

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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CONTENTS

Statement by the Board of Governors	2
Independent Auditor's Report	3
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

BAPTIST CARE (SA) INCORPORATED
STATEMENT BY THE BOARD OF GOVERNORS

The Board of Governors have determined that Baptist Care (SA) Incorporated is a reporting entity.

In the opinion of the Board of Governors the financial statements as set out on pages 5 to 37:

1. Presents fairly the financial position of Baptist Care (SA) Incorporated as at 30 June 2013 and its performance for the year ended on that date.
2. Gives a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date.
3. At the date of this statement, there are reasonable grounds to believe that Baptist Care (SA) Incorporated will be able to pay its debts as and when they fall due.
4. No officer or no firm of which an officer is a member or no corporation in which an officer has a substantial financial interest has received or become entitled to receive a benefit as a result of a contract between the officer, firm or corporation and Baptist Care (SA) Incorporated.
5. No officer has received directly or indirectly any payment or other benefit of a pecuniary value other than remuneration payments to employees and reimbursements of out-of-pocket expenses together with minor contract services paid to Board Member Mr Robert Beard, in relation to Baptist Care (SA) Incorporated.

Signed in accordance with a resolution of the Members of the Board of Governors made on the 30th day of September 2013 and signed for and on behalf of the Board of Governors by:



Mr Allan Kenneth Priest
Chairman



Mr Paul Keith Scully
Chief Executive Officer

BAPTIST CARE (SA) INCORPORATED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the Financial Statements

We have audited the accompanying financial statements of Baptist Care (SA) Incorporated (the Association) which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the Board of Governors of Baptist Care (SA) Incorporated.

Board of Governors' Responsibility for the Financial Statements

The Board of Governors of the Association is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), and the Associations Incorporation Act (1985) South Australia and for such internal control as the Board of Governors determines is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

BAPTIST CARE (SA) INCORPORATED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Audit Opinion

In our opinion:

The financial statements of Baptist Care (SA) Incorporated is in accordance with the Associations Incorporation Act (1985) South Australia including:

- i. presenting fairly the financial position of the Association as at 30 June 2013 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards

MRL GROUP PTY LTD
Chartered Accountants



Mark LeCornu
Director
Registered Company Auditor

30th day of September 2013

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
INCOME			
Revenue	2	35,503,546	30,946,367
EXPENSE			
Employee benefit expenses		(25,691,539)	(20,082,277)
Depreciation and amortisation expense		(1,450,032)	(1,294,786)
Borrowing cost expense		(21,241)	(19,346)
Other expenses from ordinary activities		(6,036,246)	(7,425,377)
		<hr/>	<hr/>
Surplus prior to sale of residential age care assets		2,304,488	2,124,581
Sale of residential aged care assets			
(Loss) on sale of Playford Village	1c	(5,377,895)	0
		<hr/>	<hr/>
(Deficit) Surplus for the year		(3,073,407)	2,124,581
Transfer to Emergency Appeal Reserve	13	(17,277)	0
Transfer to Baptist Care (SA) Foundation Reserve	13	(12,000,000)	
		<hr/>	<hr/>
Total comprehensive (Deficit) Surplus for the year		(15,090,684)	2,124,581
		<hr/>	<hr/>

The accompanying notes form part of these financial statements

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	8,292,446	9,693,613
Trade and other receivables	6	16,892,126	2,617,814
Other	7	53,928	148,340
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		25,238,500	12,459,767
		<hr/>	<hr/>
NON CURRENT ASSETS			
Property, plant and equipment	8	12,177,802	31,712,872
		<hr/>	<hr/>
TOTAL NON CURRENT ASSETS		12,177,802	31,712,872
		<hr/>	<hr/>
TOTAL ASSETS		<u>37,416,302</u>	<u>44,172,639</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	2,091,998	4,495,203
Borrowings	10	143,921	436,595
Provisions	11	735,304	1,004,938
Other	12	2,086,630	2,571,574
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		5,057,853	8,508,310
		<hr/>	<hr/>
NON CURRENT LIABILITIES			
Borrowings	10	38,916	271,389
		<hr/>	<hr/>
TOTAL NON CURRENT LIABILITIES		38,916	271,389
		<hr/>	<hr/>
TOTAL LIABILITIES		<u>5,096,769</u>	<u>8,779,699</u>
		<hr/>	<hr/>
NET ASSETS		<u>32,319,533</u>	<u>35,392,940</u>
EQUITY			
Retained surpluses		19,255,754	34,346,438
Reserves	13	13,063,779	1,046,502
		<hr/>	<hr/>
TOTAL EQUITY		<u>32,319,533</u>	<u>35,392,940</u>

