

# Financial Report

2021



**Brotherhood of St Laurence**  
Working for an Australia free of poverty

ABN 24 603 467 024  
ARBN 100 042 822



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# Directors' Report

We at the Brotherhood of St. Laurence ("BSL"), are committed to the highest standards of corporate governance and believe that accountability and transparency through our corporate governance framework is central to pursuing BSL's mission of pursuing lasting change, to create a more compassionate and just society so that everyone can thrive.

## Corporate Governance Framework

*The following principles, practices and structures establish the framework for the governance of BSL.*

Lady Southey AC is Patron of BSL.

The Anglican Archbishop of Melbourne presides over the Annual General Meeting.

## Our Members

### CHARTER AND LIFE

Up to 40 Charter Members, including the Executive Director, are permitted under BSL's Constitution.

Charter and Life Members receive and adopt the reports of the Board and of the auditors, receive and adopt the annual financial statements, elect Board Directors and fix the remuneration of the auditors, as well as transacting any other business at general meetings.

Life membership has been conferred on a number of members who have given significant service to BSL. Life Members act as 'friends of BSL', often providing advice and ongoing support to the organisation.

**CHARTER MEMBERS**

Ms Joanna Baeviski  
 Professor Jan Carter AM  
 Emeritus Professor Judith Chapman AM  
 (to September 2020)  
 Reverend Canon Dr Ray Cleary AM  
 (from November 2020)  
 The Revd Barbara Colliver  
 Ms Christine Edwards  
 The Rt Revd David Farrer  
 Associate Professor Jane Freemantle OAM  
 The Most Revd Dr Philip L Freier (to April 2021)  
 Ms Celia Gerreyn  
 Ms Sarina Greco  
 Mr David Green AM, PSM  
 Ms Dana Hlavacek  
 Mr Michael James  
 The Revd Dr J. Hugh Kempster  
 Ms Conny Lenneberg (to February 2021)  
 Mr John McInnes OAM  
 Dr Fiona Macdonald  
 Dr Ian Manning  
 Ms Freya Marsden  
 Emeritus Venerable Barry Martin AM  
 Dr Apollo Nsubuga-Kyobe  
 Mr Ian Paroissien  
 Bishop Kate Prowd (from November 2020)  
 Dr Nouria Salehi AM, OAM  
 Ms Fiona Smith AM  
 The Revd Chaplain Soma (from November 2020)  
 The Revd Clemence Taplin  
 Ms Catherina Toh  
 Mr David Triplow APM  
 Mr Michael Tucker  
 Mr Trevor Williams  
 Mr John Wilson  
 Mr Michael Wilson  
 Ms Caterina Wooden (from November 2020)

**LIFE MEMBERS**

The Rt Revd Michael Challen AM  
 Mr Sandy Clark AO  
 Dr Stephen Duckett  
 Mr Michael Feeney  
 Mr Nicolas Frances MBE  
 The Rt Revd Dr Peter Hollingworth AC OBE  
 The Hon. Professor Brian Howe AO  
 The Rt Revd Philip Huggins  
 The Hon. Rob Knowles AO  
 Ms Elizabeth Loftus  
 Ms Alison McClelland AM  
 Father James Minchin  
 Mr Ian Reid  
 The Rt Revd Andrew St John  
 Ms Jenny Trethewey  
 Mrs Thelma Tuxen

**THE BOARD OF DIRECTORS**

The Directors of BSL in office during or since the end of 2020-21 financial year are:

The Most Reverend Dr Philip Freier (Chair to April 2021), date of resignation April 2021  
 Mr Stephen Newton AO (from November 2020 and Chair from April 2021)  
 Ms Conny Lenneberg (Executive Director to February 2021), date of resignation February 2021  
 Mr Ian Paroissien (Deputy Chair)  
 Dr Stephen Duckett  
 A/Prof. Jane Freemantle OAM  
 Ms Zac Hatzantonis  
 Mr Tony Hallam  
 Ms Dana Hlavacek  
 Bishop Kate Prowd  
 Ms Susie King (from November 2020)  
 Revd Helen Dwyer (from November 2020)

## The Board of Directors

### The Most Revd Dr Philip L Freier

BAppSc DipEd BD MEdSt PhD FAICD

Board Chair (to April 2021), Nominations & Governance Committee Chair (to April 2021)

In December 2006 Philip Leslie Freier became the 13th Anglican Archbishop of Melbourne and was the Anglican Primate of Australia from July 2014 to March 2020. He was ordained priest in 1984 and from 1999 to 2006 Dr Freier was Bishop of the Northern Territory. He has a particular concern for Indigenous people and, as Archbishop, has worked to bring about reconciliation and has advocated for a new social contract for Australia, upholding a vision of the common good in which there is a sense of mutual obligation to one another and responsibility for one another. Archbishop Freier was appointed to the BSL Board in November 2015. He was reappointed as the Board Chair in November 2020 and ended his appointment in April 2021.

### Mr Stephen Newton AO

B.A., B.Ed., FACE, FACEL, FIML

Non-Executive Director (November 2020), Board Chair (April 2021), Nominations, Governance and People Committee Chair (April 2021)

Following an extensive career in Education, where he served as Chair of State and National sector organisations, and as a school principal for 25 years, Mr Newton chose to make his next contribution in the community welfare sector. He is a past Chair and member of the Board of Anglicare Victoria and is a communicant member of the Anglican Church. Mr Newton currently serves as a Trustee of the Hugh D.T. Williamson Foundation and as a Director of the Epworth Medical Foundation. Mr Newton was appointed to the Board in November 2020 and became Chair in April 2021.

### Ms Conny Lenneberg

D.Litt (H.C. La Trobe University)

Executive Director (to February 2021), Member of the Nominations & Governance Committee, the Quality & Care Governance Committee and the Property Committee (all to February 2021).

As a leader in the community development and social justice sector, Ms Lenneberg has long been an agent of change in Australia and internationally. She has a special interest in building better lives for children and young people, and their families. Her record of embracing challenges and complex assignments, over three decades, ranges from framing responses to the current Syria humanitarian emergency to community development in Afghanistan, within the settings of international aid organisations including World Vision and Australian Volunteers International.

### Mr Ian Paroissien

BCom, CA ANZ

Non-executive Director (March 2017) and Deputy Chair, David Scott School Chair (to January 2021 and then from June 2021), Property Committee Chair, Member Audit & Risk Management Committee, Nominations, Governance & People Committee and David Scott School Council (February 2021 – May 2021).

Member of the Institute of Chartered Accountants Australia and New Zealand. Retired partner PwC. Previously, Chair Brighton Grammar School, 2004-2016.

**Dr Stephen Duckett**

PhD DSc FASSA FAHMS FAICD

Non-executive Director (July 2018), Chair Quality & Care Governance Committee

Director of the Health Program at Grattan Institute. MA (Chicago Theological Seminary). Chair of the Board of Eastern Melbourne Primary Health Network, member of Council of RMIT University. Vicar's Warden and Chair of Parish Council at St Peter's Eastern Hill. Former Director of the BSL Board from 1996 to 2005 and Chair of the BSL Board from 2000 to 2005.

**Associate Professor Jane Freemantle OAM**

SRN, MPH, PhD, LMPHAA

Non-executive Director (November 2017), Member Quality & Care Governance Committee

A paediatric epidemiologist whose academic career has been directed to using linked population data to provide a solid foundation from which to develop evidence-based policy and evaluate clinical practice and public health initiatives particularly in the area of Aboriginal and Torres Strait Islander children and communities, nationally and internationally. Dr Freemantle was most recently the Senior Data Analyst at Kaiela Institute, Shepparton. She holds the position of (Hon) Principal Research Fellow at the School of Population and Global Health, the University of Melbourne. She also holds the positions of Associate Professor Department of Paediatrics and Child Health at University of Western Australia. Dr Freemantle is an Examining Chaplain within the Anglican Diocese of Melbourne and holds numerous lay positions within the Anglican Dioceses of Melbourne and Wangaratta. She is a Director of the Mansfield District Hospital Board and the Beolite Village Independent Living Aged Care facility.

**Ms Zac Hatzantonis**

B.Com, MCom

Non-executive Director (July 2018), Member Property Committee (to July 2020)

Partner of PwC. One of the leading business operations advisors in the Australian early childhood sector. Ms Hatzantonis spent over 10 years in senior public-sector roles in both the Victorian Department of Premier and Cabinet and in Treasury and Finance.

**Mr Tony Hallam**

BEC, ACA

Non-executive Director (October 2018), Chair of the Finance & Investment Committee and Member of the Property Committee

Mr Hallam was a PwC partner for nine years before working in the sports and major events industry including executive positions with Football Federation of Australia and Golf Australia. Former Chairperson of Melbourne Stadiums Limited and current Chairperson of Melbourne Boomers Women's National Basketball League Club. Deputy Chair of Zoos Victoria Board.

**Ms Dana Hlavacek**

B.Com(Hons), M.Acc, FCA, GAICD

Non-executive Director (March 2017), Chair Audit & Risk Management Committee and Member of the Quality & Care Governance Committee

An experienced corporate executive and independent director with expertise in international treasury and finance, audit, risk and compliance. Her executive career includes roles in the resources sector and audit and assurance. She is a Member of the Greater Metropolitan Cemeteries Trust where she is the Chair of the Audit and Risk Management Committee. Previously a Director of Zoos Victoria, Melbourne Water Corporation, RSPCA Victoria, Trustee of the Victorian Arts Centre Trust.

