2020 ($ ' 000)	2019 ($ ' 000)
Deferred government capital grants received	-	2,816
	-	2,816
Non-current		
Deferred government capital grants received	-	93,657
	-	93,657
Total deferred income	-	96,473

RECOGNITION AND MEASUREMENT

Government Capital Grants Received

A deferred income liability for government grants received for the purpose of establishing and operating community housing programs has been recognised. As obligations under the term of these agreements are progressively fulfilled, the related income will be recognised on a straight line basis over 40 years through the consolidated statement of comprehensive income.

On 1 July 2019, CofCQ has adopted AASB 15 Revenue from contracts with customers. The 'Government Capital Grants Received' has been recognised as 'Contract liabilities' [Note 15] under the new standard, as the grant funding contains enforceable performance rights. The adoption of AASB 15 has no impact on the comparative classification.

21 FINANCIAL INSTRUMENTS

OVERVIEW

CofCQ has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about CofCQ's exposure to each of the above risks, its objectives, and policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The Board members have overall responsibility for the establishment and oversight of the risk management framework, as well as responsibility for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by CofCQ, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and CofCQ's activities. CofCQ, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Board members oversee management compliance with risk management policies and procedures, and also periodically review the adequacy of the organisation's risk management framework. The Board is assisted in its oversight role by an Internal Audit team. Regular and adhoc reviews of risk management controls and procedures are undertaken and results reported to the Board.

22 CAPITAL AND OTHER COMMITMENTS

Current	2020 ($ ' 000)	2019 ($ ' 000)
Contracted but not provided for and payable:		
- Within one year	15,617	47,183
- One year or later and no later than five years	-	521
Total capital commitments	15,617	47,704

23 RELATED PARTIES

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Remuneration of Board members

CofCQ Non-Executive Board members are engaged as external consultants. They are financially remunerated for their services based on the number of meetings they attended during the year.

In order to ensure the goals of CofCQ are achieved and to align them with transparency of processes and good corporate governance framework, all related-party transactions and dealings with potential conflicts of interests are declared and CofCQ's Board must approve in advance of the transaction.

Any work undertaken by related parties or associates of related-parties have been performed at arm's length transaction.

	2020	2019
Current	**($ ' 000)**	**($ ' 000)**
Consultants expenses	377	410
Post-employment benefits	36	35
	413	445

Key management personnel

As senior officers of COCQ, the Senior Management Group (SMG) are responsible for planning, directing and controlling the entity's activities.

At 30 June 2020, the SMG members were as follows: G Edwards, M Brand, R Masunungure, T McMenamin, A McGill, A Follent, L Rutherford, C Brunings, D McConaghy, D Sporer, J McAloney, J Morgan, M Folland, T Kitching, J Creedy, S Drinkall, C Scott, and S Henson.

In addition to their salaries, employees of CofCQ who are members of the SMG are also provided with non-cash benefits.

Key management personnel compensation

The key management personnel compensation paid by CofCQ is as follows:

	2020	2019
Current	**($ ' 000)**	**($ ' 000)**
Short-term employee benefits	3,814	3,928
Other long-term benefits	197	248
Post-employment benefits	296	311
	4,307	4,487

RELATED PARTY TRANSACTIONS

CofCQ has a related party relationship with affiliated churches in Queensland.

CofCQ manages an insurance service that negotiates bulk insurance cover for CofCQ affiliated churches and its divisions. The premium amounts paid to CofCQ from affiliated churches were:

	2020	2019
Current	**($ ' 000)**	**($ ' 000)**
Affiliated churches	308	338
	308	338

- Affiliation contributions, the amounts that affiliated churches contribute towards the costs incurred on their behalf by CofCQ, for the year is $32,841 (2019: $100,052).
- Grants paid to affiliated churches for the year is $161,950 (2019: $135,976).
- Interest paid on investments with CDF from affiliated churches for the year is $93,974 (2019: $173,218).
- Investments held with CDF from affiliated churches at the end of the year is $6,268,979 (2019: $6,223,308).
- The balance of secured loans made to affiliated churches at the end of the year is $1,913,540 (2019: $1,631,357).

24 GROUP ENTITIES

SUBSIDIARIES

Subsidiaries are entities controlled by CofCQ. The consolidated financial statements include the financial statements of CofCQ and the subsidiaries listed below.