The accompanying notes form part of these financial statements

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	Retained Surpluses \$	Asset Revaluation Reserve \$	St Lukes Distribution Reserve \$	Emergency Appeal Reserve \$	Baptist Care (SA) Foundation Reserve \$	Total \$
Balance as at 30 June 2011	32,221,857	833,339	213,163	0	0	33,268,359
Surplus	2,124,581	0	0	0	0	2,124,581
Transfer to Reserves	0	0	0	0	0	0
Transfer to Retained Surpluses	0	0	0	0	0	0
Impairment (decrement)	0	0	0	0	0	0
	—	—	—	—	—	—
Balance as at 30 June 2012	34,346,438	833,339	213,163	0	0	35,392,940
Surplus	(3,073,407)	0	0	0	0	(3,073,407)
Transfer to Reserves	(12,017,277)	0	0	17,277	12,000,000	0
Transfer to Retained Surpluses	0	0	0	0	0	0
Impairment (decrement)	0	0	0	0	0	0
	—	—	—	—	—	—
Balance as at 30 June 2013	19,255,754	833,339	213,163	17,277	12,000,000	32,319,533
	—	—	—	—	—	—

The accompanying notes form part of these financial statements

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
		\$	\$
Cash Flows from operating activities			
Receipts from government, customers and supporters		36,251,515	31,351,300
Payments to suppliers and employees		(34,947,098)	(30,228,662)
Interest		479,857	691,851
Resident loans received		0	346,925
Repayment of resident loans		(869,670)	(54,548)
		<hr/>	<hr/>
Net cash inflow from operating activities	15	914,604	2,106,866
		<hr/>	<hr/>
Cash Flows from investing activities			
Proceeds from sale of property, plant and equipment		177,245	151,203
Purchase of property, plant and equipment		(1,967,869)	(5,126,729)
Increase (decrease) in resident deposits		(179,669)	51,304
		<hr/>	<hr/>
Net cash (used) provided from investing activities		(1,970,293)	(4,924,222)
		<hr/>	<hr/>
Cash Flows from financing activities			
Repayment of borrowing		(345,478)	(12,835)
		<hr/>	<hr/>
Net cash (used) provided from financing activities		(345,478)	(12,835)
		<hr/>	<hr/>
Net (decrease) increase in cash held		(1,401,167)	(2,830,191)
Cash at beginning of year		9,693,613	12,523,804
		<hr/>	<hr/>
Cash at end of year	15	<u>8,292,446</u>	<u>9,693,613</u>

The accompanying notes form part of these financial statements

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act (1985) South Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements cover Baptist Care (SA) Incorporated as an individual entity. Baptist Care (SA) Incorporated is an Association incorporated in South Australia under the Associations Incorporation Act (1985) South Australia.

The financial statements of Baptist Care (SA) Incorporated as an individual entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Reporting basis and conventions

The financial statements have been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and liabilities for which the fair value basis of accounting has been applied.

Accounting policies

a. Income tax

Baptist Care (SA) Incorporated is registered as a Public Benevolent Institution and is therefore exempt from income tax.

b. Properties, furnishings, equipment and vehicles

Property

Freehold land and buildings are shown at their considered fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of a revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All property was revalued as at 30 June 2009 by licensed valuers. The basis of valuation was dependent upon the nature of the property valued and included 'written down current cost' for specialised assets and a 'highest and best use' basis for non-specialised assets. The value attributed to buildings upon revaluation has been used as a basis for depreciation in the years since valuation as required by accounting standards.

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Properties, furnishings, equipment and vehicles (continued)

As part of the sale of Playford Village during the year ended 30 June 2013, the Association disposed of all property, furnishings and equipment associated with this activity. Refer to Note 18 for comprehensive note disclosures in relation to this discontinued operation.

Wayville property

During the year ended 30 June 2012, the Association completed construction of a property at Wayville which it had first acquired in the year ended 30 June 2010. The Association completed construction in April 2012. The Association commenced depreciation of this property during the year ended 30 June 2013.

Leasehold improvements

Leasehold improvements were valued as part of the valuation process as at 30 June 2009 by licensed valuers. Leasehold improvements are recognised as assets of Baptist Care (SA) Incorporated where Baptist Care (SA) Incorporated has contributed to the value of the assets and where the economic benefits of the assets is contractually certain under lease arrangements.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of income and expenditure.

Plant and equipment

Plant and equipment is measured on the cost basis.

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

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

Subsequent costs are included in the assets' carrying amounts 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 Association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement for the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on both a straight line and diminishing value basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

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

Class of fixed asset	Depreciation rate
Buildings	2.5%
Furniture and fittings	10 - 20%
Plant and equipment	7.5 - 33.3%
Motor vehicles	15%

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A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Properties, furnishings, equipment and vehicles (continued)

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 the carrying amount. These gains and losses are included in the statement of income and expenditure. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained surpluses.

c. Residential aged care operations

The Assembly of Baptist Churches SA Incorporated approved the recommendations of the Association during the financial year ended 30 June 2010 that it actively seek to dispose of its residential aged care facilities. During the year ended 30 June 2011 the Association successfully disposed of its residential aged care facilities at Morphett Vale comprising the Aldis Nursing Home and Allan Tinsley Hostel (short form name 'Aldis Tinsley').