**Bishop Kate Prowd**

BA(Hons), BA(Hons in psych), BDiv, Masters of Psychology(Clinical)

Non-executive Director (September 2018),  
Member David Scott School Council

Bishop Prowd was ordained a deacon (1986) and priest (1992) during years of intense debate over the ordination of women. Her consecration took place in October 2018 as Bishop of the Oodthenong Episcopate, which covers parishes and schools in the west and north west of Melbourne and Geelong. She is also a Clinical Psychologist and prior to her consecration worked for six years as a clinical psychologist in palliative care and with people diagnosed with progressive neurological diseases at Calvary Health Care Bethlehem. Her interests are in clergy wellbeing, mission, and exploring the connections between spirituality and psychology.

**Ms Susie King**

LLB(Hons), BA, GAICD

Non-Executive Director (November 2020)

Ms King is a director in the consulting team at Social Ventures Australia with expertise in strategy, business planning and service design. She also has deep knowledge in the justice, mental health, child and family services, and philanthropic sectors. Ms King has previously worked for more than 15 years overseas, in London and Washington DC, as a strategy consultant for McKinsey & Company; and held roles as a solicitor in a large corporate firm and as a policy advisor for two Health Ministers in the Victorian Government.

Ms King is a non-executive director of Trinity College, University of Melbourne, and previously served on the board of a major public teaching hospital. She holds a Bachelor of Laws (Hons) from the University of Melbourne, a BA in History and Fine Art and is a graduate of the Australian Institute of Company Directors.

**Revd Helen Dwyer**

BMin

Non-Executive Director (November 2020)

Revd Dwyer is a Priest in the Anglican Diocese of Melbourne, and the Senior Chaplain - and member of the leadership team - at Overnewton Anglican Community College, focussed on the pastoral and spiritual needs of all students and staff. She also has deep expertise in Indigenous liaison and parish leadership, having held previous roles with Centacare Catholic Family Services, the Anglican Diocese of Melbourne and multiple parish churches, including as Parish Priest.

Revd Dwyer is currently a member of both the Anglican Diocese of Melbourne Social Responsibilities Committee and Reconciliation Action Plan Working Group, and a member of the Archbishop in Council. She holds a Bachelor of Ministry, is a fierce advocate for social justice and a proud Ngarrindjeri woman.

**ROLE OF THE BOARD**

The Board is responsible for setting the strategic direction and establishing the policies of BSL. It is responsible for monitoring the performance of the activities of BSL and overseeing its financial state on behalf of the Charter and Life Members. It is also responsible for ensuring that risks are adequately managed. The Board meets at least every six weeks.

**COMPOSITION OF THE BOARD**

The Constitution of BSL limits the number of Board Members to 14, including the Executive Director and at least two people who are clerics in Holy Orders of the Anglican Church of Australia. Further, the Chair is required to be a communicant member of the Anglican Church of Australia. Currently there are eleven Directors including the vacant role of Executive Director.

## REMUNERATION

BSL Directors volunteer their time and skills to the organisation and as such no remuneration was paid or is payable to the Directors in their capacity as Board Members.

## BOARD SUB-COMMITTEES

### Audit and Risk Management Committee

The Audit and Risk Management Committee's role is to advise and assist the Board in fulfilling its governance and statutory role in the following areas - risk management and internal control, financial reporting, external and internal audit. The Committee is made up of Board Members and external members who bring independence and external expertise to the Committee. Members during the 2020-21 financial year are Dana Hlavacek (Committee Chair), Malcolm Haynes, Ian Paroissien, Ilan Zipor, and Manjula Shaw (August 2020). The Committee meets quarterly.

### Finance and Investment Committee

The Finance and Investment Committee's role is to assist the Board in fulfilling its responsibilities in managing the financial and investment position of BSL including: monitoring the financial position of BSL; investment objectives, controls and strategies; and the performance of investment managers. The Committee members during the 2020-21 financial year are Tony Hallam (Committee Chair), Richard Wilson, Christina Manonian, and Nick Ward. The Committee meets quarterly.

### Nominations, Governance and People Committee

The Nominations, Governance & People Committee reviews and recommends nominations for the Board and Committees' membership and supports the Board in its regular performance reviews of the Executive Director. The Committee also considers strategic human resources matters, including culture, diversity and remuneration. The members during the 2020-21 financial year are The Most Revd Dr Philip Freier

(Committee Chair to April 2021), Stephen Newton (Committee Chair from April 2021), Ian Paroissien, Celia Gerreyn, The Rt Revd Philip Huggins (to June 2021) and Conny Lenneberg (to February 2021). The Committee meets six times per year.

### David Scott School Council

The David Scott School is governed by the David Scott School Council. The School Council is comprised of two members of BSL Board, a BSL senior executive and other external members from the education and community sectors. The Council members during the 2020-21 financial year are Ian Paroissien (Committee Chair to January 2021 and then from June 2021), Michael James (including as Committee Chair from February 2021 to May 2021), Noelene Horton, Carol Smith, Claire Murray, Dr Lucia Boxelaar, and Bishop Kate Prowd. The Committee meets at least eight times every calendar year.

### Quality and Care Governance Committee

The Quality & Care Governance Committee's role is to assist the Board to fulfil its governance role and responsibilities to assure our residents and service clients have quality care that is safe, effective, connected, person-centred, and that is underpinned by continuous quality improvement. The Committee is made up of Board Members and external members who bring independence and external expertise to the Committee. Members during the 2020-21 financial year are Dr Stephen Duckett (Committee Chair), Dana Hlavacek, A/Prof. Jane Freemantle, Dr Catherine Joyce, Rev Dr Alex Ross and Conny Lenneberg (to February 2021). The Committee meets quarterly.

### Property Committee

The Property Committee's role is to assist the Board to fulfil its governance role and responsibilities in respect of BSL's property portfolio. The Committee is made up of Board Members and external members who bring independence and expertise in property and

development. Members during the 2020-21 financial year are Ian Paroissien (Committee Chair), Tony Hallam, Zac Hatzantonis (to July 2020), Jenny Trethewey, Peter Hart, Tom Dugdale, Kerstin Thompson (May 2021) and Conny Lenneberg (to February 2021). The Committee meets quarterly.

### Other committees

A number of other committees or working groups are established by the Board from time to time to oversee a particular task or project. These committees operate only for the period of time required to complete the task or project.

## Company Secretary

### Ms Philippa Allen

BA(Hons)DUNELM, DipCFS Event Man, FAIOP  
Company Secretary (May 2021)

Since moving to Australia and joining BSL in September 2011, Ms Allen has enjoyed numerous varied roles working in social enterprises, volunteer services, events management, youth transitions and acting as EA to many divisions. She has held the role of Senior Executive Assistant to the Executive Director for over five years.

President, Victoria and Tasmania Division, Australian Institute of Office Professionals. Previously Committee member and Fundraising Committee member of the Melbourne Symphony Orchestra Chorus. Previously Secretary of the Durham University Choral Society.

Having provided secretariat support to BSL Board for over seven years, including previously holding the role of Interim Company Secretary from May-November 2019, Ms Allen was appointed as Acting Company Secretary in May 2021.

### Ms Bernadette Doyle

LLB (Hons), Bbus, GAICD

Company Secretary & General Counsel  
(to May 2021)

Ms Doyle held the role of Company Secretary and General Counsel at BSL from November 2019 to May 2021. She has an extensive career in legal and governance, including a 15-year career working with organisations throughout Victoria and Queensland in industries concerned with community wellbeing and connectivity including water, transport and special event industries.

## Acting Executive Director

### Dr Lucia Boxelaar

PhD; BA(Hons)

Acting Executive Director (December 2020)

Director, Community Programs (to October 2020); Deputy Executive Director (October 2020- December 2020); Acting Executive Director (December 2020). Member of David Scott School Council (since June 2020; in her substantive role).

Dr Boxelaar joined BSL in November 2018, after being with World Vision Australia for 11 years where she led teams that managed, researched and developed large-scale community development programs across the world. She also led two global strategic initiatives for World Vision International to promote evidence capture, utilisation and communication.

Dr Boxelaar has a Bachelor of Arts with Honours in Anthropology from Monash University, and a PhD from the University of Melbourne that explored community-led approaches to addressing land and natural resource management issues.

As Acting Executive Director, Dr Boxelaar is not a formal member of the BSL Board or its Committees.

## Executive Team

The Executive Director is responsible for the day-to-day management of the activities of BSL as delegated by the Board. The Executive Team is responsible for the implementation of organisational strategies, development of policies and management of issues and of the performance of the organisation.

