Your life. Your way.

Annual Report 2021

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Cover:
Lucah
Attends at our Early Years Centre Kindergarten

Bronwyn
Administration Officer, Hurstville

Your life. Your way.

Our promise to our clients is to empower them to live their life, their way. We do this by working alongside clients, carers and the community to meet people's needs in safe, trusted environments. It reflects our approach to advocacy and working within our community, driving positive social change and mobilising social movements by bringing people together.

Acknowledgment

The Benevolent Society acknowledges the Traditional Owners of country throughout Australia and recognises continuing connection to land, waters and community. We pay our respects to them and their cultures, and to Elders past, present and future.

Our Vision

A just society where all Australians can live their best life.

Our Values

Our values guide us to stand strong, to never give up, to speak out on the issues that matter and make a difference every day for people of all ages and backgrounds.

- **Optimism**
- **Respect**
- **Integrity**
- **Collaboration**
- **Effectiveness**

What we do

- Specialist support to people with disability
- Support for older Australians
- Support for carers
- Support for children, parents and families
- Advocacy

Who we help

- Children
- Families
- Older Australians
- People with disabilities
- Carers
- Communities

Human Rights and Modern Slavery

We believe in dignity for people at all times and we support people and communities who are vulnerable to human rights abuses. We are embedding a human rights culture across the organisation. In 2021, The Benevolent Society submitted and published its first Modern Slavery Statement.

Tim Beresford
Chair

Chair message

It is an understatement to say that this has been another eventful year. Reflecting the resilience that we have built over the last 200 years; I am delighted to report that we are stronger than ever. Our team can take pride in what we have achieved.

Through multiple and lengthy lockdowns, we have continued to deliver high-quality services to our clients and shown the true character of our organisation and our people. In FY 2021 we supported over 80,000 clients and their families through the pandemic. One of our 80,000 clients is Darren. Darren has been largely non-verbal for his entire life. He and his mum Trudy have worked with our Behaviour Support Practitioner, Monica and a multi-disciplinary team of allied health workers, to help him meet his goals. Now, he is now able to communicate and let his mum know that he is ok. Darren's is just one of many inspiring stories we are privileged to be a part of.

Our Child, Youth and Family (CYF) team put the spotlight on how we are making a difference for families in Australia. Families that we supported this past year reported a 19% decrease in psychological distress and improved parental empowerment by 10%. This is significant as we all encounter the day-to-day struggles of the pandemic and the new COVID normal.

We have had a significant turnaround in our financial position during the last two years. We remain in a strong financial position with an increase in our net assets.

At the end of this financial year, we said farewell and thank you to our CEO, Jo Toohey. During Jo's 7 years as CEO, she demonstrated strong leadership and cemented the organisation's operational capability. We wish Jo well.

In July, we welcomed our incoming CEO, Lin Hatfield Dodds. Under Lin's leadership, our focus on integrating services, building a learning organisation, and committing to systems leadership are the key elements to deliver our vision.

Our reconciliation journey is accelerating. We support a First Nations Voice to Parliament enshrined in the Constitution and stand by the Uluru Statement from the Heart. We continue to strongly advocate for structural reform.

Finally, I would like to say thank you to everyone at The Benevolent Society, for your commitment, dedication, and professionalism you bring to the organisation each day. Thank you to our community, our funders and government partners for the collaboration with our teams. We are ready for our next chapter, ready to continue delivering quality services, and committing to social change to enable the people we work with to live their best lives.

T Beresford

Tim Beresford
Chair

Client first

Peoples' needs drive every decision we make

As an integrated service provider, we continued to deliver the full breadth of our knowledge and skills to meet the needs of thousands of people during the year.

Even in an unpredictable and challenging environment caused by the ongoing COVID-19 pandemic, our dedicated teams maintained their focus on always delivering an excellent client experience.

- **Up to 85% satisfaction rate of service delivery across all programs and services (*NPS 2020)**

We have a deep understanding of our individual clients. This enables us to consistently make informed decisions about best ways to support them to reach their goals. The overarching outcome is delivering a great practice, where our clients only need to tell us their story once before we connect them to the most appropriate supports.

- **93% Good understanding of my needs (*NPS 2020)**

This practice wisdom also informed the development of our new three-year strategy for The Benevolent Society. The result of many months' work, our strategy ensures that all aspects of what we do are consistently contributing to our mission of a just society, where all Australians can live their best life.

An important extension of the strategy was the development of a significant new brand campaign and tagline for The Benevolent Society: '**Your life. Your way.**' The tagline encapsulates and emphasises how we support clients to reach their goals. Television, radio and social media advertising assets were inspired by internal research that highlighted the value we place on each client's story and their goals. The campaign has been designed to bring this to life, focusing on our clients and how we support them to live life on their terms.

The strategy also recognises that we are stronger, and our impact will be long lasting, when we work together as one, partner with others to achieve our mission, and speak with a collective voice as a sector to influence policy and drive social change.

Together with our advocacy coalition partners, we have maintained a strong focus on advocating for people at the systems level to shift attitudes and norms for the betterment of Australian society. The EveryAGE Counts campaign and EveryChild initiative are spearheaded by The Benevolent Society and represent our organisation's commitment to creating a better society for children, families and older Australians.

*NPS 2020 – Satisfaction tracking report summary

Nicole
Child and Family Practitioner, Hurstville

Advocacy

Advocating for systems change

The Benevolent Society has continued to use its practice wisdom to mobilise social movements that advocate for anyone in need and create social change.

Expanding on our pioneering legacy in this space, we have focused on collaborating with other leaders in the charitable sector to drive towards a more just society for all Australians.

EveryAGE Counts

The Benevolent Society spearheads the EveryAGE Counts campaign which tackles ageism against older Australians. The national coalition and grassroots campaign of organisations and individuals dedicated to ending ageism and building an Australia that no longer tolerates it has grown and strengthened.

The campaign now has 5,565 signed up to our pledge to stand for a world without ageism, and 4,217 supporting across social media.

EveryAGE Counts held key events and webinars to generate awareness of ageism and its impacts, released new resources, policies and research and increased its profile in media. The campaign also contributed to the World Health Organisation's first *Global Report on Ageism* and was recognised as a promising evidence-based campaign to end ageism.

EveryChild

The EveryChild initiative has been working to elevate the wellbeing of children and young people as a nation-building priority. It aims for children and young people to get support early and for better integration across all areas of need. EveryChild has undergone a step change in the last year from a grassroots campaign to a systems leadership national project, with leaders from across the NGO world and government exploring collaboration to shift the dial for children and young people.

In collaboration with the Australian and New Zealand School of Government (ANZSOG), we developed the Systems Leadership for Child and Youth Wellbeing project, which aims to drive systems leadership and facilitate better integrated support to improve the wellbeing of children and young people. Stage one of the project has generated significant interest, including endorsements from Every First Minister, including the Prime Minister.

EveryChild worked with the Australian Research Alliance for Children and Youth (ARACY) to develop the *It Takes 6* communications tool. Aimed at decision-makers and the public, *It Takes 6* promotes the primary domains of wellbeing children and young people need: health, housing, learning, positive identity and culture, feeling valued and being heard.

It Takes 6 was packaged into a single outward policy ask: *A National Child and Youth Wellbeing Commitment* by Australian Governments for every child and young person to succeed and be safe.

Every Child is also a partner supporting the national *Thrive by Five* campaign to reform early years learning and supports systems in Australia.

Ariella
Attends at our Early Years Centre Kindergarten

Core focus

Keeping our clients' needs in focus

Throughout the year our people-first practitioners continued to make a very real, meaningful difference in the lives of Australians across the country.

Our decisions are always informed by our clients. That means we constantly evaluate our services to ensure we best meet our clients' needs and support them to live life on their own terms.

This focus was even more important during the instability, isolation and stress the COVID-19 pandemic continued to cause for people and communities this year. More than ever, our teams needed to help their clients feel secure that the services they were receiving would help them meet their or their loved one's goals. Providing some certainty in these uncertain times was vital to the wellbeing of many of our clients.

One of our clients in New South Wales, Darren, was born blind and over three months premature. He was later diagnosed with Autism. Darren's mother Trudy did not have support services available to her during the earlier years of her son's life. It took Darren 30 years before he started to speak his first words. Trudy then contacted The Benevolent Society.

This year, we have supported Darren through our Behaviour Support services and a holistic, integrated approach to help him meet his goals. A multi-disciplinary team of allied health workers, including speech pathologists, occupational therapists and psychologists, have collaborated to deliver routine support and guidance to Darren and Trudy. This approach has resulted in very positive outcomes. Darren's communication skills, ability to express himself and resilience have improved remarkably, which led to new plans this year to further develop his independent living skills. Trudy explained to our team that increased independence would bring great comfort to her and her son. Watch their full story here.

Darren and Trudy's story illustrates the kind of integrated support The Benevolent Society has delivered to thousands of people and families this year. Whether it's children, families, people with disability, older Australians or carers, we have continued to listen and act on the voice of our clients, ensuring that we responded to their needs and experiences.

Empowering people to live the life they choose has remained a core focus for our teams in all of our directorates.

Trudy
Client, Disability Services

Monica
Team Leader, Hurstville

Agility

RAP focus on indigenous staff working in the community

The Benevolent Society prides itself on being an agile organisation and this has been important in building our organisational culture to understand and socialise a concept of Reconciliation that has meaning for our workforce, clients and partners.

Our Reconciliation Action Plan (2019–2021) remained the cornerstone of the actions we undertook this year to achieve a strong and inclusive Australian society, based on equality that advances the economic, political and social inclusion of Aboriginals and Torres Strait Islander peoples to achieve parity in life outcomes. We have 53 First Nations employees who have continued to work with communities throughout Australia. Through the learnings of Reconciliation in action, we aim to be accountable, act with respect and actively seek genuine and meaningful collaboration with Aboriginal and Torres Strait Islander peoples.

Our experience has emphasised that while it is important to reflect on our organisational behaviour and strive to be culturally confident and capable, the true barometer of our success in reconciliation is how we build and maintain meaningful relationships with Aboriginal and Torres Strait Islander peoples that achieves outcomes.

Highlights of our Reconciliation actions included:

- Supporting First Nations peoples' constitutional recognition and the Voice to Parliament proposal as stated in the Uluru Statement from the Heart.
- Acknowledgement of the traditional owners on which lands our Head Office is located, paying respect and honouring the Gadigal Peoples of the Erora Nation.
- Partnering with the Institute of Urban Indigenous of Health Queensland to redress the lack of awareness and equitable access to NDIS ECEI supports by Indigenous people in Southeast Queensland.
- Supporting SNAICC The National Voice of First Nations Children to advocate for strong communities, culture and children.
- In Queensland, The Benevolent Society provided $20,000 per annum and $30,000 in-kind over a three-year period with other NGO partners that supports an Indigenous PhD scholarship involved in a study to improve OOHC outcomes for Aboriginal and Torres Strait Islander children. The study seeks to add to the knowledge base of culturally capable practice by conducting research, influencing approaches to care, and promoting self-determination particularly as it relates to kinship care.
- As part of Reconciliation Week Cultural Capability training for Executive and Senior Leadership was conducted in partnership with BlackCard. BlackCard training is designed to enable our people to work effectively with members of the Aboriginal community. The training included an introduction to Aboriginal terms of Reference.

Branka
Connect Partner, Hurstville

Flexibility

Service without barriers

The Benevolent Society has taken significant steps to innovate its service options, so they are more accessible and readily available to support individual and family needs.