During the year ended 30 June 2013, the Association disposed of the Playford Village Complex at Davoren Park, South Australia. The contract for sale was entered into on 31 January 2013. Settlement took place soon after 30 June 2013 with relevant bank funds received by the Association on 2 July 2013.

The Association has appropriately recorded the completion of its sale of aged care operations in the year ended 30 June 2013 and full disclosure is provided in these financial statements. As at 30 June 2013, the Association has recorded an amount receivable of \$12,500,540 in respect to the sale of Playford Village Complex – refer Note 6.

For the financial impact of the disposal of Playford Village Complex refer Note 18.

d. Fundraising, bequests and donations

During the year ended 30 June 2012, the Association received a significant Bequest from the Estate of the Late Miss Joy Miller to the value of \$1.1 million. In accord with the instructions of the Will, the entitlement was paid directly to Baptist Churches of South Australia Incorporated for distribution to (former) The West End Baptist Mission and The South Australian Baptist Homes for the Aged Inc. These organisations are now embraced through the merged legal entity of Baptist Care (SA) Incorporated. Accordingly, the Association received the distribution of \$1.1 million from Baptist Churches SA Incorporated in the year ended 30 June 2012.

e. Baptist Care (SA) Foundation

Baptist Care (SA) Foundation was formed on 11 January 2011 in accord with a resolution of the Assembly Board of Baptist Churches of South Australia and upon execution of the Trust Deed as a public ancillary fund. The objects of Baptist Care (SA) Foundation are 'to provide money, property or benefits' exclusively to Baptist Care (SA) Incorporated.

During the year ended 30 June 2012 the Association gifted \$504,389 to Baptist Care (SA) Foundation as a permanent contribution. This contribution was expensed as a donation by the Association during the year.

During the year ended 30 June 2013, the Association gifted an amount of \$1,038 to Baptist Care (SA) Foundation, being a transfer of a bequest received, for the purposes of permanent investment. The Association also received a distribution from Baptist Care (SA) Foundation amounting to \$15,000 during the year ended 30 June 2013 which is disclosed as donation income in these financial statements.

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Association becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through income or expenditure. Transaction costs related to instruments classified as at fair value through income or expenditure are expensed to income or expenditure immediately. Financial instruments are classified and measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

g. Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

h. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other financial institutions, other short-term highly liquid investments with original maturities of three months or less, and overdraft facilities held with financial institutions. Overdrafts held with financial institutions are shown within borrowings in current liabilities on the balance sheet.

i. Grants received in advance

Grants received in respect of future periods are disclosed as grants received in advance at year end (refer Note 12). Grants are treated as income in the period in which they are expended.

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Leases

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

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

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

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

k. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

Revenue from resident funded loans

The loan amounts which are retained in accordance with the agreements of resident funded loans are taken to the statement of income and expenditure.

l. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

m. Impairment of assets

At each reporting date, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

n. Comparative figures

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

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Association. The Association has decided not to early adopt any of the new and amended pronouncements. The Association's assessment of the new and amended pronouncements that are relevant to the Association but applicable in future reporting periods is set out below:

- **AASB 9: Financial Instruments** (December 2010) and **AASB 2010–7: Amendments to Australian Accounting Standards** arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on:
 - (a) the objective of the entity's business model for managing the financial assets; and
 - (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of this change to the mandatory effective date, the Association is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 30 June 2016. Although, the Board anticipate that the adoption of AASB 9 and AASB 2010–7 may have an impact on the Association's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **AASB 1053:** Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Since the entity is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. The entity has yet to determine whether Tier 2 reporting is adequate for the discharging of its reporting requirements. Until such a determination is made the entity will continue to apply Tier 1 reporting requirements.

- **AASB 10:** Consolidated Financial Statements, **AASB 11:** Joint Arrangements, **AASB 12:** Disclosure of Interests in Other Entities, **AASB 127:** Separate Financial Statements [August 2011], **AASB 128:** Investments in Associates and Joint Ventures [August 2011] and **AASB 2011-7:** Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127 [March 2008, as amended] and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Association has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

- **AASB 11** replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).
- **AASB 12** contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to impact the Association.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Association.

- **AASB 13:** Fair Value Measurement and **AASB 2011-8:** Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Association.

- **AASB 119:** Employee Benefits [September 2011] and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Association does not have any defined benefit plans and so is not impacted by the amendment.

- **AASB 119** [September 2011] also includes changes to:
 - (a) require only those benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as either other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
 - (b) the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
 - (i) for an offer that may be withdrawn – when the employee accepts;
 - (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
 - (iii) where the termination is associated with a restructuring of activities under AASB 137 and if earlier than the first two conditions when the related restructuring costs are recognised.

The Association has not yet been able to reasonably estimate the impact of these changes to AASB 119.

- **AASB 2012-2:** Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Association's financial statements.

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **AASB 2012-3:** Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to MSB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of MSB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Association's financial statements.

- **AASB 2012-5:** Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Association's financial statements.