The members of the Executive Team at any time during or since the end of 2020-21 financial year were:

**Ms Conny Lenneberg**, Executive Director (to February 2021)

**Dr Lucia Boxelaar**, Director Community Programs (to October 2020), Deputy Executive Director (October – December 2020), Acting Executive Director (December 2020)

**Ms Melinda Moore**, Acting Director Community Programs (October 2020)

**Ms Sonia Bijelic**, Director Marketing and Engagement

**Mr Cameron Power**, Chief Financial Officer (to April 2021)

**Professor Shelley Mallett**, Director Research and Policy Centre

**Mr Sean Spencer**, Director Aged Care

**Ms Niamh O'Malley**, Director Shared Services

**Mr Rodney Weston**, Director NDIS (to April 2021), Acting Director Finance, Strategy and Operations (April 2021)

**Ms Susan Hall**, Acting Director NDIS (April 2021)

## Directors' Meetings

During the financial period, BSL held 46 scheduled Board and Committee meetings. Attendance at meetings of the Board and its Committees were:

|                                         | Board <sup>2</sup> |                   | Finance and Investment |                   | Audit & Risk Management |                   | David Scott School Council |                   | Quality, Care & Governance |                   | Property |                   | Nominations Governance & People |                   |
|-----------------------------------------|--------------------|-------------------|------------------------|-------------------|-------------------------|-------------------|----------------------------|-------------------|----------------------------|-------------------|----------|-------------------|---------------------------------|-------------------|
| Number of meetings held during the year | 12                 |                   | 6                      |                   | 6                       |                   | 7                          |                   | 4                          |                   | 7        |                   | 4                               |                   |
|                                         | Attended           | Held <sup>1</sup> | Attended               | Held <sup>1</sup> | Attended                | Held <sup>1</sup> | Attended                   | Held <sup>1</sup> | Attended                   | Held <sup>1</sup> | Attended | Held <sup>1</sup> | Attended                        | Held <sup>1</sup> |
| The Most Revd Dr Philip Freier          | 9                  | 10                |                        |                   |                         |                   |                            |                   |                            |                   |          |                   | 3                               | 3                 |
| Mr Stephen Newton AO                    | 7                  | 7                 |                        |                   |                         |                   |                            |                   |                            |                   |          |                   | 1                               | 1                 |
| Mr Ian Paroissien                       | 12                 | 12                |                        |                   | 6                       | 6                 | 7                          | 7                 |                            |                   | 7        | 7                 | 4                               | 4                 |
| Dr Stephen Duckett                      | 12                 | 12                |                        |                   |                         |                   |                            |                   | 4                          | 4                 |          |                   |                                 |                   |
| A/Prof. Jane Freemantle OAM             | 12                 | 12                |                        |                   |                         |                   |                            |                   | 4                          | 4                 |          |                   |                                 |                   |
| Mr Tony Hallam                          | 11                 | 12                | 6                      | 6                 |                         |                   |                            |                   |                            |                   | 5        | 7                 |                                 |                   |
| Ms Zac Hatzantonis                      | 8                  | 12                |                        |                   |                         |                   |                            |                   |                            |                   | -        | 1                 |                                 |                   |
| Ms Dana Hlavacek                        | 12                 | 12                |                        |                   | 6                       | 6                 |                            |                   | 2                          | 4                 |          |                   |                                 |                   |
| Ms Conny Lenneberg                      | 6                  | 9                 |                        |                   |                         |                   |                            |                   | 1                          | 2                 | 3        | 5                 | 3                               | 3                 |
| Bishop Kate Prowd                       | 9                  | 12                |                        |                   |                         |                   | 7                          | 7                 |                            |                   |          |                   |                                 |                   |
| Ms Susie King                           | 7                  | 7                 |                        |                   |                         |                   |                            |                   |                            |                   |          |                   |                                 |                   |
| Revd Helen Dwyer                        | 5                  | 7                 |                        |                   |                         |                   |                            |                   |                            |                   |          |                   |                                 |                   |

1. Held while the Board Member was eligible to attend. Eligibility to attend takes account of leave of absence. The Executive Director is invited to attend all Committee meetings. All Board Directors are invited to attend the Finance and Investment Committee.
2. This includes Extraordinary Board Meetings.

## Principal activities

The principal activities of BSL during the course of the financial year 2020-21 included research, policy influence, and community programs to support people as they navigate key life transitions when they are most at risk of poverty. This includes supporting children and their families in the early and middle years, supporting young people in their transition from school to work, supporting people as they move in and out of work and into retirement and ageing, and working with people with disability to help them navigate life transitions. BSL's work in financial year 2020-21 has also included the recycling and sale of recycled goods.

There have been no significant changes in the nature of those activities during the year.

## Organisational overview

Established during the Great Depression over 90 years ago, BSL was the vision and creation of Father Gerard Tucker, a man who combined Christian faith with a vigorous determination to promote social justice.

Today, BSL is an independent organisation dedicated to broad service delivery. This includes getting people into work, caring for older people, supporting communities, helping families with early childhood programs, working with people with disability and carrying out research and advocacy to improve the wellbeing of our communities.

## Operational review

The surplus for the year was \$0.940 million (2019-20: deficit of \$10.123 million). This was delivered despite the significant impact of continuing COVID-19 restrictions – especially for Social Enterprises (through store closures) and Aged Care.

The improved financial performance is primarily attributable to:

1. New sources of revenue, including new programs to support local communities and the receipt of JobKeeper 1.0;
2. Financial support from donors, some of which was not spent in FY21, but will underpin innovation for services in FY22 & FY23;
3. Improved utilisation of corporate support services to reduce the rate of growth in overall operational expenditure; and
4. Recognition of some revenue which is quarantined for specific purposes or carries an expectation of service delivery in future years.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of BSL that occurred during the financial year under review.

## Planning and control

BSL produces a five-year strategic plan, annual plans and detailed budgets, which are approved and regularly monitored by the Board and its sub-committees.

## Risk assessment

The Board, its sub-committees and the Executive Team are responsible for identifying, measuring and assessing business, legal, financial, environmental and other risks in the activities of BSL. In particular, the Audit and Risk Management Committee and the Board consider all significant risks, their implications and strategies, and the Finance and Investment Committee monitor the financial affairs of the organisation.

## Independent professional advice

The Board, its sub-committees, executives and senior staff have access to appropriate external professional advice. Legal, risk, investment, and tax and accounting advice is coordinated by the Acting Director – Finance, Strategy and Operations and the Company Secretary through Freehills, Rigby Cooke and Maddocks; Pitcher Partners; Deutsche

Bank, Koda Capital, and JBWere; and KPMG, respectively. Some legal advice is provided by Freehills on a pro bono basis.

### Audit and accounts

The constitution of BSL requires that proper books of accounts are kept, true and complete accounts are maintained and those accounts are audited annually by a registered company auditor, and the financial statements and the auditors' report are laid before the Annual General Meeting. BSL complies with all applicable accounting standards and guidelines. BSL's external auditors are KPMG. In addition, BSL engaged Pitcher Partners for internal audit services during the period.

### Events subsequent to reporting date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to be dependent on measures imposed by the Australian Federal and State Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect BSL's operations, the results of those operations, or BSL's state of affairs in future financial years.

### Likely developments

There are no likely developments or foreshadowed developments that have not otherwise been disclosed in this report.

### Environmental regulation and performance

BSL's operations are subject to environmental regulations under both State and Commonwealth legislation. BSL has a policy of complying with its environmental performance obligations. No environmental breaches have been notified by or reported to any government agency during the year ended 30 June 2021.

### Indemnification and insurance of Directors and officers

BSL has agreed to indemnify, to the extent permitted by law, each current and former officer. The indemnity of these officers is against any claim or for any expense or cost that may arise in the discharge of the duties of the officers in relation to BSL.

Insurance is provided to BSL through the Victorian Government's Department of Human Services' Insurance Scheme for Non-government Organisations.

### Indemnification of auditors

BSL has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an auditor of BSL.

### Non-Audit Services

KPMG has performed other services in addition to the audit of the financial statements.

These services were:

|                                                      | \$          |
|------------------------------------------------------|-------------|
| Interim agreed upon procedures on financial forecast | 6,500       |
|                                                      | <hr/> 6,500 |

## Auditor's independence declaration

The Auditor's Independence Declaration is set out on page 45 and forms part of the Directors' Report for the financial year ended 30 June 2021.

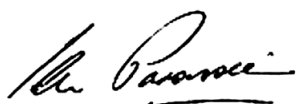
## Rounding

Amounts in the Financial Report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Stephen Newton'.

**Mr Stephen Newton AO**  
Chair, Board of Directors

A handwritten signature in black ink, appearing to read 'Ian Paroissien'.