This reporting year we launched our new Specialist Travel and Telehealth (STAT) service, enhancing the number of people living with a disability that we can support to reach their goals and achieve positive outcomes.

The new STAT team comprises Allied Health professionals specifically trained to deliver Telehealth services and Specialised Travel Support.

Telehealth services

Our specialist team of Allied Health professionals provide speech pathology, dietetics, occupational therapy and behaviour support via phone or online, circumventing any limitations caused by COVID-19 lockdowns or not having specialists physically situated in the specific location. Telehealth helps reduce waiting times for services, takes away travel costs, improves frequency of services and offers a quicker, more responsive service.

Our STAT team is committed to ensuring clients receive quality, evidence-based services that work via telehealth, ensuring their privacy and personal information is protected. They also assist clients with their technology set-up to receive these services if required.

This flexible support has contributed greatly to the wellbeing of our clients. One of our clients received dietetics via Telehealth, which worked well for his busy Mum who works and has other children to care for. His Mum was able to book a Telehealth appointment that suited her work and family commitments, and she was able to receive a prompt response on the information she provided to the specialist. This led to a faster implementation of recommendations.

Within a week, Mum had participated in an initial consult, received recommendations and resources, trialled them, and participated in a follow-up Telehealth meeting with the specialist to discuss her child's progress. The specialist now conducts monthly follow-ups via email, with a six-month Telehealth review scheduled.

Specialist Travel Support

Due to a shortage of therapists across rural and remote communities, we introduced fly-in-fly-out or drive-in-drive-out service delivery. Even if we don't have an office in a particular community, where possible our specialists travel to the area to provide. Understanding the importance of consistency to our clients, we ensure they always see the same therapist.

Clients can use their NDIS plan to access Telehealth and Specialist Travel Support.

'Your life. Your way.' – STAT reinforces this commitment to our clients.

Best practice

Outcomes and impact measurement

The Benevolent Society has been a long-term advocate of the use of standardised measurement tools for outcomes and impact measurement.

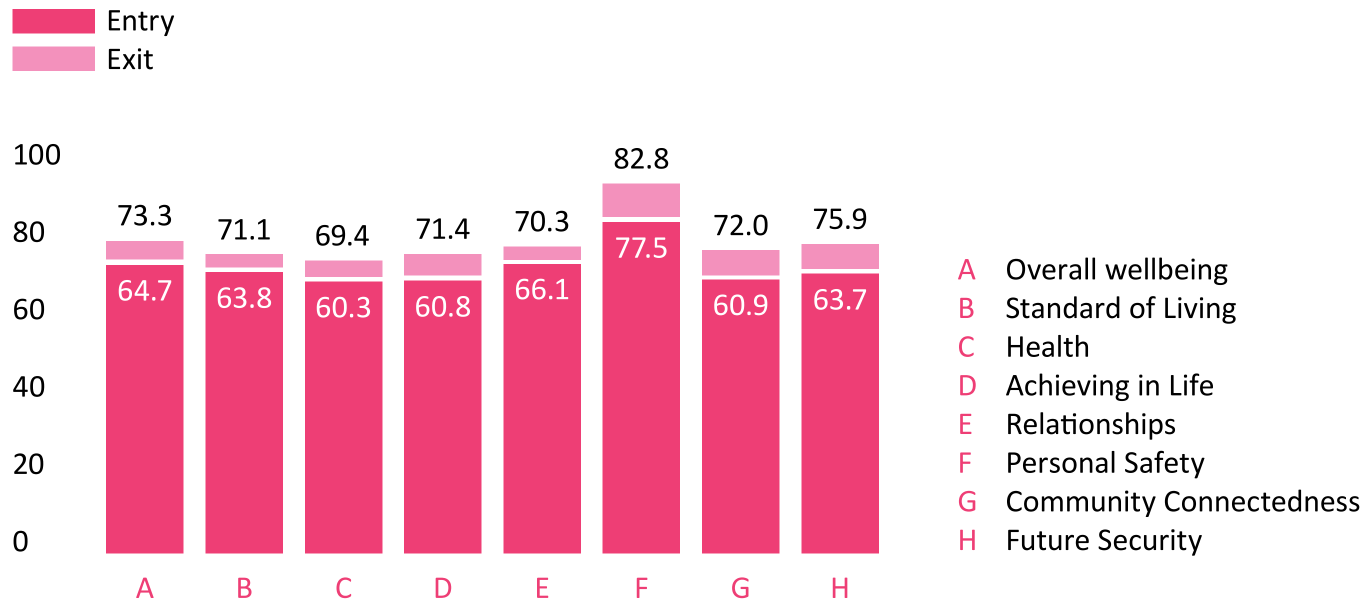
Forming part of our Resilience Practice Framework (RPF), the use of standardised measures allows The Benevolent Society to compare our impact across different programs and service sites as they have been tested for reliability (producing consistent results) and validity (producing true results). Depending on the objective of the program, the method of delivery (e.g. individual counselling, group-based), and the interventions employed, standardised measurement tools can offer flexibility while maintaining robustness.

The integration of both quantitative and qualitative measures allows frontline staff to develop a comprehensive picture on the strengths and needs of families and their individual members. Further, the qualitative information captured by the Most Significant Change technique can also be used to contextualise the quantitative outcomes data gathered and support client-led decision-making.

Our data for our Child, Youth and Family programs in FY 20/21 saw:

- **A notable increase in parents and caregivers' overall wellbeing**, measured through the Personal Wellbeing Index (PWI) (International Wellbeing Group, 2013). At program closure with The Benevolent Society, parents and caregivers reported a 13% increase in overall subjective wellbeing, a key outcome of all our CYF programs.
- **A holistic improvement across all seven wellbeing domains**. The PWI comprises seven wellbeing domains: Standard of Living; Health; Achieving in Life; Relationships; Personal Safety; Community Connectedness; and Future Security. Upon completion of work with The Benevolent Society, clients reported improved satisfaction across all wellbeing domains. This was most prominent for the Achieving in Life, Safety, and Community wellbeing domains, suggesting that our clients have a greater sense of purpose, safety, and connection to community following engagement with The Benevolent Society.
- **A downward trend in psychological distress for parents and caregivers throughout services delivery**, measured using the Kessler Psychological Distress Scale-10 (K10) (Kessler et al., 2003). On average, families entered with high levels of psychological distress, and exited the service with a 19% reduction in anxiety and depression-related symptoms. This finding suggests that parents and caregivers are exiting our programs with increased levels of emotional wellbeing.
- **A reduction of emotional and behavioural difficulties for children and young people**, measured using the Strengths and Difficulties Questionnaire (SDQ) (Goodman, 2005). At program closure, on average, emotional and behavioural difficulties decreased by 13% for children and young people, demonstrating that building family resilience can lead to improved outcomes for all family members.

Figure 1: Wellbeing



Faith-Tara and Astroleena
Attend our Early Years Centre

Opportunities

Securing and maximising growth opportunities

The Benevolent Society has continued its success in securing government tenders and philanthropic grants, opening new opportunities to increase our impact at national, state and regional levels.

Pursuing and attracting funding to support our innovative service models and advocacy to enhance our impact remains a strategic priority for our organisation. Over the reporting year, we leveraged our geographical footprint, expertise and partnerships to deliver sustainable growth and ensure we remain commercially competitive. We secured $4.5mil in new tenders and grants + $3.18mil per annum with Disability Services Gateway.

A significant win for The Benevolent Society was securing the sole provider partnership with the Commonwealth Department of Social Services to deliver the new Disability Gateway service nationally. The service connects people with a disability to the supports they need and is run alongside The Benevolent Society's national support centre. We employed and trained 24 new support centre staff as our dedicated Disability Gateway team. The pilot phase commenced in February 2021, and we received more than 3,800 phone call enquiries in the financial year. A national advertising campaign was rolled out to officially launch the new service in July 2021.

The Benevolent Society's involvement as a Carer Gateway service provider across Metropolitan Sydney (excluding Southwest Sydney and Nepean) went from strength to strength. Carer Gateway is the Australian Government's national carer hub providing services, supports and advice specifically for unpaid carers and The Benevolent Society is the first point of contact for services in the Sydney Metropolitan area. Demand for the service has grown exponentially – our support centre has received more than 25,000 calls about the service in the past financial year.

The Benevolent Society has been a leading provider of support to carers for many years and is very pleased be building on this legacy through our involvement with Carer Gateway.

In December, The Benevolent Society was selected to deliver the Resilient Families Program in South Australia from July 2021 ($10.5 mil over 6 years). Funded by the South Australian and Commonwealth Governments using a pay-by-results model, Resilient Families will now provide intensive support and evidence-based therapeutic interventions to create positive home environments for up to 300 vulnerable South Australian families over the next five-and-a-half years.

The new program in South Australia is based on a similar model that was used for The Benevolent Society's Social Benefit Bond (SBB), which funded Resilient Families as a pilot program in NSW over a five-year trial period and proved to be hugely successful.

Allan
Child and Family Practitioner, Acacia Ridge

Snapshot

2020 – 2021

1,147
Total staff

Including:
53 employees who identify as Aboriginal and/or Torres Strait Islander

225
Volunteers

2,630
Total carers

Including:
68 identify as Aboriginal and Torres Strait Islander and **886** identify as CALD

2,000
Total ageing clients

Including:
43 identify as Aboriginal and Torres Strait Islander and **474** identify as CALD

5,432
Total disability clients

Including:
416 First Nations and **393** CALD

97,000
National Support Centre clients and community supported by calling 1800 236 762

Including:
71,000 inbound callers and **26,000** outbound callers

9,782
EveryAGE Counts

Including:
5,565 website sign-ups and **4,217** social media supporters

8,217
EveryChild

Including:
3,672 website sign-ups and **4,545** social media supporters

140,127
Total child and family clients

Including:

26,536 unique Clients (total unique clients who received a service)

34,259 family members (family members excluding clients)

60,815 total people (Clients and family members impacted by The Benevolent Society service)

4,074 (15.4%) CALD (total unique clients identifying as CALD)

244 individually authorised Foster and Kinship Carers

3,098 (11.7%) Indigenous clients (total unique clients identifying as Aboriginal and/or Torres Strait Islander)

184 young people in the Fostering Young Lives program with carers

7,581 ECEI Case Plans completed

3,336 instance of community aid or support (people in the community we support without registering them as a client)

Team

Board

Tim Beresford (Chair)
Andrew Yates
Kathleen Conlon
Rod Young
Charles Prouse
Robert Warren (till 30 Nov 2020)
Professor Karen Healy (till 30 Nov 2020)
Mike Beckerleg (till 30 Nov 2020)
Leonie Jackson (from 19 Oct 2020 to 17 Jan 2021)
Christine Feldmanis (from 22 Feb 2021)
Nancy Milne (from 4 Mar 2021)
Robyn Mildon (from 28 June 2021)
Elaine Leong (Group Company Secretary and Group General Counsel)

Leadership Team

Jo Toohey (CEO till June 30 2021)
Lin Hatfield Dodds (CEO from 19 July 2021)
Nick Johnson
Andrew Collins
Leith Sterling
Anna Robinson (till Aug 2021)
Josh Keech (till 9 Oct 2020)
Sandra Clubb (from 28 April 2021)

Endowment Investment Advisory Committee

Sally Collier (Chair from Nov 2020)
Craig Ueland (Chair till Nov 2020)
Paul Heath
Justin Wood
Robert Warren (till 30 Nov 2020)
Christine Feldmanis (from Feb 2021)

National Office

2E Wentworth Park Road Glebe NSW 2017
1800 236 762
Benevolent.org.au
ABN 95 084 695 045

Ria, Maria and Shirley
Home Support Partners, Hurstville

Financials

Contents

Directors' report

Directors' report for the year ended 30 June 2021

The Directors present their report on the consolidated entity consisting of The Benevolent Society and the entities it controlled at the end of, or during, the year ended 30 June 2021.