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
NOTE 2		
REVENUE		
Grants and subsidies	29,963,418	24,551,405
Fees and rents	4,232,225	3,840,250
Fundraising, bequests and donations (note 1d)	217,370	1,293,856
Interest	479,857	691,851
Meals and catering receipts	407,255	399,041
Retained loans and restatements	24,880	45,019
Sundry income	178,541	124,945
	<u>35,503,546</u>	<u>30,946,367</u>

NOTE 3
SURPLUS

a. Expenses

Rental expenses on operating leases:

minimum lease payments	23,294	12,342
------------------------	--------	--------

b. Significant revenues and expenses
The following significant revenues and expenses are relevant in explaining the financial performance

Restatement of resident loans and surpluses (income)	24,880	45,019
Depreciation of property, plant and equipment (expense)	1,450,032	1,294,786
Loss on disposal of property, plant and equipment	899	0
Loss on sale of Playford Village	5,377,895	0

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
NOTE 4		
AUDITORS REMUNERATION		
Remuneration of the audit firm:		
- Auditing	48,000	40,000
- Consultancy	31,675	41,250

NOTE 5
CASH AND CASH EQUIVALENTS

Cash on hand	9,879	10,580
Moneys on deposit	6,615,181	6,228,859
Residents' deposits	3,526	183,195
Cash at bank and other financial institutions	1,663,860	3,270,979
	<u>8,292,446</u>	<u>9,693,613</u>

NOTE 6
TRADE AND OTHER RECEIVABLES

CURRENT

Service charges, rent receivable and other	470,272	267,149
Less: Provision for doubtful debts	(5,250)	0
	<u>465,022</u>	<u>267,149</u>
Grants and subsidies receivable	3,887,271	2,264,919
Fees receivable	2,573	23,782
Net GST recoverable	21,650	14,902
Workers' compensation payments recoverable	15,170	24,062
Sale proceeds of Playford Village receivable	12,500,440	0
Other amounts receivable	0	23,000
	<u>16,892,126</u>	<u>2,617,814</u>

NOTE 7
OTHER ASSETS

CURRENT

Prepayments	53,928	148,340
	<u>53,928</u>	<u>148,340</u>

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 8		
PROPERTY, PLANT AND EQUIPMENT		
LAND AND BUILDINGS		
Freehold Land at:		
Independent valuation 2009	1,570,000	1,570,000
Cost	0	2,029,877
Less accumulated impairment losses	0	(271,400)
Cost	1,008,188	1,008,188
	<hr/>	<hr/>
Total Land	2,578,188	4,336,665
	<hr/>	<hr/>
Buildings at:		
Independent valuation 2009	65,000	7,280,108
Cost	4,472,361	18,217,613
Less accumulated impairment loss	0	(2,444,217)
Less accumulated depreciation	(173,338)	(494,760)
	<hr/>	<hr/>
	4,364,023	22,558,744
	<hr/>	<hr/>
Current construction cost	997,735	201,837
	<hr/>	<hr/>
Total Buildings	5,361,758	22,760,581
	<hr/>	<hr/>
Leasehold Improvements at:		
Independent valuation 2009	1,794,000	1,794,000
Less accumulated depreciation	(285,389)	(214,041)
	<hr/>	<hr/>
	1,508,611	1,579,959
	<hr/>	<hr/>
Cost	599,872	0
Less accumulated depreciation	(64,217)	0
	<hr/>	<hr/>
	535,655	1,579,959
	<hr/>	<hr/>
Total Leasehold Improvements	2,044,266	1,579,959
	<hr/>	<hr/>
Total Land and Buildings	<u>9,984,212</u>	<u>28,677,205</u>

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
NOTE 8		
PROPERTY, PLANT AND EQUIPMENT (continued)		
PLANT AND EQUIPMENT		
Furnishings at cost	0	1,010,447
Less accumulated depreciation	0	(548,751)
	<hr/>	<hr/>
	0	461,696
	<hr/>	<hr/>
Motor Vehicles at cost	1,366,642	1,468,157
Less accumulated depreciation	(507,475)	(438,424)
	<hr/>	<hr/>
	859,167	1,029,733
	<hr/>	<hr/>
Equipment at cost	2,856,119	3,694,491
Less accumulated depreciation	(1,521,696)	(2,150,253)
	<hr/>	<hr/>
	1,334,423	1,544,238
	<hr/>	<hr/>
Total plant and equipment	<u>2,193,590</u>	<u>3,035,667</u>
Total property, plant and equipment	<u>12,177,802</u>	<u>31,712,872</u>

Revaluation

All real property and leasehold improvements were revalued by licensed valuers as at 30 June 2009. These valuations were adopted as at 30 June 2009 and the valuation increments and decrements were taken up in the asset revaluation reserve in accumulated funds. All other non-current assets are recorded at cost. Refer also Note 1b.