**Mr Ian Paroissien**  
Deputy Chair, Board of Directors

Melbourne, 12 October 2021

# Primary financial statements

## Statement of Profit or Loss and Other Comprehensive Income

| For the year ended 30 June 2021                                     | Notes      | 2021<br>\$'000 | 2020<br>\$'000  |
|---------------------------------------------------------------------|------------|----------------|-----------------|
| Revenue                                                             |            | 196,429        | 179,770         |
| Other revenue                                                       |            | 5,760          | 4,867           |
|                                                                     | 3          | 202,189        | 184,637         |
| Expenses                                                            | 4          | (192,236)      | (183,682)       |
| Impairment loss on trade receivables                                | 7          | (93)           | (139)           |
| Impairment loss on intangible assets                                | 11         | (817)          | (3,670)         |
|                                                                     |            | (193,146)      | (187,491)       |
| <b>Surplus/(deficit) before depreciation and finance activities</b> |            | <b>9,043</b>   | <b>(2,854)</b>  |
| Depreciation and amortisation                                       | 10, 11, 12 | (9,771)        | (8,398)         |
| Finance income                                                      |            | 2,521          | 2,850           |
| Finance expenses                                                    |            | (853)          | (1,721)         |
| Net finance income                                                  | 5          | 1,668          | 1,129           |
| <b>Total surplus/(deficit)</b>                                      |            | <b>940</b>     | <b>(10,123)</b> |

### OTHER COMPREHENSIVE INCOME

#### Items that are reclassified subsequently to profit or loss:

|                                                      |       |       |
|------------------------------------------------------|-------|-------|
| Debt investments at FVOCI - net change in fair value | (131) | (212) |
|------------------------------------------------------|-------|-------|

#### Items that will not be reclassified to profit or loss:

|                                                        |              |                 |
|--------------------------------------------------------|--------------|-----------------|
| Net loss in fair value of property                     | (942)        | -               |
| Equity investments at FVOCI - net change in fair value | 3,619        | (2,458)         |
| Equity investments at FVOCI - net realised gains       | 1,312        | 2,131           |
| Total other comprehensive income                       | 3,858        | (539)           |
| <b>Total comprehensive income</b>                      | <b>4,798</b> | <b>(10,662)</b> |

The notes on pages 18 to 40 are an integral part of the Financial Statements.

## Statement of Financial Position

| As at 30 June 2021                   | Notes | 2021<br>\$'000 | 2020<br>\$'000 |
|--------------------------------------|-------|----------------|----------------|
| <b>ASSETS</b>                        |       |                |                |
| <b>Current Assets</b>                |       |                |                |
| Cash and cash equivalents            | 6     | 47,729         | 19,053         |
| Trade and other receivables          | 7     | 6,023          | 6,820          |
| Contract assets                      |       | 1,926          | 660            |
| Inventories                          | 8     | 281            | 349            |
| Investments                          | 9     | 29,668         | 47,138         |
| <b>Total Current Assets</b>          |       | <b>85,627</b>  | <b>74,020</b>  |
| <b>Non-Current Assets</b>            |       |                |                |
| Trade and other receivables          | 7     | 3,366          | 3,366          |
| Property, plant and equipment        | 10    | 92,330         | 94,764         |
| Intangible assets                    | 11    | 1,678          | 1,914          |
| Right-of-use assets                  | 12    | 10,577         | 14,329         |
| <b>Total Non-Current Assets</b>      |       | <b>107,951</b> | <b>114,373</b> |
| <b>Total Assets</b>                  |       | <b>193,578</b> | <b>188,393</b> |
| <b>LIABILITIES</b>                   |       |                |                |
| <b>Current Liabilities</b>           |       |                |                |
| Trade and other payables             | 14    | 7,108          | 6,540          |
| Contract liabilities                 | 17    | 31,994         | 19,441         |
| Borrowings                           | 15    | -              | 3,500          |
| Employee benefits                    | 16    | 13,900         | 10,314         |
| Lease Liabilities                    | 18    | 4,658          | 5,134          |
| <b>Total Current Liabilities</b>     |       | <b>57,660</b>  | <b>44,929</b>  |
| <b>Non-Current Liabilities</b>       |       |                |                |
| Borrowings                           | 15    | -              | 9,447          |
| Employee benefits                    | 16    | 945            | 945            |
| Lease Liabilities                    | 18    | 6,751          | 9,648          |
| <b>Total Non-Current Liabilities</b> |       | <b>7,696</b>   | <b>20,040</b>  |
| <b>Total Liabilities</b>             |       | <b>65,356</b>  | <b>64,969</b>  |
| <b>Net assets</b>                    |       | <b>128,222</b> | <b>123,424</b> |
| <b>EQUITY</b>                        |       |                |                |
| Accumulated surplus                  | 13    | 82,218         | 81,278         |
| Reserves                             | 13    | 46,004         | 42,146         |
| <b>Total Equity</b>                  |       | <b>128,222</b> | <b>123,424</b> |

The notes on pages 18 to 40 are an integral part of the Financial Statements.

## Statement of Changes in Equity

| For the year ended 30 June 2021            | Notes | Accumulated surplus<br>\$'000 | Asset revaluation reserves<br>\$'000 | Fair value Reserve<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------|-------|-------------------------------|--------------------------------------|------------------------------|-----------------|
| Balance at 1 July 2019                     |       | 84,729                        | 44,180                               | 5,177                        | 134,086         |
| Deficit for the period                     |       | (10,123)                      | -                                    | -                            | (10,123)        |
| Other comprehensive (deficit) for the year |       | -                             | -                                    | (539)                        | (539)           |
| Transfer between equity classes            |       | 6,672                         | (6,672)                              | -                            | -               |
| Total comprehensive income                 |       | (3,451)                       | (6,672)                              | (539)                        | (10,662)        |
| <b>Balance at 30 June 2020</b>             |       | <b>81,278</b>                 | <b>37,508</b>                        | <b>4,638</b>                 | <b>123,424</b>  |
| Surplus for the year                       |       | 940                           | -                                    | -                            | 940             |
| Net loss in fair value of property         |       | -                             | (942)                                | -                            | (942)           |
| Other comprehensive surplus for the year   | 13    | -                             | -                                    | 4,800                        | 4,800           |
| Total comprehensive income                 |       | 940                           | (942)                                | 4,800                        | 4,798           |
| <b>Balance at 30 June 2021</b>             |       | <b>82,218</b>                 | <b>36,566</b>                        | <b>9,438</b>                 | <b>128,222</b>  |

The notes on pages 18 to 40 are an integral part of the Financial Statements.

## Statement of Cash Flows

| For the year ended 30 June 2021                                  | Notes    | 2021<br>\$'000 | 2020<br>\$'000 |
|------------------------------------------------------------------|----------|----------------|----------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                       |          |                |                |
| Cash receipts in the course of operations                        |          | 227,951        | 185,229        |
| Cash paid to suppliers and employees                             |          | (200,084)      | (199,986)      |
| Dividends, interest, trust and imputation credit income received |          | 1,641          | 3,060          |
| Net cash from operating activities                               |          | 29,508         | (11,697)       |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                       |          |                |                |
| Proceeds from sale of investments                                |          | 25,247         | 46,500         |
| Proceeds from assets held-for-sale                               |          | -              | 5,967          |
| Acquisition of property, plant and equipment                     | 10,11    | (4,884)        | (24,103)       |
| Acquisition of investments                                       |          | (2,912)        | (17,317)       |
| Net cash used by investing activities                            |          | 17,451         | 11,047         |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                       |          |                |                |
| (Repayment of) / Proceeds from borrowings                        | 15       | (12,947)       | 12,947         |
| Receipts of income from sub leases                               |          | 345            | 597            |
| Payment of lease liabilities                                     | 18       | (5,573)        | (5,727)        |
| Interest paid                                                    |          | (108)          | (67)           |
| Net cash from financing activities                               |          | (18,283)       | 7,750          |
| <b>Net increase / (decrease) in cash and cash equivalents</b>    |          | <b>28,676</b>  | <b>7,100</b>   |
| Opening cash and cash equivalents                                |          | 19,053         | 11,953         |
| <b>Closing cash and cash equivalents</b>                         | <b>6</b> | <b>47,729</b>  | <b>19,053</b>  |

The notes on pages 18 to 40 are an integral part of the Financial Statements.

# Notes to and forming part of the financial statements

## 1. Reporting entity

Brotherhood of St. Laurence (BSL) is a not-for-profit entity domiciled in Australia, incorporated under the *Brotherhood of St. Laurence (Incorporation) Act 1971*. The address of the entity's registered office is 67 Brunswick Street, Fitzroy, Victoria 3065.

The principal activities of BSL during the year include:

- the provision of community services across the four life transition stages: the early years, the transition from school to work, the shifts in and out of work, and retirement and ageing;
- working with people living with disabilities;
- the recycling and sale of recycled goods.

This work is underpinned by research and social advocacy on behalf of all Australians.

## 2. Summary of significant accounting policies

### STATEMENT OF COMPLIANCE

These financial statements are Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board ("AASB") and the Australian Charities and Not-for-profits Commission Act 2012 ("ACNC"). This simplified tier of reporting is possible as the BSL Directors have deemed BSL is not publicly accountable as defined in AASB1053 Application of Tiers of Australian Accounting Standards. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements of BSL for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board on 12 October 2021.

The financial statements have been prepared on an accruals basis and are based on historical cost except for investments and land and buildings, which are measured at fair value. The methods used to measure fair values are discussed further in notes 9, 10 and 11.

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements unless otherwise stated.

### a) Functional and presentation currency

These financial statements are presented in Australian dollars, which is BSL's functional currency. All financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

Transactions in foreign currencies are translated into the respective functional currency of BSL at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss, except for differences arising from the translation of available for sale equity instruments, which are recognised in other comprehensive income.

**b) Use of judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed in each of the relevant notes.

**c) Income tax**

BSL is a Public Benevolent Institution as defined in the *Income Tax Assessment Act 1936* and is therefore exempt from Income Tax. As a Public Benevolent Institution, BSL has also been endorsed as a Deductible Gift Recipient.