The Benevolent Society and its wholly-owned subsidiary, Benevolent Australia – Disability Services Limited are both registered charities and public benevolent institutions with deductible gift recipient status endorsed by the Australian Charities and Not-for-profits Commission (ACNC) and accepted by the Australian Taxation Office (ATO).

Vision and values

As Australia's first charity, The Benevolent Society is a not-for-profit and non-religious organisation that has helped people, families and communities achieve positive change since 1813.

Our vision is for a just society where all Australians can live their life their way. Creating a just society means advocating for fundamental changes. For over 200 years, The Benevolent Society has pioneered new solutions to social problems and spoken out against disadvantage.

Our values guide us to stand strong, to never give up, to speak out on the issues that matter and to make a difference every day for people of all ages and backgrounds.

Directors

The following people were Directors of The Benevolent Society during the whole of the financial year up to the date of this report, except where noted:

- **Tim Beresford** (Chair)
- **Andrew Yates** (Chair of the Audit, Finance and Risk Committee)
- **Kathleen Conlon** (Chair of the People and Culture Committee)
- **Rod Young**
- **Charles Prouse**
- **Robert Warren** (resigned 30 November 2020)
- **Professor Karen Healy** (retired 30 November 2020)
- **Mike Beckerleg** (resigned 30 November 2020)
- **Leonie Jackson** (directorship effective from 19 October 2020 to 17 January 2021)
- **Christine Feldmanis** (directorship effective from 22 February 2021)
- **Nancy Milne** (directorship effective from 4 March 2021)
- **Robyn Mildon** (directorship effective from 28 June 2021)
- **Elaine Leong** (Group Company Secretary).

All Directors are members of The Benevolent Society (see Note 21(a) on page 51 for more information).

Directors' report for the year ended 30 June 2021

Principal activities

Our principal activities are summarised in **Figure 1** below.

Supporting child development and parenting, older people and people with a disability are our main areas of focus. We work with people of all ages and backgrounds across NSW, Queensland, ACT and South Australia, delivering positive social change and quality services while influencing policy through our advocacy work.

Everything we do is underpinned by the skills of our workforce, the passion of our volunteers and the generosity of our donors, corporate partners and funders. The Benevolent Society employs 1,147 staff, the equivalent of 1,012 full time staff throughout New South Wales, ACT, Queensland and South Australia. Approximately 225 volunteers are involved in our service delivery and supporting our corporate functions at any given time during the year. We also continue to partner with a wide range of for-purpose organisations, academic bodies and government agencies.

Our strategy

Our new Strategic Plan recognises that our organisation is stronger and our impact long lasting when we work together as one, partner with our people and others in our work, speak with a collective voice as a sector to influence policy and drive social change.

Our four key pillars are:

1. Great client experience;
2. Community participation;
3. Social change; and
4. Commercial rigour and growth.

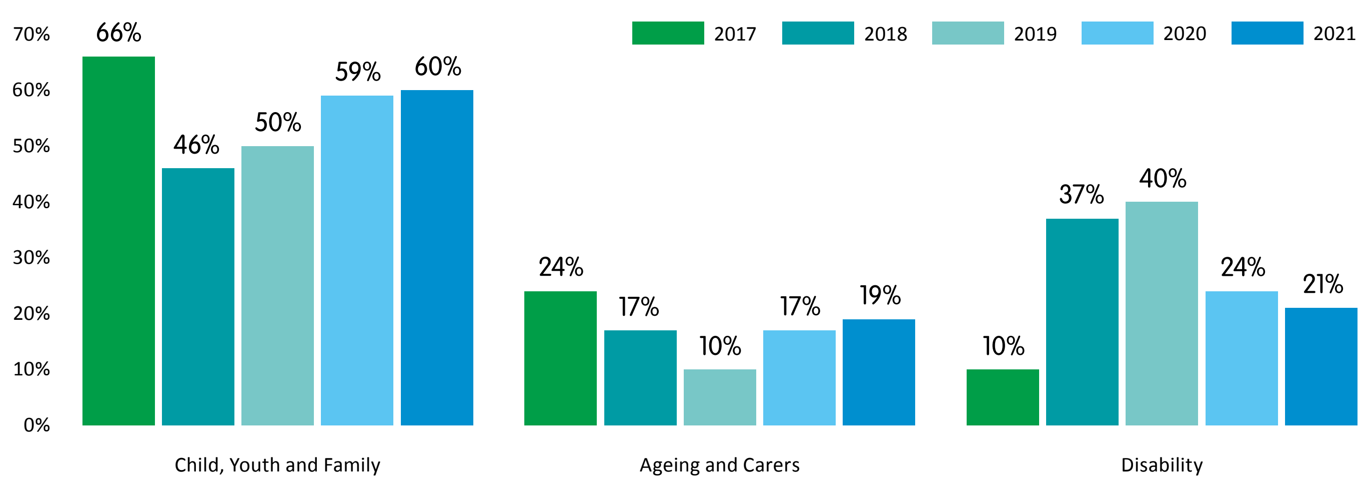
Performance

The Benevolent Society monitors performance through management reporting, performance scorecards, KPIs and benchmarks, including:

- outcome measures of service delivery;
- actual performance versus budgeted performance;
- the cost-effectiveness of fundraising activities; and
- the cost of administration and indirect costs to support operations.

We also assess client experience through a range of feedback mechanisms and regular net promoter score surveys.

Figure 1: Principle activities (percentages based on income by service)



Directors' report for the year ended 30 June 2021

Review of operations and results

Operating results

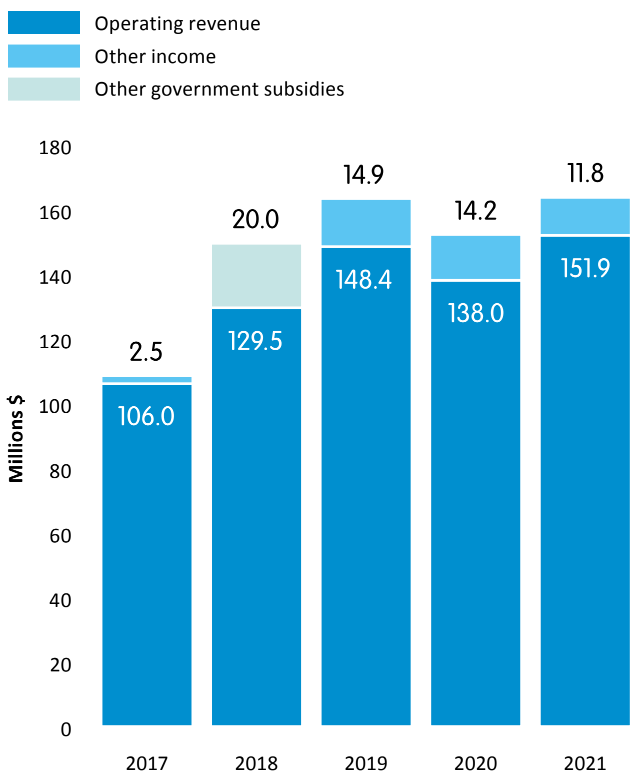
The Consolidated Group surplus from continuing operations amounted to $15,194,000 (2020: Surplus $2,186,000).

Review of operations

A review of operations of the Consolidated Group during the financial year shows total revenue increasing by 7.6% (2020: 6.8% decrease). This increase is mainly due to unrealised gains from Endowment Fund investments and additional community services contracts awarded in 2021.

Operating expenses for the year decreased by 1.0% (2020: 22.5% decrease) due to a decrease in employee costs.

Figure 2: Our revenue



Significant changes

JobKeeper

Due to the fall in revenue as a result of the COVID-19 pandemic The Benevolent Society was an eligible employer to receive JobKeeper. The Benevolent Society received $8,500,000 JobKeeper wage subsidies for the financial year ending 30 June 2021 (2020 $7,587,000).

The JobKeeper wage subsidy enabled The Benevolent Society to retain staff and continue delivering services to our clients in areas where service delivery had been significantly impacted by the COVID-19 pandemic.

Endowment investments

The Benevolent Society manages the Endowment investments through the Endowment Investment Advisory Committee.

The Endowment Fund's purpose is to secure the long-term sustainability of The Benevolent Society and fund strategic initiatives and activities.

In addition to this, the Endowment Investment Advisory Committee also gives advice to the Board on the following aspects of the Endowment:

- investment and disbursement policy;
- investment strategy;
- implementation of strategy and review of outcomes; and
- reporting.

The Committee Members are appointed by the Board.

- Chair: **Sally Collier** BEc, GAICD (appointed September 2016, appointed as chair November 2020)
- **Craig Ueland** AB Ec, MBA (Hons), CFA (appointed May 2013, resigned as chair November 2020)
- **Paul Heath** SF Fin, B Com. (appointed March 2009)
- **Justin Wood** PhD Fin, B Com (Hons), CFA (appointed July 2009)
- **Robert Warren** BEc, CA, A Fin, GAICD (appointed June 2015 and resigned 30 November 2020)
- **Christine Feldmanis** (appointed 22 February 2021).

Directors' report for the year ended 30 June 2021

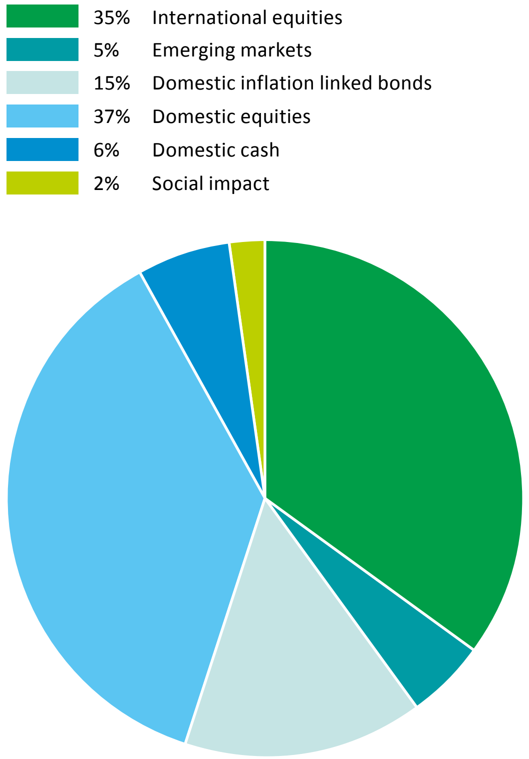
Endowment Fund strategy

In 2021 The Benevolent Society initiated the segregation of funds within the current Endowment into three components, with each component having specific parameters regarding the governance, level and use of funds. In line with The Benevolent Society's strategic intent the Endowment will be divided into the following core elements:

- Future Generation Fund – funding set aside for future generations, with a long-term investment horizon
- Capital Reserve – intended to provide the organisation with liquid funds in times of emergency
- Strategic Reserve – used for strategic initiatives.

The fund allocation chart below reflects the actual allocation and is aligned with the Endowment Fund's strategic allocation.