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 8
PROPERTY, PLANT AND EQUIPMENT (continued)

Movements in carrying amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land \$	Buildings \$	Leasehold \$	Furnishings \$	Equipment \$	Motor Vehicles \$	Total \$
Balance at the beginning of the year	4,336,665	22,760,581	1,579,959	461,696	1,544,238	1,029,733	31,712,872
Additions	0	815,715	599,872	21,536	278,601	252,145	1,967,869
Disposals	(1,758,477)	(17,609,162)	0	(340,238)	(577,645)	(336,318)	(20,621,840)
Transfers	0	0	(35,189)	0	35,189	0	0
Depreciation expense	0	(605,376)	(100,376)	(142,994)	(375,339)	(225,947)	(1,450,032)
Carrying amount at the end of the year	2,578,188	5,361,758	2,044,266	0	1,334,423	859,167	12,177,802

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 9		
TRADE AND OTHER PAYABLES		
Trade creditors	1,755,087	1,704,220
Other creditors and accruals	336,911	156,548
Resident loans - accommodation bonds	0	2,634,435
	<u>2,091,998</u>	<u>4,495,203</u>
NOTE 10		
BORROWINGS		
CURRENT		
Unsecured Liabilities		
Residents' deposits	3,526	183,195
Loan - Baptist Financial Services Australia Ltd	0	65,000
Hire purchase liability - equipment	140,395	188,400
	<u>143,921</u>	<u>436,595</u>
NON CURRENT		
Unsecured Liabilities		
Loan - Baptist Financial Services Australia Ltd	0	92,077
Loan - Westcare development	3,000	3,000
Hire purchase liability - equipment	35,916	176,312
	<u>38,916</u>	<u>271,389</u>
NOTE 11		
SHORT TERM PROVISIONS		
Employee benefits - annual leave	531,520	688,248
Employee benefits - long service leave	203,784	316,690
Total short term provisions	<u>735,304</u>	<u>1,004,938</u>
Analysis of short term provisions		
Settled within 12 months	555,154	799,089
Settled greater than 12 months	180,150	205,849
Total provisions	<u>735,304</u>	<u>1,004,938</u>

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 12		
OTHER CURRENT LIABILITIES		
Residents' fees received in advance	0	78,025
Grants received in advance	2,086,630	2,493,549
	<u>2,086,630</u>	<u>2,571,574</u>
NOTE 13		
RESERVES		
ASSET REVALUATION RESERVE		
Valuation increments on 216 Wright Street	69,490	69,490
Valuation decrements on 218 Wright Street	(24,504)	(24,504)
Valuation increments on Miller Court	597,794	597,794
Valuation increments on Westcare improvements	113,922	113,922
Valuation increments on Mylor improvements	76,637	76,637
	<u>833,339</u>	<u>833,339</u>
ST LUKES DISTRIBUTION RESERVE		
St Lukes distribution reserve	213,163	213,163
	<u>213,163</u>	<u>213,163</u>
EMERGENCY APPEAL RESERVE		
Emergency Appeal Reserve	17,277	0
	<u>17,277</u>	<u>0</u>
BAPTIST CARE (SA) FOUNDATION RESERVE		
Baptist Care (SA) Foundation Reserve	12,000,000	0
	<u>12,000,000</u>	<u>0</u>
Total reserves	<u>13,063,779</u>	<u>1,046,502</u>

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Reserves

Asset revaluation reserve

The asset revaluation reserve records revaluations of non-current assets.

St Lukes Distribution Reserve

The St Lukes Distribution Reserve represents the contribution made to the former Baptist Community Services (SA) Incorporated by the Anglican Church of Australia as a result of the liquidation of St Lukes Mission in the year ended 30 June 2006. The contribution was made to further the work with the homeless in the inner city of Adelaide through the ongoing work of Westcare. Baptist Care (SA) Incorporated continues to honour this contribution after amalgamation through the recognition of this reserve and the continuation of the Westcare ministry.

Emergency Appeal Reserve

The Emergency Appeal Reserve was created in the year ended 30 June 2013 via resolution of the Board of Governance. This Reserve represents donation moneys received for emergency appeal toward the end of the year ended 30 June 2013 and that are disclosed as income for that year. Funds raised from the emergency appeal were intended to be used in the year ending 30 June 2014 and the creation of the Emergency Appeal Reserve reflects this intention.

Baptist Care (SA) Foundation Reserve

The Board of Governors resolved to create the Baptist Care (SA) Foundation Reserve as at 30 June 2013 to reflect the intention to set-aside \$12 million of the net assets of the Association for transfer to Baptist Care (SA) Foundation. The Reserve was created to align the allocation of net assets to Baptist Care (SA) Foundation in the same period as the sale of Playford Village and which will ultimately fund the transfer.