**d) Goods and services tax**

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

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

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are

recoverable from, or payable to, the ATO are classified as operating cash flows.

**e) Business Model Assessment**

BSL makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

**f) Events subsequent to reporting date**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to be dependent on measures imposed by the Australian Federal and State Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on BSL based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which BSL operates. Other than as addressed in specific notes, there are unlikely to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact BSL unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect BSL's operations, the results of those operations, or BSL's state of affairs in future financial years.

### 3. Revenue

|                                            | 2021<br>\$'000 | 2020<br>\$'000 |
|--------------------------------------------|----------------|----------------|
| <b>3a) Summary – by Revenue Source</b>     |                |                |
| Grant funding                              | 157,499        | 132,693        |
| Fee for Service                            | 21,546         | 30,263         |
| Sale of Goods                              | 6,573          | 7,641          |
| Donations                                  | 8,569          | 7,761          |
| Bequests                                   | 2,242          | 1,412          |
|                                            | 196,429        | 179,770        |
| JobKeeper subsidy                          | 4,616          | 3,982          |
| Other Revenue                              | 1,144          | 885            |
|                                            | 5,760          | 4,867          |
| <b>Revenue before financing activities</b> | <b>202,189</b> | <b>184,637</b> |
| <b>3b) Summary – by Area of Activity</b>   |                |                |
| Aged Care                                  | 39,706         | 40,127         |
| Community Programs                         | 79,092         | 62,219         |
| NDIS                                       | 67,545         | 64,346         |
| Social Enterprises and Fundraising         | 8,841          | 9,749          |
| Research and Policy                        | 2,254          | 3,573          |
| JobKeeper subsidy                          | 4,616          | 3,982          |
| Corporate Support Functions                | 135            | 641            |
| <b>Revenue before financing activities</b> | <b>202,189</b> | <b>184,637</b> |

BSL receives revenue in the form of Government and non government grant funding, fee for service activities, bequests and donations of cash, and other property and through the sale of goods.

BSL recognised \$0.600 million in capital revenue for the David Scott School in 2020-21. (BSL recognised \$1.500 million to retained earnings and \$2.000 million in capital revenue for Aged Care (Sambell Lodge Redevelopment) in 2019-20). Capital revenue is recognised on a gross basis when BSL obtains control of the revenue.

#### Accounting Policy

##### (i) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not-For-Profit Entities

Revenue from the rendering of services, government grants and fee for service is recognised in accordance with AASB 15 or AASB 1058 when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when transfer of control of the product or service to a customer occurs). Where there are unsatisfied performance obligations, the amount is

recognised as a contract liability; where work is performed but not yet billed at the reporting date, the amount is recognised as a contract asset. Revenue is measured based on the consideration to which BSL expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Where a revenue stream does not meet the scope of AASB 15, BSL will consider its treatment under AASB 1058. AASB 1058 applies when an NFP entity enters into a transaction where the consideration to acquire an asset is significantly less than the fair value of the asset and the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

#### **(ii) Grant funding**

Grant funding received is recognised as revenue in the financial year in which BSL has control of the contribution and is recognised in accordance with either AASB 15 or AASB 1058 as applicable.

Grant funds for which control has not yet passed to BSL in that they are tied to a specific performance obligation that has not yet been completed, are treated as a liability until the performance obligation has been met and are disclosed under 'Contract liabilities' in note 17.

#### **(iii) Fee for Service**

Revenue is recognised at an amount that reflects the consideration to which BSL is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, BSL identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations; 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.

#### **(iv) Bequests and Donations**

Bequests and general donations are recognised as income only when BSL gains control, economic benefits are probable, and the amounts can be measured reliably. Bequests and donations are recognised at the fair value of the benefit received when receipt of the amount is certain and there are no associated performance obligations.

#### **(v) Sale of goods**

Revenue from the sale of goods is measured at the fair value of consideration received or receivable and is recognised at the point in time when control of the goods passes to the customer.

#### **(vi) Job Keeper Subsidy**

The JobKeeper subsidy is recognised as income only when BSL gains control, economic benefits are probable, and the amounts can be measured reliably. Payments to employees under the JobKeeper scheme are recognised as payroll expenditure.

#### **(vii) Volunteer services**

BSL has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

## 4. Expenses

|                                                                         | 2021<br>\$'000 | 2020<br>\$'000 |
|-------------------------------------------------------------------------|----------------|----------------|
| <b>Summary – by Area of Activity</b>                                    |                |                |
| Aged Care                                                               | 34,230         | 36,199         |
| Community Programs                                                      | 66,384         | 57,629         |
| National Disability Insurance Scheme                                    | 58,420         | 56,103         |
| Social Enterprises and Fundraising                                      | 6,934          | 10,887         |
| Research and Policy                                                     | 4,191          | 5,126          |
| Corporate Support Functions                                             | 22,077         | 17,738         |
| <b>Total expenses before impairment, depreciation and finance costs</b> | <b>192,236</b> | <b>183,682</b> |

Expenses are recognised in the profit and loss when they are incurred. Refer to Note 16 for the policy on employee benefits.

## 5. Net finance income

|                                                                       | 2021<br>\$'000 | 2020<br>\$'000 |
|-----------------------------------------------------------------------|----------------|----------------|
| <b>Finance Income</b>                                                 |                |                |
| Dividend income on equity securities                                  | 580            | 1,084          |
| Interest income on debt securities                                    | 397            | 706            |
| Trust income on equity securities                                     | 791            | 260            |
| Imputation credit income                                              | 104            | 210            |
| Interest income on bank deposits                                      | 76             | 63             |
| Interest income from subordinated debt                                | 505            | 506            |
| Interest income from sub leased right-of-use assets                   | 3              | 21             |
| Debt securities at FVOCI - net gain on disposal reclassified from OCI | 65             | -              |
| <b>Total finance income</b>                                           | <b>2,521</b>   | <b>2,850</b>   |
| <b>Finance Expenses</b>                                               |                |                |
| Debt securities at FVOCI - net loss on disposal reclassified from OCI | -              | (759)          |
| Fund manager fees                                                     | (308)          | (318)          |
| Interest on borrowings                                                | (108)          | (67)           |
| Lease interest expense                                                | (437)          | (577)          |
| <b>Total finance expenses</b>                                         | <b>(853)</b>   | <b>(1,721)</b> |
| <b>Net finance income</b>                                             | <b>1,668</b>   | <b>1,129</b>   |

## 5. Net finance income (continued)

### Accounting Policy

Finance income comprises interest income on funds invested, dividend income, trust income, imputation credit income, interest income on sub lease receivables and net gain on disposal of investments in debt securities carried at FVOCI. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised in the profit or loss on the date BSL's right to receive payment is established.

Finance costs comprise management fees on investments, interest expense, fees on borrowings, lease liability interest expense and net loss on disposed of investments in debt securities carried at FVOCI. Interest expense is recognised using the effective interest method.

Interest on lease receivables/liabilities relates to the interest income/expense recognised as the lease receivable/liability is discharged. Refer to notes 12 and 18 for lease disclosures.

## 6. Cash and cash equivalents – Amortised cost

|                                        | 2021<br>\$'000 | 2020<br>\$'000 |
|----------------------------------------|----------------|----------------|
| Cash on hand                           | 41             | 43             |
| Cash at bank                           | 18,194         | 7,701          |
| Call deposits*                         | 12,445         | 2,445          |
| Cash management accounts               | 17,049         | 8,864          |
| <b>Total cash and cash equivalents</b> | <b>47,729</b>  | <b>19,053</b>  |

\* Total deposits at call can be recalled within 3 months or less. Included in this is an amount of \$1.5 million (2019-20: \$1.5 million), representing cash from refundable accommodation deposits, which BSL is prohibited to use, for a purpose other than to fund the operations of its residential aged care facilities in line with Division 1 of Part 5 of the Fees and Payments Principles 2014 (No. 2).

## 7. Trade and other receivables – Amortised cost

|                                            | 2021<br>\$'000 | 2020<br>\$'000 |
|--------------------------------------------|----------------|----------------|
| <b>Current receivables</b>                 |                |                |
| Trade receivables                          | 4,033          | 3,562          |
| Less: Impairment loss                      | (52)           | (169)          |
| Sub Lease Receivables                      | -              | 482            |
| Other receivables and prepayments          | 2,042          | 2,945          |
| Total current receivables                  | 6,023          | 6,820          |
| <b>Non-current receivables</b>             |                |                |
| GoodStart Early Learning subordinated debt | 3,366          | 3,366          |
| Total non-current receivables              | 3,366          | 3,366          |

An estimate for Expected Credit Losses (ECLs) is made using the simplified approach and recognising lifetime ECLs for trade receivables. The movement in the allowance for ECLs in respect to trade receivables during the year was as follows:

|                                       |           |            |
|---------------------------------------|-----------|------------|
| Balance at 1 July                     | 169       | 52         |
| Net impairment loss provided          | 93        | 139        |
| Impairment loss recognised/(reversed) | (210)     | (22)       |
| <b>Total</b>                          | <b>52</b> | <b>169</b> |

### GOODSTART EARLY LEARNING SUBORDINATED DEBTS

GoodStart Early Learning Limited ("GoodStart") was formed in 2009-10 to acquire substantially all the business of the ABC Learning Centres Limited. GoodStart was established by Social Ventures Limited, Mission Australia, the Benevolent Society and BSL as the founding members.