Figure 3: Endowment Fund allocations



Investment performance

The Endowment Fund returned 19.6% (2020: 0.9%), which represents a real return of 15.8% after inflation. This positive return is mainly due to a strong recovery from international and domestic equities after COVID-19 related market uncertainties adversely impacted the performance in 2020.

The Endowment Fund balance at 30 June 2021 is $66,390,000.

The Research, Policy and Advocacy Advisory Committee is a Board advisory committee. The Committee provides, amongst other things, strategic advice and focus on the development and implementation of The Benevolent Society's goal of influencing positive social change through research, social policy and advocacy.

Matters subsequent to the end of the financial year

No matter of circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the group, the results of those operations, or state of affairs of the group in future financial years.

Australia's economy, communities and families have been adversely impacted by the COVID-19 pandemic since 2020. At the reporting date, we cannot predict the future impact COVID-19 may have on The Benevolent Society's operational results. The Group received JobKeeper wage subsidies until September 2020 and under the current eligibility requirements, the Group will not receive additional wage subsidies in the short-term.

Joanne Toohey resigned as Chief Executive Officer of The Benevolent Society on 30 June 2021. Lin Hatfield Dodds is appointed new Chief Executive Officer of The Benevolent Society on 19 July 2021.

Directors' report for the year ended 30 June 2021

Likely developments and expected results of operations

In the opinion of the Directors, there are no likely changes in The Benevolent Society's operations which may adversely affect The Benevolent Society.

Dividends

The Benevolent Society is a company limited by guarantee. It is prohibited by its Constitution from paying dividends to members.

Information on Directors

The people listed in **Table 1** below were Directors of The Benevolent Society during the financial year and up to the date of this report.

Directors' meetings

Table 1 shows the number of Board and Board subcommittee meetings held while the person was a Director, during the year ended 30 June 2021 and the number of meetings each attended.

Remuneration of Directors

The Benevolent Society's Directors (excluding Group Company Secretary) are not remunerated.

Loans to Directors and executives

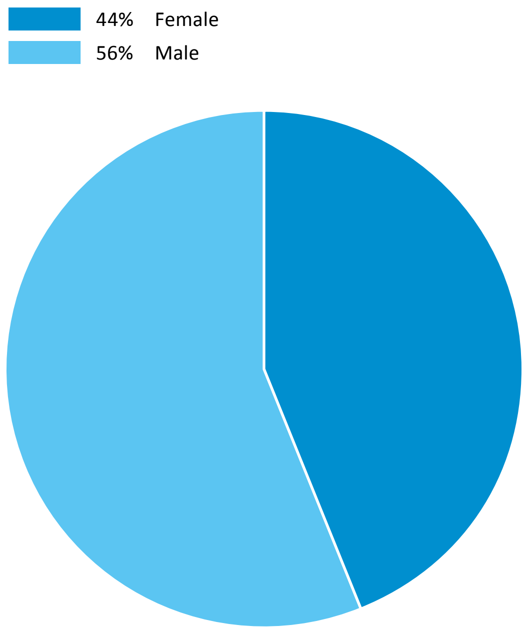
There are no loans to The Benevolent Society's Directors or executives.

Table 1: Directors meetings

	Board of Directors		Audit, Finance and Risk Committee		People and Culture Committee	
Director	**Held during tenure**	**Attended during tenure**	**Held during tenure**	**Attended during tenure**	**Held during tenure**	**Attended during tenure**
Tim Beresford	13	13	6	6	2	2
Andrew Yates	13	12	6	5		
Kathleen Conlon	13	11	6	6	2	2
Rod Young	13	13				
Charles Prouse	13	10				
Robert Warren	7	7				
Professor Karen Healy	7	6			1	1
Mike Beckerleg	7	6			1	1
Leonie Jackson	2	2				
Christine Feldmanis	6	5			1	1
Nancy Milne	5	5	2	2		
Robyn Mildon	1	1				
Elaine Leong (Group Company Secretary)	13	13	6	6	2	2

Directors' report for the year ended 30 June 2021

Figure 4: Composition of the Board



Insurance of officers

During the financial year, The Benevolent Society paid premiums of $46,878 to insure its Directors, Company Secretary, and all executive officers of The Benevolent Society against a liability incurred by them, to the extent permitted by the *Corporations Act 2001*.

The Benevolent Society is insured for any loss for which a Director or officer becomes legally obligated to pay resulting from a wrongful act, and any amount for which The Benevolent Society indemnifies any Director, Company Secretary or executive officer in respect of any claims made against the Director or officer arising from a wrongful act.

The Benevolent Society has entered into deeds of access, indemnity and insurance for the benefit of Directors, Company Secretary and executive officers.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of The Benevolent Society.

Proceedings on behalf of The Benevolent Society

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings against The Benevolent Society, nor to intervene in any proceedings to which The Benevolent Society is a party, for the purpose of taking responsibility on behalf of The Benevolent Society for all or part of those proceedings. No proceedings have been brought, or intervened in, on behalf of The Benevolent Society, with leave of the Court under section 237 of the *Corporations Act 2001*.

Other assurance services

The Benevolent Society may decide to engage the auditor (PricewaterhouseCoopers) on assignments additional to their statutory audit duties, where the auditor's expertise and previous experience with The Benevolent Society is relevant.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out on in Table 2 below.

In accordance with advice received from the Audit, Finance and Risk Committee, the Board of Directors is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditor imposed by the *Australian Charities and Not-for-profits Commission Act 2012*.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Finance and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditors' independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

A copy of the auditor's independence declaration is set out on page 27 as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*.

Directors' report for the year ended 30 June 2021

Rounding of amounts

In relation to the 'rounding off' of amounts in the Directors' Report, The Benevolent Society is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, and in certain cases, to the nearest dollar.

Auditor

Table 2: Assurance and other services provided by PricewaterhouseCoopers

	2021 $'000	2020 $'000
1. Audit services		
PricewaterhouseCoopers: Audit of financial reports and other audit work under the *Australian Charities and Not-for-profits Commission Act 2012*	87,500	101,100
Total remuneration for audit services	**87,500**	**101,100**
2. Other assurance services		
PricewaterhouseCoopers: Review of government grant financial reports	32,250	23,400
Total remuneration for other assurance services	**32,250**	**23,400**
3. Other services		
PricewaterhouseCoopers: Other services	78,247	48,169
Total remuneration for other services	**78,247**	**48,169**
Total remuneration to PricewaterhouseCoopers	**197,997**	**172,669**

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors.

Tim Beresford

Chair
Sydney
28 September 2020

Auditor's independence declaration

For the year ended 30 June 2021

pwc

Auditor's Independence Declaration

As lead auditor for the audit of The Benevolent Society for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Benevolent Society and the entities it controlled during the period.

Mark Valerio
Partner
PricewaterhouseCoopers

Sydney
27 September 2021

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Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Financial statements for the year ended 30 June 2021

Consolidated statement of income and comprehensive income

	Notes	2021 $'000	2020 $'000
Revenue			
Revenue from operating activities	2	151,961	137,983
Other income	2	11,780	14,204
Total revenue		**163,741**	**152,187**
Expenses			
Salaries and wages		(92,285)	(95,768)
Administration expenses		(14,077)	(13,339)
Client and brokerage expenditure		(10,218)	(10,237)
Community partners		(7,603)	(5,512)
Information technology		(4,144)	(3,457)
Marketing, events and communications		(2,267)	(913)
Travel and transport		(1,572)	(2,011)
Property and equipment		(3,574)	(4,479)
Impairment – Property, plant and equipment		–	(1,091)
Depreciation and amortisation expense	3	(12,807)	(12,052)
Others		–	(1,142)
Total expenses from continuing operations		**(148,547)**	**(150,001)**
Surplus before income tax		15,194	2,186
Income tax expense	33(e)	–	–
Surplus from continuing operations		**15,194**	**2,186**
Other comprehensive income			
Items that will not be reclassified to Statement of Income			
Actuarial gains on employee benefit obligations	20(b)	738	2,960
Total comprehensive income for the year		**15,932**	**5,146**

The above consolidated statement of income and comprehensive income should be read in conjunction with the accompanying Notes.

Financial statements for the year ended 30 June 2021

Consolidated balance sheet

	Notes	2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	4	18,086	20,397
Trade and other receivables	5	8,005	10,964
Financial assets at fair value through profit or loss	6	5,000	–
Total current assets		31,091	31,361
Non-current assets			
Receivables	7	3,366	3,366
Financial assets at fair value through profit or loss	8	78,748	44,417
Other financial assets at amortized cost	9	–	100
Property, plant and equipment	10	51,671	57,161
Right-of-use assets	11(a)	22,994	32,070
Intangible assets	12	820	1,815
Total non-current assets		157,599	138,929
Total assets		**188,690**	**170,290**
Liabilities			
Current liabilities			
Trade and other payables	13	31,999	17,673
Employee benefit obligations	14	11,246	12,235
Borrowings	15	540	777
Refundable loans	16	217	217
Lease liabilities	11(a)	4,438	3,417
Total current liabilities		**48,440**	**34,319**
Non-current liabilities			
Borrowings	17	120	673
Provisions	18	1,034	1,012
Employee benefit obligations	19	3,544	4,078
Lease liabilities	11(a)	26,457	37,045
Total non-current liabilities		31,155	42,808
Total liabilities		79,595	77,127
Net assets		**109,095**	**93,163**
The Benevolent Society Funds			
Retained earnings	20(a)	103,950	88,756
Defined benefit reserve	20(b)	5,145	4,407
Total funds		**109,095**	**93,163**

The above consolidated balance sheet should be read in conjunction with the accompanying Notes.

Financial statements for the year ended 30 June 2021

Consolidated statement of changes in funds

	Notes	Defined Benefit Reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2019		**1,447**	**86,570**	**88,017**
Surplus for the year	20(a)	–	2,186	2,186
Other comprehensive income	20(b)	2,960	–	2,960
Balance at 30 June 2020		**4,407**	**88,756**	**93,163**
Profit for the period	20(a)	–	15,194	15,194
Other comprehensive income	20(b)	738	–	738
Balance at 30 June 2021		**5,145**	**103,950**	**109,095**

The above consolidated statement of changes in funds should be read in conjunction with the accompanying Notes.

Financial statements for the year ended 30 June 2021

Consolidated statement of cash flows

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from government and clients (inclusive of goods and services tax)		177,533	161,046
Payments to suppliers and employees (inclusive of goods and services tax)		(141,610)	(160,236)
Net cash inflow from operating activities		**35,923**	**810**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,622)	(1,760)
Payments for intangible assets		(370)	(624)
Payments for purchase of investments		(41,542)	(11,633)
Distributions on financial assets at fair value through profit and loss		4,524	3,364
Proceeds from sale of investments		5,950	5,714
Proceeds from sale of property, plant and equipment		100	8,377
Net cash (outflow) inflow from investing activities		**(32,960)**	**3,438**
Cash flows from financing activities			
Repayment of borrowings		(790)	(337)
Principal elements of lease payments		(4,484)	(4,260)
Net cash (outflow) from financing activities		**(5,274)**	**(4,597)**
Net (decrease) in cash and cash equivalents		(2,311)	(349)
Cash and cash equivalents at the beginning of the financial year		20,397	20,746
Cash and cash equivalents at end of year	4	**18,086**	**20,397**

The above consolidated statement of cash flows should be read in conjunction with the accompanying Notes.