	2013 \$	2012 \$
NOTE 14		
CAPITAL AND LEASING COMMITMENTS		
Operating Lease Commitments		
Operating leases contracted for but not capitalised in the financial statements.		
Payable - minimum lease payments		
- not later than 12 months	27,599	11,767
- between 12 months and 5 years	38,495	19,146
- greater than 5 years	0	0
	<u>66,094</u>	<u>30,913</u>

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
NOTE 15		
CASH FLOW INFORMATION		
Reconciliation of Cash Flow from operations		
With surplus from operations		
Surplus (Deficit) from operations	(3,073,407)	2,124,581
Cash flows excluded from surplus attributable to operations		
Non cash flows in surplus		
- Depreciation	1,450,032	1,294,786
- Loss on disposal of Playford Village	5,377,895	0
- Loss on sale of fixed assets	31,013	52,764
Change in assets and liabilities		
- (Increase) in trade and other receivables	(1,760,659)	(1,852,618)
- (Increase) in prepayments	(30,058)	(11,882)
- Increase in trade payables and accruals	231,230	172,318
- (Decrease) increase in prepaid income	(78,025)	3,453
- Increase in employee benefits	68,052	159,766
- Decrease in grants in advance	(406,919)	(83,660)
- (Decrease) increase in resident loans	(894,550)	247,358
Cash flow from operations	<u>914,604</u>	<u>2,106,866</u>
Cash and cash equivalents at end of period are represented by		
Cash and cash equivalents	8,292,446	9,693,613
	<u>8,292,446</u>	<u>9,693,613</u>

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16
SEGMENT REPORTING

RAC Number

	Playford Village <i>6852</i>		Aged Care Administration	
	2013	2012	2013	2012
	\$	\$	\$	\$
REVENUE				
Australian Government subsidies	8,147,605	7,097,053	0	0
Fees and rents	1,917,296	1,685,525	2,088	1,460
Fundraising, bequests and donations (Note 1d)	0	0	737	555,201
Grants	0	0	0	0
Interest	0	190	309,854	292,523
Meals and catering receipts	0	0	0	0
Retained loans and repayment surpluses	24,880	45,019	0	0
Sundry income	5,969	0	65,378	15,583
Total revenue	10,095,750	8,827,787	378,057	864,767
EXPENDITURE				
Accreditation audit	1,114	15,697	0	0
Administration	208,782	232,439	73,066	65,614
Client support services	0	0	0	0
Community development	0	0	0	0
Contract and consulting	0	0	0	0
Depreciation	666,450	663,497	939	1,960
Domestic expenses	183,979	162,987	0	0
Food supplies	296,277	294,569	0	0
Fuel, light and power	242,287	175,647	0	0
Interest	18,208	3,212	0	0
Medical and therapy supplies	179,268	152,009	0	0
Motor vehicle expenses	5,193	24,517	0	0
Rent	0	0	0	0
Repairs and maintenance	94,192	77,400	0	0
Salaries, wages and related costs	7,335,518	6,057,461	336,735	257,649
Sundry expenses	0	0	899	0
Loss on disposal of Playford Village	5,377,895	0	0	0
Donation paid to Baptist Care (SA) Foundation (Note 1e)	0	0	0	276,234
Total expenditure	14,609,163	7,859,435	411,639	601,457
SEGMENT RESULT	(4,513,413)	968,352	(33,582)	263,310

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16
SEGMENT REPORTING (cont)

<i>RAC Number</i>	2013 \$	Playford Village 6852 2012 \$	Aged Care Administration 2013 \$	2012 \$
ASSETS				
Segment assets	0	20,465,417	26,696,158	13,802,848
LIABILITIES				
Segment liabilities	0	2,634,435	721,483	1,112,159

OTHER

Acquisitions of non-current segment assets	43,795	26,922	0	0
Depreciation and amortisation of segment assets	666,450	663,538	939	1,919

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16
SEGMENT REPORTING (cont)

	AGED CARE		COMMUNITY SERVICES		ORGANISATION	
	TOTAL		TOTAL		TOTAL	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
REVENUE						
Australian Government subsidies	8,147,605	7,097,053	0	0	8,147,605	7,097,053
Fees and rents	1,919,384	1,686,985	2,312,841	2,153,265	4,232,225	3,840,250
Fundraising, bequests and donations (Note 1d)	737	555,201	216,633	738,655	217,370	1,293,856
Grants	0	0	21,815,813	17,454,352	21,815,813	17,454,352
Interest	309,854	292,713	170,003	399,138	479,857	691,851
Meals and catering receipts	0	0	407,255	399,041	407,255	399,041
Retained loans and repayment surpluses	24,880	45,019	0	0	24,880	45,019
Sundry income	71,347	15,583	107,194	109,362	178,541	124,945
Total revenue	10,473,807	9,692,554	25,029,739	21,253,813	35,503,546	30,946,367
EXPENDITURE						
Accreditation Audit	1,114	15,697	0	0	1,114	15,697
Administration	281,848	298,053	917,967	996,644	1,199,815	1,294,697
Client support services	0	0	629,768	1,161,478	629,768	1,161,478
Community development	0	0	72,597	55,171	72,597	55,171
Contract and consulting	0	0	872,892	905,709	872,892	905,709
Depreciation	667,389	665,457	782,280	629,329	1,449,669	1,294,786
Domestic expenses	183,979	162,987	79,886	76,749	263,865	239,736
Food supplies	296,277	294,569	365,068	390,183	661,345	684,752
Fuel, light and power	242,287	175,647	229,137	203,302	471,424	378,949
Interest	18,208	3,212	3,033	16,134	21,241	19,346
Medical and therapy supplies	179,268	152,009	0	0	179,268	152,009
Motor vehicle expenses	5,193	24,517	506,393	472,958	511,586	497,475
Rent	0	0	550,176	979,689	550,176	979,689
Repairs and maintenance	94,192	77,400	328,398	314,099	422,590	391,499
Salaries, wages and related costs	7,672,253	6,315,110	18,019,285	13,767,167	25,691,538	20,082,277
Sundry expenses	899	0	198,233	164,127	199,132	164,127
Loss on disposal of Playford Village	5,377,895	0	0	0	5,377,895	0
Donation paid to Baptist Care (SA) Foundation (Note 1e)	0	276,234	1,038	228,155	1,038	504,389
Total expenditure	15,020,802	8,460,892	23,556,151	20,360,894	38,576,953	28,821,786
SEGMENT RESULT	(4,546,995)	1,231,662	1,473,588	892,919	(3,073,407)	2,124,581