In 2009-10, GoodStart engaged all founding members to provide services in order to successfully complete the transaction of acquiring the business of ABC Learning Centres Limited. The fee charged for these services by each founding member was \$2.5 million and payment was made by GoodStart through the issue of \$2.5 million Members' Deeply Subordinated Notes. The repayment term of this facility is a bullet payment at 20 years and matures on 28 May 2030. Goodstart commenced repayment of interest during 2012-13.

The loan is disclosed as a non-current receivable and as at 30 June 2021 has a balance of \$3.366 million (2019-20: \$3.366 million) comprising \$2.5 million Members' Deeply Subordinated Notes principal and \$0.866 million capitalised interest.

### INTERESTS IN ASSOCIATES:

Associates are those entities in which BSL has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when BSL holds between 20% and 50% of the voting power of another entity. Interests in associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Board has determined that BSL's interest in GoodStart Early Learning is not deemed to be of significant influence in that entity. This is based on the following:

- The Board does not have a blocking vote.
- Voting power is equal among all the founding members.

- There is no Board influence to distribute the assets of GoodStart in a non-arm's length transaction or to a related party.
- There are no agreements established with GoodStart in the current financial year to make any distributions to BSL or to any of BSL's affiliated entities.
- BSL does not have representation on the GoodStart Board.

The Board assesses the extent of its influence regarding its interest in GoodStart each year.

### **Accounting Policy**

#### **(i) Recognition and measurement**

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when BSL becomes a party to the contractual provisions of the instrument.

#### **(ii) Classification and subsequent measurement**

On initial recognition, a financial asset is classified into the following categories depending on the nature and the purpose of the financial asset as determined at the time of initial recognition - amortised cost; or Fair Value through Profit or Loss (FVTPL).

Loans, receivables and subordinated debt are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of interest and principal.

*Assessment whether contractual cash flows are solely payments of principal and interest*

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, BSL considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, BSL considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension feature; and
- Terms that limit BSL's claim to cash flows from specified assets (e.g. non-recourse features).

*Subsequent measurement and gains and losses*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### **(iii) Derecognition**

BSL derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the

financial asset are transferred or in which BSL neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying value, the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income, is recognised in profit or loss.

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, BSL currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### (v) Impairment of financial assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses (ECLs). The amount

of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which BSL is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that BSL expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### (vi) Write Off

The gross carrying amount of a financial asset is written off when BSL has no reasonable expectation of recovery of the financial asset in its entirety or a portion thereof. The is assessed for financial assets that are 180 days past due.

## 8. Inventories

|                                                                           | 2021<br>\$'000 | 2020<br>\$'000 |
|---------------------------------------------------------------------------|----------------|----------------|
| Finished goods                                                            | 281            | 349            |
| <b>Total inventories stated at lower of cost and net realisable value</b> | <b>281</b>     | <b>349</b>     |

#### Accounting Policy

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the 'first-in first-out' principle and includes expenditure in acquiring the inventories and production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

## 9. Investments

|                                        | 2021<br>\$'000 | 2020<br>\$'000 |
|----------------------------------------|----------------|----------------|
| <b>Current investments – FVOCI</b>     |                |                |
| Equity securities                      | 20,741         | 34,500         |
| Debt securities                        | 8,927          | 12,638         |
| <b>Total investments at fair value</b> | <b>29,668</b>  | <b>47,138</b>  |

### Accounting Policy

#### (i) Recognition and measurement

Financial assets are recognised and derecognised on trade date where purchase or sale of a financial asset is under contract, the terms of which require delivery of the financial asset within the time frame established by the market concerned and are initially measured at fair value. The equity and debt securities are measured at FVOCI and are subsequently measured at fair value based on market prices, or other valuations methodologies and are level 1 fair values. Dividend income on equity investments is recognised when BSL's right to receive payment is established and interest income on debt instruments is calculated using the effective interest method and both are recognised in profit or loss. Foreign exchange gains or losses and impairment losses on debt investments are recognised in the profit and loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI).

The main objective to hold these investments is to maintain and preserve the capital and earn a return. As such, the business model is not to trade. For equity and debt securities, BSL has decided to recognise them under FVOCI.

#### (ii) Derecognition

BSL derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred or in which BSL neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition, gains and losses accumulated in OCI for debt instruments are reclassified to profit or loss, however gains and losses on equity investments are recognised in OCI and are never reclassified to profit and loss.

#### (iii) Impairment of financial assets

Debt securities were reviewed for impairment at balance date. The Directors have assessed that no material impairment adjustment is required in 2020-21 (2019-20: \$Nil). These debt securities are assessed to have low credit risk based on the external credit ratings of the counter parties.

## 10. Property, plant and equipment

|                                           | Land, Buildings and<br>Leasehold Improvements<br>\$'000 | Work in<br>Progress<br>\$'000 | Plant and<br>Equipment<br>\$'000 | Total<br>\$'000 |
|-------------------------------------------|---------------------------------------------------------|-------------------------------|----------------------------------|-----------------|
| <b>Fair value or cost</b>                 |                                                         |                               |                                  |                 |
| Balance as at 1 July 2020                 | 96,489                                                  | 2,896                         | 6,819                            | 106,204         |
| Additions                                 | 3,487                                                   | 294                           | 521                              | 4,302           |
| Transfers to/from WIP                     | 542                                                     | (1,212)                       | 670                              | -               |
| Transfers to intangible assets            | -                                                       | (788)                         | -                                | (788)           |
| Disposals                                 | (5,355)                                                 | (896)                         | (3,235)                          | (9,486)         |
| <b>Balance as at 30 June 2021</b>         | <b>95,163</b>                                           | <b>294</b>                    | <b>4,775</b>                     | <b>100,232</b>  |
| <b>Depreciation and impairment losses</b> |                                                         |                               |                                  |                 |
| Balance as at 1 July 2020                 | 7,826                                                   | -                             | 3,614                            | 11,440          |
| Depreciation for the year                 | 2,501                                                   | -                             | 978                              | 3,479           |
| Transfers to intangible assets            | -                                                       | -                             | -                                | -               |
| Disposals                                 | (3,990)                                                 | -                             | (3,027)                          | (7,017)         |
| <b>Balance as at 30 June 2021</b>         | <b>6,337</b>                                            | <b>-</b>                      | <b>1,565</b>                     | <b>7,902</b>    |
| <b>Carrying amounts</b>                   |                                                         |                               |                                  |                 |
| At 1 July 2020                            | 88,663                                                  | 2,896                         | 3,205                            | 94,764          |
| At 30 June 2021                           | 88,826                                                  | 294                           | 3,210                            | 92,330          |

Included in additions of land and buildings are those purchased with grant funding of \$0.600 million (2019-20: \$2.000 million). Land and buildings, with the exception of property under construction, were revalued based on independent valuations determined using market values on 30 June 2019 by certified valuers, Armstrong Biggs Valuers Pty Ltd. BSL has re-assessed that there are no material changes to the land and buildings carrying value at 30 June 2021.

### Accounting Policy

#### (i) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are measured at fair value less accumulated depreciation on buildings and any impairment loss recognised after the date of revaluation. Buildings under construction are recorded at cost, upon completion these are recorded at fair value.

The land is valued using the market approach. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The buildings are valued using the cost approach. The cost approach considers the current replacement cost of buildings.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'Other revenue and income' or 'Other expenses' in profit or loss. When revalued assets are sold, the amounts included in the asset revaluation reserve are transferred to accumulated surplus.

## (ii) Revaluations

Formal revaluations of land and buildings are performed every three years. The fair value of land and buildings is determined from market-based evidence by appraisal that is undertaken by independent professional qualified valuers. BSL reviews the carrying value of land and buildings at each balance date to assess whether there has been a material change in valuation of land and buildings that is required to be recorded in the financial statements.

If the carrying amount of land and buildings has increased as a result of a revaluation, the net revaluation increase is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the net revaluation increase is recognised in profit or loss to the extent that it reverses a net revaluation decrease of the land and buildings previously recognised in profit or loss.