Notes to the financial statements

Contents

Notes to the financial statements for the year ended 30 June 2021

1. Significant changes in the current reporting period

For a detailed discussion about The Benevolent Society's performance and financial position please refer to our Review of operations and results in our Directors' report on page 20.

2. Revenue

(a) From contracts with customers

Revenue from services subject to specific performance obligations.

	2021 $'000	2020 $'000
Government funding	108,710	106,220
Client fees and charges	27,398	26,787
Corporate funding	75	250
Trusts and foundations (refer to Note 29(a))	3,234	1,910
Revenue from contracts with customers	**139,417**	**135,167**

(b) From other operations

Revenue streams which are either not enforceable or do not have sufficiently specific performance obligations.

	2021 $'000	2020 $'000
Bequests and legacies	148	1,000
Fundraising appeals and events (refer to Note 29(a))	224	429
Revenue from other operations	**372**	**1,429**

(c) From investments

	2021 $'000	2020 $'000
Interest	581	722
Investment distributions	4,006	2,376
Realised gain/(loss) on sale of investments	50	(105)
Unrealised gain/(loss) on sale of investments	7,535	(1,606)
Revenue from investments	**12,172**	**1,387**
Total revenue from continuing operations	**151,961**	**137,983**

Notes to the financial statements for the year ended 30 June 2021

2. Revenue (continued)

(d) Other income

	2021 $'000	2020 $'000
Government subsidies (JobKeeper)	8,500	7,587
Rent	2,561	1,795
Net (loss)/profit on sale of property, plant and equipment	(357)	4,478
Gain on Lease remeasurement	974	–
Other	102	344
Total other income	**11,780**	**14,204**

Contract balances

The following table provides information about contract liabilities from contracts from customers.

	2021 $'000	2020 $'000
Government grants	16,333	6,105
Trust and foundations	4,802	2,814
Total contract liability	**21,135**	**8,919**

See Note 33(d) for revenue recognition and application of AASB 15 and AASB 1058.

Notes to the financial statements for the year ended 30 June 2021

3. Expenses

Expenses from operations include the following specific expenses:

	2021 $'000	2020 $'000
Depreciation and amortisation		
Buildings	1,431	935
Right-of-use assets under finance leases	4,787	5,063
Software	1,142	1,858
Plant and equipment	5,447	4,196
Total depreciation and amortisation	**12,807**	**12,052**
Rental expenses relating to operating leases		
Lease Payments	189	72
Net transfers to provisions		
Employee entitlements	850	405
Receivables written off during the year as uncollectible	193	29

Notes to the financial statements for the year ended 30 June 2021

4. Current assets: cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and on hand	16,446	12,143
Short-term deposits – Endowment	1,640	8,254
Total cash and cash equivalents	**18,086**	**20,397**

Cash and cash equivalents contains $1,640,000 held as part of the Endowment Fund (Note 30).

(a) Cash at bank and on hand

This consists of one at call interest bearing account of $15,017,354 at interest rate of 0.01% (2020: $10,122,440 at interest rate of 0.20%).

(b) Short-term deposits

Deposits are with the Commonwealth Bank of Australia and Westpac Banking Corporation. Deposit rates are between 0.05% and 0.65% (2020: 0.05% and 0.20%). These deposits have a maturity of 31 to 90 days.

(c) Interest rate risk exposure

The Benevolent Society's exposure to interest rate risk is discussed in Note 32.

(d) Reconciliation of cash at the end of the year

The above figures are reconciled to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

	2021 $'000	2020 $'000
Balances as above	18,086	20,397
Balances as per consolidated statement of cash flows	**18,086**	**20,397**

5. Current assets: trade and other receivables

	2021 $'000	2020 $'000
Trade receivables*	4,166	10,587
Term deposits – Endowment	2,500	–
Provision for impairment	(949)	(1,680)
Investment income**	845	908
Trade receivables	**6,562**	**9,815**
Prepayments	1,443	1,149
Trade and other receivables	**8,005**	**10,964**

* $178,000 of trade receivable and ** $844,000 of investment income balance relates to the Endowment Fund.

Movements in the provision for expected credit loss are as follows:

	2021 $'000	2020 $'000
At 1 July	1,680	1,196
Provision for impairment recognised during the year	(538)	513
Receivables written off during the year as uncollectible	(193)	(29)
As at 30 June	949	1,680

The creation and release of the provision for impaired receivables has been included in 'Administration expenses' in the consolidated statement of income and comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

Notes to the financial statements for the year ended 30 June 2021

6. Current assets: financial assets at fair value through profit or loss

	2021 $'000	2020 $'000
Managed funds – Working capital	5,000	–
Total financial assets at fair value through profit and loss	**5,000**	**–**

The Benevolent Society holds short-term investments in an enhanced cash fund to maximise interest earned on working capital.

7. Non-current assets: receivables

	2021 $'000	2020 $'000
Receivables	3,366	3,366
Total non-current receivables	**3,366**	**3,366**

The receivables outstanding at the end of the current year are deeply subordinated notes in Goodstart Early Learning of $2,500,000 and capitalised interest earned to date on these notes of $866,000. The deeply subordinated notes in Goodstart Early Learning has a maturity date of October 2030.

(a) Impaired receivables and receivables past due

None of the non-current receivables are impaired or past due but not impaired.

(b) Risk exposure

Information about The Benevolent Society's exposure to credit risk and interest rate risk is provided in Note 32.

Notes to the financial statements for the year ended 30 June 2021

8. Non-current assets: financial assets at fair value through profit or loss

Classification of financial assets at fair value through profit or loss.

The group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI.

	2021 $'000	2020 $'000
Managed funds – Endowment	61,228	44,397
Managed funds – Capital reserve	17,500	–
Unlisted shares	20	20
Total financial assets at fair value through profit or loss	**78,748**	**44,417**

See Note 33(j) for the relevant accounting policies.

(a) Managed funds

The managed funds hold assets in line with The Benevolent Society's approved Strategic Asset Allocation. A summary of the Endowment assets and income are shown in Note 30.

(b) Unlisted shares

Unlisted shares are held in Community 21 (4,000 shares at $5.00 each).

(c) Non-current assets pledged as security

The Benevolent Society does not hold any non-current assets pledged as security.

(d) Impairment and risk exposure

The maximum exposure to credit risk at the reporting date is the fair value of the managed funds classified as financial assets at fair value through profit or loss.

All financial assets at fair value through profit or loss are denominated in Australian currency. For an analysis of the sensitivity of financial assets at fair value through profit or loss to price and interest rate risk refer to Note 32.

Notes to the financial statements for the year ended 30 June 2021

9. Non-current assets: other financial assets at amortised cost

	2021 $'000	2020 $'000
Newpin Social Benefit Bond	–	100
Total other financial assets at amortised cost	**–**	**100**

See Note 33(j) for the relevant accounting policies.

Impairment and risk exposure

The maximum exposure to credit risk for the Newpin Social Benefit Bond at the end of the last reporting period was 25% of the carrying amount of the investment. No credit risk exists as the bond has been refunded in full in current year.

Notes to the financial statements for the year ended 30 June 2021

10. Non-current assets: property, plant and equipment

	Work in progress Assets in the course of construction $'000	Buildings $'000	Plant and equipment $'000	Total $'000
Cost				
Balance as at 1 July 2020	16	36,952	33,737	70,705
Additions	1,581	–	41	1,622
Reclassification	(1,572)	(18)	1,689	99
Disposals	–	–	(1,266)	(1,266)
Balance as at 30 June 2021	25	36,934	34,201	71,160
Accumulated depreciation				
Balance as at 1 July 2020	–	(2,511)	(11,033)	(13,544)
Reclassification	–	5	(17)	(12)
Disposals	–	–	945	945
Depreciation expense	–	(1,431)	(5,447)	(6,878)
Balance as at 30 June 2021	–	(3,937)	(15,552)	(19,489)
Net book value 2021	**25**	**32,997**	**18,649**	**51,671**
Net book value 2020	**16**	**34,441**	**22,704**	**57,161**

(a) Leased assets

The Benevolent Society did not have any finance leases (2020: nil).

(b) Valuations of land and buildings

Land and buildings were deemed at cost as at transition to Australian equivalents to International Financial Reporting Standards ('AIFRS') date (1 July 2004). Valuations performed in June 2019 by Savills Valuations showed recoverable values as greater than carrying values thus an impairment loss did not occur (refer Note 33(h)).

Newly acquired buildings were valued at $36,000,000 in June 2019 with a carrying value of $32,958,000.

(c) Restricted assets

The Benevolent Society does not have any material restrictions on title, property, plant and equipment. Minor restrictions relating to approved plant and equipment purchases through government funded contracts may include asset maintenance, security, risk responsibility, any insurance and registration requirements, disposal approval requirements and using the asset for the purpose for which it was funded.

Notes to the financial statements for the year ended 30 June 2021

11. Leases

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2021 $'000	2020 $'000
Right-of-use assets		
Right-of-use property lease	30,301	35,978
Right-of-use motor vehicle lease	2,124	1,155
Total right-of-use assets	32,425	37,133
Accumulated depreciation of right-of-use assets	**(9,431)**	**(5,063)**
Balance right-of-use assets	**22,994**	**32,070**
Lease liabilities		
Lease liability property	4,067	3,397
Lease liability motor vehicle	371	20
Total current lease liabilities	**4,438**	**3,417**
Lease liability property	26,158	36,729
Lease liability motor vehicle	299	316
Total non-current lease liabilities	**26,457**	**37,045**
Total lease liabilities	**30,895**	**40,462**

Notes to the financial statements for the year ended 30 June 2021

11. Leases (continued)

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021 $'000	2020 $'000
Depreciation charge of right-of-use assets		
Property leases	3,977	4,234
Motor vehicle leases	810	829
Total depreciation charge of right-of-use assets	**4,787**	**5,063**
Property leases interest expense (included in administration expense)	2,265	2,568
Motor vehicle interest expense (included in travel and transport expense)	43	29
Total interest expense	**2,308**	**2,597**
Expense relating to short-term leases (included in property and equipment expenses)	**190**	**423**
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administration expenses)	**252**	**251**
Expense relating to variable lease payments not included in leases liabilities (included in property and equipment expenses)	**566**	**487**

The total cash outflow for leases in 2021 was $6,792,406 ($4,484,000 representing principle elements included in cash flow from financing activities and $2,308,406 lease interest expenses included in cash outflow from operating activities).

(c) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

See Note 33(f) for more information on relevant accounting policies.

Notes to the financial statements for the year ended 30 June 2021

12. Non-current assets: intangible assets

	Work in progress IT Development and Software $'000	IT Software $'000	Total $'000
Cost			
Balance as at 1 July 2020	39	6,423	6,462
Additions	370	–	370
Reclassification	(409)	310	(99)
Disposals	–	(2,461)	(2,461)
Balance as at 30 June 2021	–	4,272	4,272
Accumulated depreciation			
Balance as at 1 July 2020	–	(4,647)	(4,647)
Reclassification	–	12	12
Disposals	–	2,325	2,325
Depreciation expense	–	(1,142)	(1,142)
Balance as at 30 June 2021	–	(3,452)	(3,452)
Net book value 2021	**–**	**820**	**820**
Net book value 2020	**39**	**1,776**	**1,815**

13. Current liabilities: trade and other payables

	2021 $'000	2020 $'000
Trade payables	4,036	1,854
Other payables	3,951	4,079
Accruals	2,877	2,821
Government grants	16,333	6,105
Trust and foundations	4,802	2,814
Total current liabilities: trade and other payables	**31,999**	**17,673**

Risk exposure

Information about The Benevolent Society's exposure to foreign exchange risk is provided in Note 32(a).