		Ownership interest (%)	
Entity	**Country of incorporation**	**2020**	**2019**
Mission Action Proprietary Limited	Australia	100	100
Churches of Christ Housing Services Limited	Australia	100	100
Warwick Aged Care Proprietary Limited	Australia	100	100

CofCQ has undertaken to financially support the operations of Mission Action Proprietary Limited, Churches of Christ Housing Services Limited and Warwick Aged Care Proprietary Limited.

As the assets and liabilities of the subsidiaries are immaterial, the financial position and performance of the parent entity is the same as the consolidated financial statements. As such, no parent note has been included.

25 SUBSEQUENT EVENTS

CofCQ has been actively managing the challenges of the COVID-19 pandemic throughout the organisation, via existing and bespoke crisis management procedures. The pandemic has been a particular risk for our 30+ Residential Aged Care facilities, notably the two facilities in Melbourne, Victoria, during the period of widespread community transmission in Q3 2020.

In August 2020, one of our Melbourne facilities was exposed to a COVID-19 outbreak. The outbreak has been closely managed by State and Federal health authorities and CofCQ has actively cooperated with these agencies to control the transmission.

Despite this issue, CofCQ are in a stronger trading position since year end than in the corresponding prior year period and have sufficient cash reserves & operating cash flows to counter the broader consequences of the global pandemic.

26 ECONOMIC DEPENDENCY

CofCQ is dependent to a material extent upon government subsidies and grants to fund its operations. The continued support and funding of services by the government is subject to regular review and accreditation requirements, and gives rise to possible contingent liabilities in respect of capital funds received in prior years.

27 CONTINGENCIES

CONTINGENT LIABILITIES

	2020	2019
	($ ' 000)	**($ ' 000)**
Capital Grants	14,630	13,364
	14,630	13,364

The organisation has received several capital grants for the construction of buildings to be used in the Churches of Christ Care Services Division and Churches of Christ Housing Services Limited. It is the intention of the organisation to continue operating these services for the communities in Queensland and to work together with the respective funding bodies in seeking continuity of operational funding and further capital grants.

These capital funds were provided by the Federal Government and State Government. Formal written agreements are currently in place for many of the capital grants. Based on these agreements and in some cases, on subsequent written communication, related contingent liabilities have been assessed as at 30 June 2020 at $14,630,074 (2019: $13,364,264).

28 STATEMENT OF RESIDENTIAL AGED CARE SERVICES

The residential aged care service results, assets and liabilities include items directly attributable, on a reasonable basis to the services provided to residents of Aged Care facilities operated by CofCQ.

The service stream capital expenditure is the total cost incurred during the period to acquire residential aged care assets that are expected to be used for more than one period.

GEOGRAPHICAL BUSINESS STREAM

Residential Aged Care operations are located predominantly in Queensland and Victoria, Australia.

	Residential aged care facilities	
	2020	2019
	($ ' 000)	($ ' 000)
Revenue		
Government subsidies	142,894	135,878
Resident charges	37,312	35,202
Capital grants	433	-
Bond retentions	-	53
Interest income from residents	71	121
Donations	111	57
Imputed revenue on RAD and bond balances	10,560	-
Other income	2,088	8,953
	193,469	180,264
Expense		
Care services employee expenses	105,100	95,200
Other employee expenses	27,830	25,232
Management fees	16,555	15,679
Interest paid to residents	728	645
Imputed interest costs on RAD and bond balances	10,560	-
Depreciation and amortisation	17,356	17,503
Other expenses	29,122	26,922
	207,251	181,181
Result	(13,782)	(917)
Additional information for the above		
Fair value of bed licences brought into operation	1,400	8,460
	1,400	8,460
Assets		
Current assets	1,800	1,635
Non-current assets	279,286	268,997
	281,086	270,632

28 STATEMENT OF RESIDENTIAL AGED CARE SERVICES (CONT.)

	Residential aged care facilities	
	2020	2019
	($ ' 000)	($ ' 000)
Liabilities		
Current liabilities	263,182	233,999
Non-current liabilities	2,026	1,965
	265,208	235,964
Net assets	15,878	34,668
Accommodation bond liabilities	240,985	217,435
	240,985	217,435

CofCQ maintains a single balance sheet and operates centralised treasury and accounts payable functions. Accordingly, the assets and liabilities disclosure above represents only the assets and liabilities that are clearly attributable to the Residential Aged Care service stream.