If the carrying amount of land and buildings has decreased as a result of a revaluation, the net revaluation decrease is recognised in profit or loss. However, the net revaluation decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of land and buildings. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation reserve.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

## (iii) Depreciation and estimation of useful lives of assets

Depreciation is recognised in the profit or loss and calculated on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative periods are as follows:

|                               |                                        |
|-------------------------------|----------------------------------------|
| <b>Buildings</b>              | 40 years                               |
| <b>Plant and equipment</b>    | 3 to 10 years                          |
| <b>Leasehold improvements</b> | Shorter of lease period or useful life |

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

## (iv) Impairment

At each reporting date, BSL reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 11. Intangible assets

|                                           | Bed licences<br>\$'000 | Software<br>\$'000 | Total<br>\$'000 |
|-------------------------------------------|------------------------|--------------------|-----------------|
| <b>Fair value or cost</b>                 |                        |                    |                 |
| Balance as at 1 July 2020                 | 1,720                  | 4,933              | 6,653           |
| Additions                                 | -                      | 581                | 581             |
| Transfers from WIP                        |                        | 788                | 788             |
| Disposals                                 | -                      | (826)              | (826)           |
| <b>Balance as at 30 June 2021</b>         | <b>1,720</b>           | <b>5,476</b>       | <b>7,196</b>    |
| <b>Amortisation and impairment losses</b> |                        |                    |                 |
| Balance as at 1 July 2020                 | 1,720                  | 3,019              | 4,739           |
| Amortisation for the year                 | -                      | 609                | 609             |
| Disposals                                 | -                      | (647)              | (647)           |
| Impairment losses                         |                        | 817                | 817             |
| <b>Balance as at 30 June 2020</b>         | <b>1,720</b>           | <b>3,798</b>       | <b>5,518</b>    |
| <b>Carrying amounts</b>                   |                        |                    |                 |
| At 1 July 2020                            | -                      | 1,914              | 1,914           |
| At 30 June 2021                           | -                      | 1,678              | 1,678           |

Impairment losses of \$0.817 million were recognised in 2020-21 (2019-20: \$3.670 million) in relation to software assets. During the year, BSL implemented a new Aged Care case management system. Subsequent to the implementation, a review of the system revealed that the system did not meet BSL's core business requirements due to a change in operational service delivery method. Therefore, the Directors have assessed the asset for impairment and are recognising an expense of \$0.817 million which represents expenditure incurred in implementing the system. A more tailored solution will be implemented by the end of 2021-22.

### Accounting Policy

#### (i) Bed licences

Bed Licences are regulated and issued by the Commonwealth Department of Health at no cost but can be traded under certain conditions. BSL is not anticipating any trading activity in the foreseeable future. Further, based on the 2017 Aged Care reform regime the Commonwealth Government may deregulate the residential sector and licenses will have a zero value. The

Directors have considered the above factors and have assessed the licenses for impairment and concluded that the asset is fully impaired.

#### (ii) Software

Intangible assets with finite lives (software) that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives and is recognised in profit or loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Subsequent expenditure is capitalised only when it increases the future economic benefits for the specific assets.

The estimated useful life used in the calculation of amortisation is 8 years for the ERP (Financial) System and 4 years for other software assets.

Refer to Note 23 regarding the change in accounting policy to be implemented for 2021-22 financial statements.

## 12. Right-of-use assets

|                                           | Land, Buildings and<br>Leasehold Improvements<br>\$'000 | Plant and<br>Equipment<br>\$'000 | Total<br>\$'000 |
|-------------------------------------------|---------------------------------------------------------|----------------------------------|-----------------|
| <b>Fair value or cost</b>                 |                                                         |                                  |                 |
| Balance as at 1 July 2020                 | 18,573                                                  | 1,410                            | 19,983          |
| Additions                                 | 2,204                                                   | 40                               | 2,244           |
| Disposals                                 | (1,571)                                                 | -                                | (1,571)         |
| <b>Balance as at 30 June 2021</b>         | <b>19,206</b>                                           | <b>1,450</b>                     | <b>20,656</b>   |
| <b>Depreciation and impairment losses</b> |                                                         |                                  |                 |
| Balance as at 1 July 2020                 | 5,202                                                   | 452                              | 5,654           |
| Depreciation for the year                 | 5,253                                                   | 429                              | 5,682           |
| Disposals                                 | (1,257)                                                 | -                                | (1,257)         |
| <b>Balance as at 30 June 2021</b>         | <b>9,198</b>                                            | <b>881</b>                       | <b>10,079</b>   |
| <b>Carrying amounts</b>                   |                                                         |                                  |                 |
| At 1 July 2020                            | 13,371                                                  | 958                              | 14,329          |
| At 30 June 2021                           | 10,008                                                  | 569                              | 10,577          |

### Accounting Policy

BSL recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end date of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Refer to Note 18 for the accounting policy on leases.

### 13. Accumulated Surplus and Reserves

|                            | 2021<br>\$'000 | 2020<br>\$'000 |
|----------------------------|----------------|----------------|
| <b>Accumulated Surplus</b> | 82,218         | 82,218         |
| Asset Revaluation Reserve  | 36,566         | 37,508         |
| Fair Value Reserve         | 9,438          | 4,638          |
| <b>Total reserves</b>      | <b>46,004</b>  | <b>42,146</b>  |

#### ACCUMULATED SURPLUS

The accumulated surplus includes an amount of \$4,297,201 (2019-20: \$2,130,133) which is attributable to the David Scott School. BSL monitors the use of the surplus as this must be used solely for the purposes of the School.

#### ASSET REVALUATION RESERVE

The asset revaluation reserve represents the net revaluation increment in respect of land and buildings.

#### FAIR VALUE RESERVE

The fair value reserve comprises:

- The cumulative net change in the fair value of equity securities designated at FVOCI;
- The cumulative net change in the fair value of debt securities designated at FVOCI until the assets are derecognised or reclassified, this amount is reduced by the amount of the loss allowance; and
- The net realised gains or losses on equity investments.
- The fair value reserve of \$9.438 million (2019-20: \$4.638 million) includes \$1.312 million (2019-20: \$2.131 million) of net realised gains.

### 14. Trade and other payables – Amortised cost

|                                         | 2021<br>\$'000 | 2020<br>\$'000 |
|-----------------------------------------|----------------|----------------|
| <b>Current</b>                          |                |                |
| Trade payables                          | 1,980          | 1,598          |
| Non-trade payables and accrued expenses | 5,128          | 4,942          |
| <b>Total trade and other payables</b>   | <b>7,108</b>   | <b>6,540</b>   |

#### Accounting Policy

##### i) Recognition and measurement

Financial liabilities are initially recognised when BSL becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

##### (ii) Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign

exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### (iii) Derecognition

BSL derecognises a financial liability when its contractual obligations are discharge or cancelled or expire. BSL also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid

(including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, BSL currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 15. Borrowings

|                              | 2021<br>\$'000 | 2020<br>\$'000 |
|------------------------------|----------------|----------------|
| <b>Current – secured</b>     |                |                |
| Loans                        | -              | 3,500          |
| <b>Non-Current – secured</b> |                |                |
| Loans                        | -              | 9,447          |
| <b>Total borrowings</b>      | <b>-</b>       | <b>12,947</b>  |

In May 2020, BSL entered into a loan arrangement with the NAB for a cash facility of \$5.0 million for the purpose of managing operational cash flow. The loan is secured against BSL's investment portfolio. At 30 June 2020, \$3.0 million had been drawn down and was subsequently repaid in July 2020.

In March 2020, BSL commissioned a new Aged Care facility in Clifton Hill for \$27.599 million. In September 2018 BSL established a loan facility with the ANZ bank for \$12.500 million to assist with the funding of the development. The loan was secured against the Clifton Hill facility and 95-97 Brunswick Street, Fitzroy. The loan was progressively drawn down over 2019-20 and at 30 June 2020 was drawn down to \$9.947 million. This loan was repaid in February 2021.

### Accounting Policy

All borrowings are initially recorded at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, borrowings are subsequently measured at amortised cost using effective interest rate method. Amortised cost is calculated considering any issue cost and discount premium on settlement.

Interest expenses, and gains and losses are recognised in the profit or loss when the liabilities are derecognised.

## 16. Employee benefits

|                                            | 2021<br>\$'000 | 2020<br>\$'000 |
|--------------------------------------------|----------------|----------------|
| <b>Current</b>                             |                |                |
| Salaries and wages accrued                 | 3,086          | 1,487          |
| Provision for redundancy                   | 227            | -              |
| Provision for long service leave           | 1,967          | 1,728          |
| Provision for annual leave                 | 8,620          | 7,099          |
| <b>Total current employee benefits</b>     | <b>13,900</b>  | <b>10,314</b>  |
| <b>Non-current</b>                         |                |                |
| Provision for long service leave           | 945            | 945            |
| <b>Total non-current employee benefits</b> | <b>945</b>     | <b>945</b>     |

BSL has paid contributions of \$10.432million to defined superannuation contribution plans on behalf of employees for the year ended 30 June 2021(2019-20: \$8.199 million).

### Accounting Policy

#### (i) Defined superannuation contribution plans

A defined superannuation contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined superannuation contribution plans are expensed as the related service is provided.

#### (ii) Other long-term employee benefits

BSL's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

#### (iii) Termination benefits

Termination benefits are expensed at the earlier of when BSL can no longer withdraw the offer of those benefits and when BSL recognises cost for restructuring.

#### (iv) Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if BSL has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (v) Provisions

A provision is recognised if, as a result of a past event, BSL has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## 17. Contract liabilities

|                                               | 2021<br>\$'000 | 2020<br>\$'000 |
|-----------------------------------------------|----------------|----------------|
| Grant funding obligations                     | 16,529         | 9,267          |
| Home Care Packages – unspent funds            | 12,284         | 7,627          |
| <b>Auspice and resident funds</b>             |                |                |
| Residents                                     | 164            | 132            |
| Refundable accommodation deposits – aged care | 2,537          | 1,669          |
| External entities                             | 116            | 451            |
| Other                                         | 364            | 295            |
| <b>Total contract liabilities</b>             | <b>31,994</b>  | <b>19,441</b>  |

### Accounting Policy

#### (i) Contract liabilities

Grants are initially recognised as a contract liability at fair value when there is reasonable assurance that they will be received and that BSL will comply with the conditions associated with the grant; they are then recognised in profit or loss as performance obligations are met. Refer to note 3.