Notes to the financial statements for the year ended 30 June 2021

14. Current liabilities: employee benefit obligations

	2021 $'000	2020 $'000
Employee benefits – annual leave	6,851	7,116
Employee benefits – long service leave	4,395	5,119
Total current liabilities: employee benefit obligations	**11,246**	**12,235**

15. Current liabilities: borrowings

	2021 $'000	2020 $'000
Hire purchase liabilities	555	820
Unexpired hire purchase liability	(15)	(43)
Total current liabilities: borrowings	**540**	**777**

16. Current liabilities: refundable loans

	2021 $'000	2020 $'000
Resident entry contributions	217	217
Total current liabilities: refundable loans	**217**	**217**

17. Non-current liabilities: borrowings

	2021 $'000	2020 $'000
Hire purchase liabilities	121	689
Unexpired hire purchase liability	(1)	(16)
Total non-current liabilities: borrowings	**120**	**673**

Notes to the financial statements for the year ended 30 June 2021

18. Non-current liabilities: provisions

	2021 $'000	2020 $'000
Property make good provisions	1,034	1,012
Total non-current liabilities: provisions	**1,034**	**1,012**

Make good provision

The Benevolent Society is required to restore several leased premises currently utilised as operational hubs to their original condition at the end of the respective lease terms. A provision has been recognised for the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

19. Non-current liabilities: employee benefit obligations

	2021 $'000	2020 $'000
Employee benefits – long service leave	613	615
Defined superannuation benefit	2,931	3,463
Total non-current liabilities: employee benefit obligations	**3,544**	**4,078**

(a) Defined superannuation benefit

On acquisition of the New South Wales State Government Family and Community Services Disability operations on 28 July 2017, a commitment was made by the organisation to a number of employees to continue their arrangements in respect of their defined superannuation benefits plan.

Accordingly TBS will be the new employer for the purpose of the following public sector defined benefit schemes:

- State Authorities Superannuation Scheme (SASS);
- State Superannuation Scheme (SSS); and
- State Authorities Non-contributory Superannuation Scheme (SANCS).

The above schemes (along with the Police Superannuation Scheme (PSS)) are collectively known as the NSW Pooled Fund (Pooled Fund).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Notes to the financial statements for the year ended 30 June 2021

19. Non-current liabilities: employee benefit obligations (continued)

(a) Defined superannuation benefit (continued)

Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

(a) Investment risk

The risk that investment returns will be lower than assumed and the group will need to increase contributions to offset this shortfall.

(b) Pension indexation risk

The risk that pensions will increase at a rate greater than assumed, increasing future pensions.

(c) Salary growth risk

The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

(d) Legislative risk

The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit Fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

(i) Balance Sheet amounts

The amounts recognised in the Balance Sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation $'000	Fair value of Plan assets $'000	Total $'000
1 July 2020	(10,754)	7,291	(3,463)
Total amount recognised in profit and loss	(500)	216	(284)
Total amount recognised in other comprehensive income	20	718	738
Contributions by fund participants	(57)	57	–
Contribution by the employer	–	78	78
Benefits paid by the plan	391	(391)	–
Taxes, premiums and expenses paid	(51)	51	–
30 June 2021	**(10,951)**	**8,020**	**(2,931)**

Net liability disclosed above relates to funded obligations.

Notes to the financial statements for the year ended 30 June 2021

19. Non-current liabilities: employee benefit obligations (continued)

(a) Defined superannuation benefit (continued)

Description of risks (continued)

(d) Legislative risk (continued)

(i) Balance Sheet amounts (continued)

	2021 $ '000	2020 $ '000
Present value of funded obligations	(10,951)	(10,754)
Fair value of plan assets	8,020	7,291
Deficit of funded plans	**(2,931)**	**(3,463)**

TBS has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. TBS intends to continue to contribute to the defined benefit section of the plan at the following rates in line with the actuary's latest recommendations.

Superannuation schemes	Basis of contribution	Rate
SASS	Multiple of Member Contributions	1.4% p.a.
SANCS	% of Member Salary	3.1% p.a.
SSS	Multiple of Member Contributions	0.8% p.a.

(ii) Categories of plan assets

The percentage invested in each asset class at the reporting date are as follows:

Category of assets	As at 30 June 2021
Short-term securities	12.20%
Australian fixed interest	2.20%
International fixed interest	4.20%
Australian equities	19.90%
International equities	33.20%
Property	7.90%
Alternatives	20.40%
Total	**100.00%**

Notes to the financial statements for the year ended 30 June 2021

19. Non-current liabilities: employee benefit obligations (continued)

(a) Defined superannuation benefit (continued)

Description of risks (continued)

(d) Legislative risk (continued)

(iii) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

Assumptions	As at 30 June 2021
Discount rate	3.20% p.a.
Salary increase rate (excluding promotional increases)	2.74% p.a. 2021/22 to 2025/26 3.2% p.a. thereafter
Rate of CPI increase	1.50% p.a. for 2020/21 1.75% p.a. for 2021/22 and 2022/23 2.25% p.a. for 2023/24, 2024/25 and 2025/26 2.50% p.a. for 2026/27 2.75% p.a. for 2027/28 3.00% p.a. for 2028/29 2.75% p.a. for 2029/30 2.50% p.a. thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2021 Actuarial Investigation of the Pooled Fund

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review. The review will be performed by the actuary in accordance with AASB 1056 Accounting Standard 'Superannuation Entities'.

The economic assumptions adopted for 30 June 2021 AASB 1056 Accounting Standard 'Superannuation Entities'.

Weighted-average assumptions	As at 30 June 2021
Expected rate of return on Fund assets backing current pension liabilities	6.5% p.a.
Expected rate of return on Fund assets backing other liabilities	5.7% p.a.
Expected salary increase rate (excluding promotional salary increases)	2.74% p.a. for 2021/22 to 2025/26 3.2% p.a. thereafter
Expected rate of CPI increase	2.0% p.a.

Notes to the financial statements for the year ended 30 June 2021

20. Reserves and retained surplus

(a) Retained surplus

	2021 $'000	2020 $'000
Balance 1 July	88,756	86,570
Net surplus for the period	15,194	2,186
Balance 30 June	**103,950**	**88,756**

(b) Defined benefit reserve

	2021 $'000	2020 $'000
Balance 1 July	4,407	1,447
Re-measurement of employee benefit obligation	738	2,960
Balance 30 June	**5,145**	**4,407**

(c) Nature and purpose of reserves

Defined benefit reserve

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in reserve in the consolidated statement of changes in funds and in the consolidated balance sheet.

Notes to the financial statements for the year ended 30 June 2021

21. Key management personnel disclosures

(a) Directors and group company secretary

The following people were non-executive Directors of The Benevolent Society during the financial year:

Tim Beresford BEc (Hons), LLB MPhil (International Relations) ASIA, FAICD	Chair Director from 14 February 2013
Andrew Yates BEc, CA	Chair of the Audit, Finance and Risk Committee Director from 9 November 2015
Kathleen Conlon BA (Econ), MBA	Chair of the People and Culture Committee Director from 14 February 2013
Rod Young LLB, BHSM, MAICD, ACHSM	Director from 1 November 2016
Charles Prouse	Director from 10 August 2015
Robert Warren BEc, CA, A Fin, GAICD	Director from 19 July 2010 to 30 November 2020
Professor Karen Healy PhD, BSocWk (Hons), GAICD	Director from 4 April 2011 to 30 November 2020
Mike Beckerleg	Director from 22 September 2014 to 30 November 2020
Leonie Jackson	Director from 19 October 2021 to 17 January 2021
Christine Feldmanis BCom, MAppFin, CPA, FAICD, SFFINSIA, TFASFA, JP	Director from 22 February 2021
Nancy Milne BA LLB, FAICD	Director from 4 March 2021
Robyn Mildon PhD	Director from 28 June 2021
Elaine Leong BA, LLB, BA Comms (Hons), Grad Dip Legal Prac, GAICD	Group Company Secretary from 2 December 2013

(b) Directors' compensation

Directors (excluding group company secretary) of The Benevolent Society are not remunerated.

Notes to the financial statements for the year ended 30 June 2021

21. Key management personnel disclosures (continued)

(c) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of The Benevolent Society, directly or indirectly during the financial year:

Joanne Toohey RN, GAICD*	Chief Executive Officer (resigned 30 June 2021)
Nicholas Johnson CA (SA), AGIA ACIS, GAICD	Executive Director, Finance and Corporate Services
Leith Sterling BOccThy, AdDip Ldrshp & Mgt	Executive Director, Child Youth and Family (appointed 26 August 2019)
Kirsty Nowlan BA (Hons), LLB (Hons), PhD	Executive Director, Strategic Engagement, Research and Advocacy (resigned 28 August 2020)
Josh Keech LLB, BintBus, GradDipLegalPrac, CAHRI, GAICD	Executive Director, People and Organizational Development (resigned 9 October 2020)
Sandra Clubb B HR	Executive Director, People and Organizational Development (appointed 28 April 2021)
Anna Robinson BA (Politics), MPPM	Executive Director, Disability and Growth
Andrew Collins BN, GradDipPubH	Executive Director, Ageing and Carers

* Lin Hatfield Dodds is appointed Chief Executive Officer on 19 July 2021.

(d) Other key management personnel compensation

	2021 $'000	2020 $'000
Short-term employee benefits (total compensation)	**2,664**	**2,938**

(e) Loans to key management personnel

The Benevolent Society does not hold any loans with key management personnel.

(f) Other transactions with key management personnel

The Benevolent Society does not have any other transactions with key management personnel.

22. Limitation of members' liabilities

The parent entity is registered with the Australian Charities and Not-for-Profits Commission as a company limited by guarantee, and in accordance with the constitution the liability of members in the event the parent entity is wound up would not exceed $100 per member. At 30 June 2021 the number of members of this company was 56 (2020: 54).

Notes to the financial statements for the year ended 30 June 2021

23. Contingencies

The Benevolent Society had $1,977,861 contingent liabilities at 30 June 2021 (2020: $2,084,000) in relation to security for property lease agreements. The Benevolent Society had no contingent assets at 30 June 2021 (2020: nil).

The Benevolent Society historically provided short-term residential care for children at Scarba House, located at Bondi in Sydney's eastern suburbs during the period 1917 to 1986.

In 2004, The Benevolent Society provided a full and unreserved apology for all abuse, mistreatment or harm experienced by children in our care. A copy of our apology is available on The Benevolent Society's website, www.benevolent.org.au.

The Benevolent Society has joined the National Redress Scheme on 24 December 2020.

As at the date of this report, it is not possible to estimate reliably the number or value of applications payable under the National Redress Scheme. There are also too many uncertainties based on lack of volume of claims to The Benevolent Society redress scheme, hence the disclosure as a contingent liability.

24. Commitments

(a) Capital commitments

The Benevolent Society had capital commitments payable within one year as at 30 June 2021 of $154,000. (2020: $354,000).

(b) Repairs and maintenance: investment property

The Benevolent Society had no contractual obligation for future repairs and maintenance in existence at the reporting date other than those recognised as liabilities.