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 16
SEGMENT REPORTING (cont)**

	AGED CARE TOTAL		COMMUNITY SERVICES TOTAL		ORGANISATION TOTAL	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
ASSETS						
Segment assets	19,148,963	34,268,265	18,267,339	9,904,374	37,416,302	44,172,639
	—	—	—	—	—	—
LIABILITIES						
Segment liabilities	721,483	3,746,594	4,375,286	5,033,105	5,096,769	8,779,699
	—	—	—	—	—	—
OTHER						
Acquisitions of non-current segment assets	43,795	26,922	1,924,074	5,099,807	1,967,869	5,126,729
Depreciation and amortisation of segment assets	667,389	665,457	782,643	629,329	1,450,032	1,294,786

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17
STATEMENT OF DONATIONS AND FUNDRAISING

	Income \$	Direct Expenditure \$	Net Income \$
DONATIONS AND FUNDRAISING REPORTED IN OPERATING RESULTS			
Donations - General	101,942		101,942
Donations - Churches	39,531		39,531
Donations - Seasonal appeals and monthly sponsors	<u>75,897</u>	<u>1,424</u>	<u>74,473</u>
Total donations and fundraising	<u>217,370</u>	<u>1,424</u>	215,946
Indirect costs associated with fundraising			
Salaries and on-costs			(12,347)
Office			<u>(2,711)</u>
NET FUNDRAISING AVAILABLE FOR ALLOCATION			<u>200,888</u>

Net fundraising was allocated to the following purposes in accordance with donor requests. Non-specified fundraising is allocated on the basis of program need:

DIRECT SERVICES		
WestCare Day Centre - general operations		120,822
WestCare Day Centre - pastoral care		5,812
WestCare Day Centre - welfare food purchases		6,050
WestCare Day Centre – Christmas gifts		2,955
Aged Care - chaplaincy services		737
Aboriginal services - general operations		2,743
Youth services - general operations		40
Refugee services - general operations		6,195
WestCare Carols in the Square		627
Adventure services		10,000
Seniors and Healthy Ageing		15,000
Prison Chaplaincy		11,920
CAPITAL DEVELOPMENTS		
Sanctuary in the City - capital reserve		710
WestCare Day Centre emergency appeal		17,277
		<u>200,888</u>

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 18
DISCONTINUED OPERATIONS

During the year ended 30 June 2013 Baptist Care (SA) disposed of Playford Village thereby discontinuing its operations of this business segment. Refer also Note 1c.

The Playford Village operation was sold via contract for sale on 31 January 2013 while settlement took place soon after 30 June 2013. These financial statement record an amount receivable in relation to the sale proceeds receivable as at 30 June 2013 amounting to \$12,500,440 – refer Note 6. This amount was received on 2 July 2013.

The financial disclosures pertaining to the operation of Playford Village in these financial statements are for the period 1 July 2012 to 30 June 2013.

Financial information relating to the discontinued operation to the date of disposal is set out below and at Note 16 - Segment Reporting.

	Playford Village Combined Results	
	2013	2012
	\$	\$
Revenue	10,095,750	8,827,787
Expenses	(9,231,268)	(7,859,435)
	<hr/>	<hr/>
Surplus before disposal	864,482	968,352
	<hr/>	<hr/>
(Loss) on disposal	(5,377,895)	0
	<hr/>	<hr/>
Total (Deficit) Surplus attributable to discontinued operation	<u>(4,513,413)</u>	<u>968,352</u>

The loss recorded on the disposal of Playford Village was recorded in relation to the impaired book value of Playford Village's assets and liabilities.