#### (ii) Auspice and resident funds

BSL provides accounting services and holds funds on behalf of several projects and organisations that are operated and managed externally to the administration of BSL. Any unutilised funds of these projects are disclosed above.

BSL holds refundable accommodation deposits paid by some residents for permanent entry to its residential aged care facilities. BSL also holds funds on behalf of some residents for their personal expenses.

## 18. Lease Liabilities

### LEASES AS LESSEE

The following amounts are recognised in the statement of profit or loss and other comprehensive income relating to leases:

|                                                      | Notes | 2021<br>\$'000 | 2020<br>\$'000 |
|------------------------------------------------------|-------|----------------|----------------|
| <b>Amounts recognised in profit or loss</b>          |       |                |                |
| Interest on lease liabilities                        | 5     | 437            | 577            |
| Depreciation on ROU Assets                           | 12    | 5,682          | 5,654          |
| Expenses relating to low value leases                |       | -              | 101            |
| Expenses relating to short-term leases               |       | 54             | 53             |
| <b>Total leases</b>                                  |       | <b>6,173</b>   | <b>6,385</b>   |
| <i>Amounts recognised in statement of cash flows</i> |       |                |                |
|                                                      |       | -              | -              |
| <b>Total cash outflow for leases</b>                 |       | <b>5,573</b>   | <b>5,727</b>   |

The following amounts are recognised in the statement of financial position relating to leases:

|                                            | 2021<br>\$'000 | 2020<br>\$'000 |
|--------------------------------------------|----------------|----------------|
| Lease liabilities                          | 4,658          | 5,134          |
| <b>Total current lease liabilities</b>     | <b>4,658</b>   | <b>5,134</b>   |
| Lease liabilities                          | 6,751          | 9,648          |
| <b>Total non-current lease liabilities</b> | <b>6,751</b>   | <b>9,648</b>   |

### LEASES AS LESSOR

BSL leases out property consisting of its owned commercial properties as well as leased property. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease, which BSL has classified as a finance sub-lease.

#### *Finance lease*

During financial year 2020-21, BSL sub-leased a building that has been presented as part of the right-of-use asset – property, plant and equipment. In 2019-20 BSL recognised a gain of \$659,000 on derecognition of the right-of-use asset pertaining to the sub-leased building and presented the gain as part of Other Revenue. BSL recognised interest income on sub-lease receivables of \$3,064 (2019-20: \$21,196). The sub-lease was cancelled during 2020-21.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

## 19. Lease Liabilities (continued)

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

|                                            | 2021<br>\$'000 | 2020<br>\$'000 |
|--------------------------------------------|----------------|----------------|
| Less than one year                         | -              | 485            |
| <b>Total undiscounted lease receivable</b> | <b>-</b>       | <b>485</b>     |
| Unearned finance income                    | -              | 4              |
| <b>Net investment in the lease</b>         | <b>-</b>       | <b>489</b>     |

### Accounting Policy

#### (i) Lease as lessee

BSL leases a number of properties, motor vehicles, computers and office equipment under operating leases. These leases typically run for a period of three to ten years, several with options to renew the lease after the end of the original lease period. Several lease payments are renegotiated every year to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

#### (ii) Short-term leases and leases of low-value assets

BSL has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). BSL recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (iii) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, BSL's incremental borrowing rate.

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount

future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what BSL estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments, variable lease payments that depend on an index or rate, and any amounts expected to be payable under a residual value guarantee, purchase option, optional renewal periods if BSL is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless BSL is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in BSL's estimate of the amount expected to be payable under a residual value guarantee, if BSL changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**(iv) As a lessor**

When BSL acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, BSL makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, BSL considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then BSL applies AASB 15 to allocate the consideration in the contract.

BSL applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease. BSL further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

BSL recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

**19. Related parties****TRANSACTIONS WITH RELATED PARTIES**

There were no transactions with related parties during the year.

**TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

There were no Directors or other members of key management personnel that had control or joint control over BSL's operations. During 2019-20 a \$800 loan (non-interest bearing) was made to a KMP, this loan was repaid during 2020-21.

**KEY MANAGEMENT PERSONNEL COMPENSATION**

No salaries, compensations or other benefits were paid or are payable to the Directors in their capacity as Board members. Total salary,

compensation and other benefits paid to members of the Executive Leadership Team was \$2,201,991 for the year ended 30 June 2021 (2019-20: \$1,967,771).

**20. Capital commitments**

There were no capital commitments as at 30 June 2021 (2019-20: \$nil).

**21. Financial risk management****Risk management framework**

BSL's Board of Directors has overall responsibility for the establishment and oversight of BSL's risk management framework.

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with BSL's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of BSL operations.

BSL's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to BSL's reputation with overall cost-effectiveness.

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

This responsibility is supported internally by the Risk and Quality department and externally by a program of periodic reviews undertaken by BSL's internal auditor. The results of the reviews completed by the Risk and Quality

department and internal auditors are discussed with the relevant management of the business unit, with summaries provided to the Audit and Risk Management Committee and senior management of BSL.

## 22. New standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 20, and have not been applied in preparing these Financial Statements. Those which may be relevant to BSL are set out below. BSL does not plan to adopt these standards early.

|                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Standard/<br/>Interpretation</b>                         | <i>AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Summary</b>                                              | <p>AASB 1060 is a single standard containing all the disclosure requirements for an entity preparing General Purpose Financial Statements under Tier 2 (GPFS-Tier 2).</p> <p>The new standard applies to all entities preparing GPFS-Tier 2 and replaces the current suite of Reduced Disclosure Regime (RDR) disclosures. Entities applying AASB 1060 are exempt from the requirements in disclosure paragraphs in other Australian Accounting Standards (AAS) and are not required to comply with presentation and disclosure specific AAS. There is also the option – where specific conditions are met – for an entity not to present a statement of changes in equity.</p> |
| <b>Applicable for annual reporting periods beginning on</b> | 1 July-2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Impact on financial statements</b>                       | Impact has not been assessed yet, however any changes will be limited to disclosure.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## 23. IFRIC final agenda decisions not yet adopted

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, *Configuration or customisation costs in a cloud computing arrangement*. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

BSL's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position. The adoption of this agenda decision could result in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

As at 30 June 2021:

- BSL has not adopted this IFRIC agenda decision. The impact of the change is not reasonably estimable as BSL has yet to commence its assessment of the IFRIC agenda decision. BSL expects to adopt this IFRIC agenda decision in its annual financial statements ending on 30 June 2022.
- Intangible assets relating to cloud computing arrangements of \$1.678m have been capitalised on the Statement of Financial Position and will be subject to this detailed assessment.

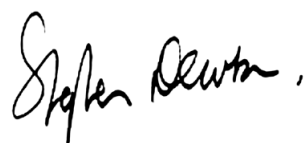
# Directors' and Auditor's Reports and Declarations

## Directors' Declaration

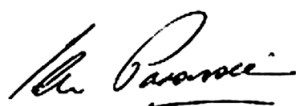
In the opinion of the Directors of Brotherhood of St. Laurence:

- a. Brotherhood of St. Laurence is not publicly accountable;
- b. the financial statements and notes that are set out on pages 14 to 40, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; including:
  - i. giving a true and fair view of Brotherhood of St. Laurence's financial position as at 30 June 2021 and of its performance, for the financial year ended on that date;
  - ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013; and
  - iii. complying with *Brotherhood of St. Laurence (Incorporation) Act 1971*(Vic) and Brotherhood of St. Laurence's Constitution; and
- c. there are reasonable grounds to believe that Brotherhood of St. Laurence will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Mr Stephen Newton AO**  
Chair, Board of Directors



**Mr Ian Paroissien**  
Deputy Chair, Board of Directors

Melbourne, 12 October 2021



## Independent Auditor's Report

To the members of The Brotherhood of St Laurence

### Opinion

We have audited the **Financial Report**, of The Brotherhood of St Laurence (the Entity).

In our opinion, the accompanying **Financial Report** of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Entity's financial position as at 30 June 2021, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2021.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration of the Entity.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



### Other information

Other Information is financial and non-financial information in The Brotherhood of St Laurence's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information that we obtained prior to the date of this Auditor's report was the Directors' Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Entity's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.



### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. 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.
- ii. 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.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Entity to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Entity 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.

KPMG

Dana Bentley

Partner

Melbourne

12 October 2021



## Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of the Brotherhood of St Laurence

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Melbourne

A handwritten signature in blue ink, appearing to read 'Dana Bentley'.

Dana Bentley

Partner

12 October 2021

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**Brotherhood of St. Laurence**

[bsl.org.au](http://bsl.org.au)

67 Brunswick Street, Fitzroy, VIC 3065, Australia