25. Subsidiaries

The consolidated Financial Statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in Note 33(g):

Name of entity	Country of incorporation	Class of shares	2021 % owned	2020 % owned
Benevolent Australia – Disability Service	Australia	Ordinary	100	100

Notes to the financial statements for the year ended 30 June 2021

26. Parent entity financial information

The individual Financial Statements for the parent entity show the following aggregate amounts:

	2021 $'000	2020 $'000
Balance sheet		
Current assets	30,725	31,162
Total assets	188,324	170,091
Current liabilities	(45,427)	(29,999)
Total liabilities	(73,593)	(69,269)
Shareholder's equity		
Retained surplus	114,730	100,821
Total equity	114,731	100,822
Surplus for the year	21,580	13,416
Total comprehensive income for the year	22,318	16,376

27. Related party transactions

(a) Social Ventures Australia

The Benevolent Society is one of the four founding members of Social Ventures Australia Limited. Social Ventures Australia Limited (SVA) is a company limited by guarantee, incorporated and operating in Australia. The Benevolent Society invested a sum of $1,048,876 in SVA's Diversified Impact Fund. At Balance Sheet date the carrying value of this investment amounted to $1,038,900. During 2013 The Benevolent Society invested $100,000 in Newpin Social Benefit Bonds. Newpin SBB Pty Ltd is the Trustee and Social Ventures Australia was the manager of the Newpin SBB Trust. In 2021 the Newpin bond matured and the principal amount of $100,000 and coupon payment of $17,400 (2020: $1,311) was received by The Benevolent Society.

(b) Goodstart Early learning

The Benevolent Society is one of four founding members of Goodstart Early Learning. Goodstart is a company limited by guarantee, incorporated and operating in Australia. In 2021 The Benevolent Society received interest income of $504,841 (2020: $506,224) and held receivables of $3,366,000 (2020: $3,366,000) principal and interest in relation to deeply subordinated notes.

(c) Transactions with Directors

The Benevolent Society has entered into deeds of access, indemnity and insurance for the benefit of Directors.

(d) Key management personnel compensation

Disclosures relating to key management personnel are set out in Note 21.

Notes to the financial statements for the year ended 30 June 2021

28. Events occurring after the reporting period

No significant events have occurred since 1 July 2021.

Australia's economy, communities and families have been adversely impacted by the COVID-19 pandemic since 2020. At the reporting date, we cannot predict the future impact COVID-19 may have on The Benevolent Society's operational results. The Group received JobKeeper wage subsidies until September 2020 and under the current eligibility requirements, the Group will not receive additional wage subsidies in the short-term.

29. Additional information furnished under the *NSW Charitable Fundraising Act 1991* and the Regulations

(a) Details of aggregate gross income and expenditure of fundraising appeals

	2021 $'000	2020 $'000
Gross proceeds of fundraising from trusts and foundations	3,234	1,910
Gross proceeds of fundraising appeals and events	224	429
Total proceeds of fundraising	3,458	2,339
Total direct costs of fundraising appeals and events (see (d) below)	(4)	(28)
Net surplus from fundraising	**3,454**	**2,311**

(b) Statement showing how funds received were applied to charitable purposes

	2021 $'000	2020 $'000
Net surplus from fundraising	(3,454)	(2,311)
This was applied to charitable purposes in the following manner:		
Community program expenditure	111,107	113,037
Administration expense*	37,436	36,936
Total cost of community programs	148,543	149,973
Total charitable purpose expenditure	**148,543**	**149,973**
Shortfall in funds available from fundraising**	**145,089**	**147,662**

* Administration expenses include depreciation, impairment, bequest expenditure, and a portion of indirect overheads.

** Shortfall in funds available from fundraising is funded through government contracts, Endowment income distributions, investment income, corporate funding, client fees and bequests.

Notes to the financial statements for the year ended 30 June 2021

29. Additional information furnished under the *NSW Charitable Fundraising Act 1991* and the Regulations (continued)

(c) Shortfall of funds available from fundraising was financed from the following sources

	2021 $'000	2020 $'000
Government grants and subsidies	108,710	106,220
Client fees	27,398	26,787
Bequests and legacies	148	1,000
(Surplus)/deficit for the year	(15,194)	(2,186)
Interest, dividend and managed fund distribution revenue	12,172	1,387
Corporate funding	75	250
Other income	11,780	14,204
Shortfall in funds available from fundraising	**145,089**	**147,662**

(d) Fundraising appeals and events conducted during the financial year

During 2021 the following fundraising activities were delivered: newsletter appeals every two months; digital fundraising appeals through social media and online banner advertising. Bequests, corporate giving and private donations also contribute to the overall fundraising activity.

(e) Fundraising ratios

	2021		2020	
	$'000	%	$'000	%
Total cost of fundraising : Gross income from fundraising	4 : 3,458	0	28 : 2,339	1
Net surplus from fundraising : Gross income from fundraising	3,454 : 3,458	100	2,311 : 2,339	99
Total cost of community programs : Total expenditure	111,107 : 148,547	75	113,037 : 150,001	75
Total cost of community programs : Total revenue from continuing activities	111,107 : 151,961	73	113,037 : 137,983	82

These comparisons and percentages are required to be disclosed under the *NSW Charitable Fundraising Act 1991*.

Notes to the financial statements for the year ended 30 June 2021

30. Endowment investments

The Endowment assets and income are included in The Benevolent Society's consolidated balance sheet and consolidated statement of income and comprehensive income as follows:

	Notes	Endowment $'000	Operations $'000	Total $'000
Current assets				
Cash and cash equivalents	4	1,640	16,446	18,086
Trade and other receivables	5	3,522	4,483	8,005
Financial assets at fair value through profit or loss	6	–	5,000	5,000
Non-current assets				
Receivables	7	–	3,366	3,366
Financial assets at fair value through profit or loss	8	61,228	17,520	78,748
Other financial assets at amortised costs	9	–	–	–
Property, plant and equipment	10	–	51,671	51,671
Right-of-use assets	11	–	22,994	22,994
Intangible assets	12	–	820	820
Total assets		**66,390**	**122,300**	**188,690**
Revenue from investments				
Interest		19	562	581
Investment distributions		3,989	17	4,006
Realised gain on sale of investments		50	–	50
Unrealised gain on sale of investments		7,535	–	7,535
Total revenue from investments	2(c)	**11,593**	**579**	**12,172**

31. Critical accounting estimates and judgements

The Benevolent Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- estimation of defined benefit pension obligation – Note 19.

Notes to the financial statements for the year ended 30 June 2021

32. Financial risk management

The Benevolent Society's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Benevolent Society's overall financial risk management program focuses on financial markets and seeks to control potential adverse effects on our long-term financial performance. The Benevolent Society uses different investments to minimise certain risk exposures. Managed funds and bonds are used for medium and long-term investment purposes where a greater risk tolerance is accepted.

The Benevolent Society holds the following financial instruments:

	Notes	2021 $'000	2020 $'000
Financial assets			
Cash and cash equivalents	4	18,086	20,397
Trade and other receivables	5	8,005	10,964
Non-current receivables	7	3,366	3,366
Financial assets at fair value through profit or loss	6, 8	83,748	44,417
Financial assets at amortised cost	9	–	100
Total financial assets		**113,205**	**79,244**
Financial liabilities			
Trade payables	13	4,036	1,854
Accruals	13	2,877	2,821
Other payables	13	3,951	4,079
Retirement village contributions	16	217	217
Government funding received in advance	13	16,333	6,105
Trust and foundations	13	4,802	2,814
Borrowings	15, 17	660	1,450
Total financial liabilities		**32,876**	**19,340**

Notes to the financial statements for the year ended 30 June 2021

32. Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

The Benevolent Society operates within Australia and therefore is not exposed to direct foreign exchange risk. The Benevolent Society is indirectly exposed to foreign exchange risk due to global equities included in funds under management.

(ii) Price risk

The Benevolent Society does not directly invest in equities and therefore is not exposed to direct price risk. The Benevolent Society is exposed to equity securities price risk as it invests indirectly in the equity market through its investment fund managers. The Benevolent Society is not exposed directly to commodity price risk but does have an indirect exposure via its investment in the equity market. Other financial assets at amortised cost (previously classified as held-to-maturity investments) are not exposed to price risk as they are carried at amortised cost and will be held to maturity.

(iii) Cash flow and fair value interest rate risk

The Benevolent Society's main interest rate risk arises from short-term investments and Goodstart Early Learning Loan notes. The risk is reduced due to the fixed rates associated with the Goodstart Notes.

The Benevolent Society uses a combination of variable and fixed rate investments to manage its interest rate risk.

Notes to the financial statements for the year ended 30 June 2021

32. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

The Benevolent Society's overall exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

			Fixed interest maturing in:					
	Average Interest rate %	Variable interest rate $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total 2021 $'000	Total 2020 $'000
Financial assets								
Cash	0.08 (2020: 0.62)	15,017	–	–	–	1,429	16,446	12,143
Short-term deposits	0.65 (2020: 0.63)	1,640	–	–	–	–	1,640	8,254
Trade and other receivables	–	–	–	–	–	5,505	5,505	10,964
Other receivables term deposit	0.35 (2020: 0.20)	–	2,500	–	–	–	2,500	–
Non-current term deposits	–	–	–	–	–	–	–	–
Non-current receivables	15.00 (2020: 15.00)	–	–	–	3,366	–	3,366	3,366
Other financial assets at amortised cost	8.72 (2020: 8.72)	–	–	–	–	–	–	100
Financial assets at fair value through profit and loss	–	–	–	–	–	83,748	83,748	44,417
Total financial assets		16,657	2,500	–	3,366	90,682	113,205	79,244
Financial liabilities								
Trade payable	–	–	–	–	–	4,036	4,036	1,854
Accruals	–	–	–	–	–	2,877	2,877	2,821
Other payables	–	–	–	–	–	3,951	3,951	4,079
Government funding received in advance	–	–	–	–	–	16,333	16,333	6,105
Trust and foundations	–	–	–	–	–	4,802	4,802	2,814
Retirement village contributions payable	–	–	–	–	–	217	217	217
Borrowings	4.60	–	540	120	–	–	660	1,450
Total financial liabilities	–	–	540	120	–	32,216	32,876	19,340
Net financial assets	**–**	**16,657**	**1,960**	**(120)**	**3,366**	**58,466**	**80,329**	**59,904**

Notes to the financial statements for the year ended 30 June 2021

32. Financial risk management (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as outstanding receivables and committed transactions. The Benevolent Society uses banks and financial institutions with a minimum credit rating of AA. There is no concentration of credit risk with respect to current and non-current receivables, as The Benevolent Society has a large number of clients, dispersed throughout New South Wales, Queensland and South Australia, Australia. The funding provided by government is also spread between Australian Commonwealth and State government funding.

In 2014, The Benevolent Society invested $100,000 in Newpin Social Benefit Bonds. The Newpin Social Benefit Bonds pays a minimum coupon of 5% per annum over the first three years. Principal protection is 75% in the first three years and 50% from four to seven years. As the investment is held-to collect the maximum exposure to credit risk at the end of the reporting period is 25% of the carrying amount of the investment. The bond has been refunded in full in current year

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Benevolent Society manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Benevolent Society's funding is provided in advance by government and surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Notes to the financial statements for the year ended 30 June 2021

32. Financial risk management (continued)

(d) Fair value measurements (continued)

The following table presents The Benevolent Society's financial assets and liabilities measured and recognised at fair value at 30 June 2021 and 30 June 2020:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2020				
Financial assets at fair value through profit and loss				
Investments – managed funds	44,417	–	–	44,417
2021				
Financial assets at fair value through profit and loss				
Investments – managed funds	83,748	–	–	83,748

The Benevolent Society uses fair value estimation for medium to long-term investments in managed funds. The Benevolent Society's managed funds are carried at fair value which approximates current market value. The Benevolent Society enters into a range of managed fund portfolios to manage risk in accordance with our Investment Policy approved by the Board of Directors. This policy has been complied with during the financial year.