29 STATEMENT OF AFFORDABLE HOUSING SERVICES

A separate wholly-owned company limited by guarantee, Churches of Christ Housing Services Limited, commenced operation on 1 February 2017 to comply with registration requirements under the National Regulatory Scheme for Community Housing (NRSCH) for a Tier 1 provider.

The Community Housing service results, assets and liabilities include items directly attributable, on a reasonable basis to the services provided to the clients of Churches of Christ Housing Services Limited ABN 25 604 517 026.

GEOGRAPHICAL BUSINESS STREAM

Community Housing assets and operations are located entirely in Queensland, Australia.

	Affordable Housing	
	2020	2019
	($ ' 000)	($ ' 000)
Revenue		
Government subsidies	752	784
Resident rent	10,504	9,879
Capital grants	2,961	2,848
Management charges	185	522
Interest income	52	111
Other income	1,215	1,031
	15,669	15,175

29 STATEMENT OF AFFORDABLE HOUSING SERVICES (CONT)

	Affordable Housing	
	2020	2019
	($ ' 000)	($ ' 000)
Expense		
Employee expenses	3,495	3,081
Management fees	568	555
Property expenses	4,643	4,967
Interest expense	59	-
Depreciation and amortisation	3,446	3,423
Surplus write backs	2,177	1,897
Other expenses	927	913
	15,315	14,836
Result	354	339
Assets		
Current assets	26,688	22,881
Non-current assets	120,344	108,931
	147,032	131,812
Liabilities		
Current liabilities	7,513	6,854
Non-current liabilities	126,390	112,182
	133,903	119,036
Net assets	13,129	12,776
Contingent liabilities (capital grants)	12,710	11,440
	12,710	11,440

NRSCH compliance requires Community Housing Providers to achieve certain Financial Key Performance Indicators. Relevant indicators for CofCHSL as a Tier 1 entity are listed below, with actual performance noted against each.

	NRSCH Tier 1	Community Housing Stream	Community Housing Stream
	Benchmark	2020	2019
Operating EBITDA Ratio	8% - 15%	24.07%	22.09%
Working Capital Ratio	> 1.5 times	3.71 times	3.16 times
Amended Quick Ratio	> 1.2 times	3.63 times	2.85 times
Operating Cash Flow Adequacy	> 1.20	1.49	1.16
Gearing Ratio	< 30%	4.36%	4.86%
Interest Cover	> 1.5 times	50.96 times	N/A
Debt Service	Trend Analysis	2.17	2.37
Return on Assets	> 5%	2.17%	2.07%
Cash Cost of Capital	< 2.5%	0.04%	0.00%

Board members' declaration

In the opinion of the Board members of Churches of Christ in Queensland:

(a) The consolidated financial statements and accompanying notes, are drawn up in accordance with the Australian Charities and Not for profits Commission Act 2012, including:

(i) Giving a true and fair view of its financial positions as at 30 June 2020 and of its performance for the financial year ended on that date; and

(ii) Complying with Australian Accounting Standards – Reduced Disclosure Regime (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013.

(b) There are reasonable grounds to believe that Churches of Christ in Queensland will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board members.

Nigel King
Deputy Chair

Gary Edwards
Chief Executive Officer

Dated the 28th day of September 2020, Brisbane.

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Independent Auditor's Report

To the Members of Churches of Christ in Queensland

Report on the audit of the financial report

Opinion

We have audited the financial report of Churches of Christ in Queensland (the "Registered Entity"), which comprises the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of change in funds and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Board Members' Declaration of the consolidated entity comprising Churches of Christ in Queensland and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of Churches of Christ in Queensland has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012 ("ACNC Act")*, including:

a giving a true and fair view of the Registered Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 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 the Registered Entity in accordance with the ethical requirements of the Accounting 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.

Information other than the Financial Report and Auditor's Report

The Board Members are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board Members for the Financial Report

The Board Members of Churches of Christ in Queensland are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board Members are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

The Board Members are responsible for overseeing the Registered Entity's 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.

As part of an audit in accordance with the 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 Registered Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.

- Conclude on the appropriateness of the Board Members' 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 Registered Entity'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 Registered Entity 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.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

S G Hancox
Partner – Audit & Assurance

Brisbane, 28 September 2020

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Auditor's Independence Declaration

To the Board Members of Churches of Christ in Queensland

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Churches of Christ in Queensland for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

S G Hancox
Partner – Audit & Assurance

Brisbane, 28 September 2020


Churches
of Christ
in Queensland