The net cash flows from the discontinuing operation which have been incorporated into the statement of cash flows are as follows:

	2013	2012
	\$	\$
Net cash inflow from operating activities	1,472,047	1,800,133
Net cash (outflow) from investing activities	(43,795)	(24,670)
Net cash inflow from financing activities	0	0
	<hr/>	<hr/>
Net cash increase in cash generated by the discontinued operation	<u>1,428,252</u>	<u>1,775,463</u>

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19
FINANCIAL INSTRUMENTS

The entity's financial instruments consist mainly of:

Assets

- (i) at call and term deposits with banks and other financial institutions
- (ii) accounts receivable.

Liabilities

- (iii) loans from financial institutions
- (iv) hire purchase arrangements with financial institutions
- (v) accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets

		2013	2012
		\$	\$
Cash and cash equivalents	5	8,292,446	9,693,613
Trade and other receivables	6	16,892,126	2,617,814
		<hr/>	<hr/>
		25,184,572	12,311,427
		<hr/>	<hr/>

Financial liabilities

Financial liabilities at amortised cost			
- trade and other payables	9	2,091,998	1,860,768
- residence loans	9	0	2,634,435
- borrowings	10	182,837	707,984
		<hr/>	<hr/>
		2,274,835	5,203,187
		<hr/>	<hr/>

Financial Risk Management Policies

The Board of Governors together with the Chief Executive and Finance Director are responsible for, among other issues, monitoring and managing financial risk exposures of the entity. Discussions on monitoring and managing financial risk also occur at a governance level as part of regular meetings of the Board of Governors.

The potential risks Baptist Care (SA) Incorporated is exposed to through its financial instruments are interest rate risk and liquidity risk.

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19
FINANCIAL INSTRUMENTS (continued)

Financial risks

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The table below details the categories of financial instruments disclosed in the financial accounts, the interest rate assessed risk level and the reasoning.

Financial Instrument category	Assessed risk	Reasoning
Financial assets		
Cash and cash equivalents	Low	Cash is maintained at variable interest rates.
Receivables	Low	Short term assets - not affected by changes in interest rates.
Financial Liabilities		
Financial liabilities at amortised cost		
- trade and other payables	Low	Short term liabilities are not affected by changes in interest rates.
- borrowings	Low	All loans are at variable interest rates All hire purchase arrangements are at fixed rates set at the time of entering the contract arrangement. Residents deposits are not affected by changes in interest rates.

Sensitivity analysis

The following table illustrates sensitivities to the association's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Surplus \$	Equity \$
Year ended 30 June 2013		
+ 1.00% in interest rates	+ 20,837	+ 20,837
- 0.75% in interest rates	- 15,628	- 15,628
Year ended 30 June 2012		
+ 1.00% in interest rates	+ 24,054	+ 24,054
- 0.50% in interest rates	- 12,027	- 12,027

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19
FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk arises from the possibility that Baptist Care (SA) Incorporated might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Baptist Care (SA) Incorporated manages this risk through the following mechanisms:

- Maintenance of constant information systems and daily monitoring of cash flows;
- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table on page 36 details the maturity analysis for the financial liabilities.

Net fair values

No financial assets or liabilities are readily traded on organised markets in standardised form.

All other net fair values of financial instruments are materially in line with carrying values.

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19
FINANCIAL INSTRUMENTS (continued)

	Within 1 Year		1 to 5 Years		Over 5 Years		Total
	2013	2012	2013	2012	2013	2012	2012
	\$	\$	\$	\$	\$	\$	\$
Financial Liabilities							
Trade and other payables - other	2,091,998	1,860,768		0	0	0	1,860,768
Trade and other payables - resident loans	0	2,634,435	0	0	0	0	2,634,435
Borrowings - hire purchase arrangements	140,395	188,400	35,916	176,312	0	176,311	364,712
Borrowings - loans	0	65,000	0	92,077	0	0	157,077
Borrowings - resident deposits	3,526	183,195	0	0	0	3,526	183,195
Borrowings - Westcare development	0	0	3,000	3,000	0	3,000	3,000
Total Financial Liabilities	2,235,919	4,931,798	38,916	271,389	0	2,274,835	5,203,187

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20
CAPITAL MANAGEMENT

The Board of Governors and Senior Management Team manage the capital of Baptist Care (SA) Incorporated. The primary objective of capital management is to ensure that government grant contracts and integrity of funding sources are honoured while ensuring the pursuit of the constitutional objects of the organisation through ethical Christian service and prudent stewardship.

Baptist Care (SA) Incorporated adheres to a strong and responsible management policy in relation to capital management of funds including regular assessment of liquidity, strict adherence to prudential standards and principles, and conservative protection over cash and physical assets.

Baptist Care (SA) Incorporated management guidelines ensure minimisation of credit risk and maximisation of capital preservation.

NOTE 21
ASSOCIATION DETAILS

The registered office of the association is:

Baptist Care (SA) Incorporated
130 Rose Terrace
Wayville 5034

The principal place of business is:

Baptist Care (SA) Incorporated
130 Rose Terrace
Wayville 5034