33. Summary of significant accounting policies

The principal accounting policies adopted in this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and Interpretations issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012* ('ACNC Act 2012'). The Benevolent Society is a large not-for-profit entity for the purpose of preparing this financial report.

(i) Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The Benevolent Society's financial report complies with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

The Benevolent Society has continued to disclose the following non-required disclosures to assist with transparency: financial risk management (Note 32), interest rate risk exposure (Note 32), movements in the position for impairment of receivables (Note 5), non-current receivables and receivables past due (Note 7) , and non-current receivables risk exposure (Note 7(a)).

(ii) Historical cost convention

The Financial Statements have been prepared on a historical cost basis, except for the following:

- financial assets at fair value through profit or loss (previously classified as available-for-sale financial assets), financial assets and liabilities; and
- defined benefit pensions plans – plan assets measured at fair value.

(iii) Presentation currency

The consolidated financial statements are presented in Australian dollar ($), which is The Benevolent Society's functional and presentation currency.

Notes to the financial statements for the year ended 30 June 2021

33. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2020:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material* [AASB 101 and AASB 108]
- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business* [AASB 3]
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform* [AASB 9, AASB 139 and AASB 7]
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia* [AASB 1054]
- AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions* [AASB 16]
- *Conceptual Framework for Financial Reporting* and AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Principles of consolidation and equity accounting

The consolidated Financial Statements comprise the Financial Statements of the parent entity, being The Benevolent Society and its controlled entity and together are referred to in this report as the group. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

All inter-group balances and transactions between entities in the group, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the group during the year, their operating results have been included from the date control was obtained or until the date control ceased. There are no outside interests in the equity or results of the controlled entities.

(c) Going concern

For the year ended 30 June 2021, the consolidated entity had net current liabilities of $17,349,000 (2020: $2,958,000).

The following matters have been considered by the Directors in determining the appropriateness of the going concern basis of preparation in the Financial Statements:

(i) availability of the option to draw down from the Endowment Fund balance of $66,390,000 and capital reserve fund of $17,500,000, subject to appropriate approval of the Board and whilst being liquid the endowment fund's intent is long-term growth;

(ii) the parent entity continues to meet its obligations from the cash flow generated from its operations; and

(iii) For the year ended 30 June 2021, the consolidated entity recorded a surplus of $15,194,000 (2020: surplus $2,186,000).

As a result of the above matters, the Directors are of the view that the consolidated entity will continue as a going concern and, therefore, will realise its assets and liabilities and commitments in the normal course of business and at the amounts stated in the Financial Statements.

(d) Revenue recognition

Revenue is recognised for the major business activities as follows:

(i) Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations being satisfied.

Notes to the financial statements for the year ended 30 June 2021

33. Summary of significant accounting policies (continued)

(d) Revenue recognition (continued)

(i) Revenue recognition policy for revenue from contracts with customers (AASB 15) (continued)

The basis for revenue recognition is a five-step model as follows:

1. Identify the contract with the customer
2. Identify sufficiently specific performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue.

Government funding

The customer for these contracts is the fund provider. Government funding revenue arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied over the life of the contract.

Client fees and charges

Revenue from providing services is recognised in the accounting period in which the performance obligations are satisfied. Where there is a difference in the timing, it will result in the recognition of a receivable, contract asset or contract liability.

Corporate funding, trusts and foundations

Income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied. Within agreements with corporate funding, trusts and foundations there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, revenue recognition is based on cost completion.

(ii) Revenue recognition policy for income of not-for-profit entities (AASB 1058)

If it is not an enforceable arrangement and/or the performance are not sufficiently specific, then income is recognised under AASB 1058, almost always immediately.

Fundraising and bequests

Donations and bequests collected are recognised as revenue when the group gains control of the asset.

(e) Income tax

As a public benevolent institution, The Benevolent Society is endorsed for income tax exemption under subdivision 50-B of the *Income Tax Assessment Act 1997.*

(f) Leases

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Notes to the financial statements for the year ended 30 June 2021

33. Summary of significant accounting policies (continued)

(f) Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third party financing;
- makes adjustments specific to the lease, e.g. term, country, currency and security; and
- restoration costs.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Notes to the financial statements for the year ended 30 June 2021

33. Summary of significant accounting policies (continued)

(g) Business combinations (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity;

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For consolidated statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

33. Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

(i) Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost**: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- **FVOCI**: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

  When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

- **FVPL**: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

  Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Notes to the financial statements for the year ended 30 June 2021

33. Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

(iv) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(v) Measurement

At initial recognition, The Benevolent Society measures an available-for-sale financial asset at its fair value, plus, in the case of a financial asset not at fair value through the consolidated statement of income and comprehensive income, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the consolidated statement of income and comprehensive income are expensed in the consolidated statement of income and comprehensive income.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of investments classified as available-for-sale are recognised in Other comprehensive income.

Loans and receivables and held-to-maturity investments are measured at fair value at initial recognition and subsequently carried at amortised cost using the effective interest method.

(vi) Impairment

Impairment of assets carried at fair value

At each balance date, The Benevolent Society assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of managed funds classified as available-for-sale, a significant or prolonged decline in the fair value of a fund below its cost is considered as an indicator that the funds are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated statement of income and comprehensive income – is reclassified from The Benevolent Societys funds and recognised in the consolidated statement of income and comprehensive income.

Impairment losses recognised in the consolidated statement of income and comprehensive income on investments classified as available-for-sale are not reversed through the consolidated statement of income and comprehensive income.

Impairment of assets carried at amortised cost

For held-to-maturity investments, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, The Benevolent Society may measure impairment on the basis of an instrument's fair value using an observable market price.

(vii) Trade and other receivables

Trade receivables were recognised at the amounts receivable as they were due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables was reviewed on an ongoing basis. Debts which were known to be uncollectible were written off by reducing the carrying amount directly. An allowance for doubtful debts was used when there was objective evidence that The Benevolent Society would not able to collect all amounts due, according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor would enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) were considered to be indicators that the trade receivable was doubtful. The amount of the impairment allowance and cash flows relating to short-term receivables were not discounted as the effect of discounting was immaterial.

Notes to the financial statements for the year ended 30 June 2021

33. Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

(vii) Trade and other receivables (continued)

The amount of the impairment loss was recognised in the consolidated statement of income and comprehensive income within bad debts expenses. When a trade receivable for which an impairment allowance had been recognised became uncollectable in a subsequent period, it was written off against the allowance account. Subsequent recoveries of amounts previously written off were credited against bad debts in the consolidated statement of income and comprehensive income.

(k) Property, plant and equipment

Land and buildings are shown at deemed cost as at transition to AIFRS date. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Costs incurred in developing products or systems, and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

Information Technology development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset.

Assets are generally capitalised if greater than $5,000. If government funding contracts state a different level for capitalisation, then that level is applied in relation to assets purchased under the specific government contract.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Fitout, Furniture and Fittings	10 years
Equipment	6–7 years
Motor Vehicle	6–7 years
IT Hardware and Software	3–5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of income and comprehensive income.

(l) Intangible assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to IT software. Costs capitalised include external direct costs of materials and service as well as internal labour cost directly attributable in developing products or services. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where The Benevolent Society has an intention and ability to use the asset.

33. Summary of significant accounting policies (continued)

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to The Benevolent Society prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is due later than 12 months from the reporting date. They are recognised at cost.

(n) Provisions

Provisions are recognised when The Benevolent Society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the cost of the best estimate of the expenditure required to settle the present obligation at the reporting date. The amount of the expenditure relating to provisions are not discounted as the effect of discounting is immaterial.

Retirement village contributions are payable on vacation of a unit by a resident, and are defined as the amounts Village residents loan to The Benevolent Society by deed of loan, less the amount allowed to be retained by The Benevolent Society, as determined by the deed of the loan.

(o) Employee benefits

(i) Wages and salaries, annual leave

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

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. The obligations are presented as current liabilities in the consolidated balance sheet if The Benevolent Society does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) On-costs

Employee benefit on-costs, including superannuation and workers compensation, are recognised and included in employee benefit expenses when the employee benefits to which they relate are recognised as liabilities.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Benevolent Society recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(v) Post-employment obligations

The group operates a post-employment schemes which is a defined benefit pension plan.

Pension obligations

The liability or asset recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

33. Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

(v) Post-employment obligations (continued)

Pension obligations (continued)

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. Accordingly the 10 year government bond yield rate is used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(p) Rounding of amounts

The Benevolent Society is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Report) Instrument 2016/191, relating to the 'rounding off' of amounts in the Financial Statements. Amounts in the Financial Statements have been rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 to the nearest thousand dollars, or in certain cases, the nearest dollar.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

(r) Comparative Information

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Directors' and Chair's declarations

For the year ended 30 June 2021

In the Directors' opinion:

(a) the Financial Statements and notes set out on pages 28 to 71 are in accordance with the ACNC Act 2012 including:

  (i) complying with Accounting Standards – Reduced Disclosure requirements, ACNC Act 2012, to the extend relevant *Corporations Act 2001* (Cth) and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the The Benevolent Society's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that The Benevolent Society will be able to pay its debts as and when they become due and payable.

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

Andrew Yates

Chair of the Audit, Finance and Risk Committee

Tim Beresford

Chair
Sydney
27 September 2021

Declaration by Chair in respect of fundraising appeals

I, Tim Beresford, Chair of The Benevolent Society declare that in my opinion:

(a) the consolidated statement of income and comprehensive income gives a true and fair view of all income and expenditure of The Benevolent Society with respect to fundraising appeals; and

(b) the consolidated balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeals; and

(c) the provisions of the *NSW Charitable Fundraising Act 1991*, the Regulations under the Acts and the conditions attached to the authority have been complied with; and

(d) the internal controls exercised by The Benevolent Society are appropriate and effective in accounting for all income received and applied by The Benevolent Society from all of its fundraising appeals.

Tim Beresford

Chair
Sydney
27 September 2021

Independent auditor's report

For the year ended 30 June 2021

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Independent auditor's report

To the members of The Benevolent Society

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of The Benevolent Society (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2021
- the consolidated statement of changes in funds for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of income and comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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Independent auditor's report (continued)

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and additional information furnished under NSW Charitable Fundraising Act 1991 and the Regulations for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of management and the directors for the financial report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Independent auditor's report (continued)

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Report on the requirements of the NSW Charitable Fundraising Act 1991 and NSW Charitable Fundraising Regulations 2015

We have audited the financial report as required by Section 24(2) of the NSW Charitable Fundraising Act 1991. The directors of the company are responsible for the preparation and presentation of the financial report in accordance with the Charitable Fundraising Act 1991 (NSW) and the NSW Charitable Fundraising Regulations 2015. Our responsibility is to express an opinion on the financial report based on our audit.

PricewaterhouseCoopers

PricewaterhouseCoopers

Mark Valerio
Partner

Sydney
27 September 2021

Sylvia and Lois

Home Support Partners, Hurstville