baptistcare
communities for life

BAPTISTCARE INCORPORATED

ABN 17 138 445 819

ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2015

INDEX

BOARD DECLARATION

In the opinion of the Board of Management of Baptistcare Incorporated (the Entity):

(a) the Entity is not publicly accountable;

(b) the consolidated financial statements and notes that are set out on pages 5 to 28 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

  (i) giving a true and fair view of the Entity's and the Group's financial position as at 30 June 2015 and of its performance, for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013 ; and

(c) there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Board of Management in accordance with a resolution of the Board.

Simon Ford

S Ford
Board Member

R Brown
Board Member

Date: 30/10/2015
Perth WA

Independent auditor's report to the members of Baptistcare Inc.

Report on the financial report

We have audited the accompanying financial report of Baptistcare Inc. (the Entity), which comprises the consolidated statements of financial position as at 30 June 2015, and consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information and the Board's declaration of the Entity, and the Group comprising the Entity and its controlled entities at year end or from time to time during the year.

This audit report has also been prepared for the members of the Entity in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC).

Board of Management's responsibility for the financial report

The Board Members of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the ACNC and the *Associations Incorporations Act 1987.* The Board's responsibility also includes such internal control as the Board Members determine 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 report is free from material misstatement.

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

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure

Requirements, the ACNC, and the *Associations Incorporations Act 1987*, a true and fair view which is consistent with our understanding of the Entity's and the Group's financial position and of their performance.

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 have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012.*

Auditor's opinion

In our opinion the financial report of Baptistcare Inc. is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporations Act 1987*, including:

(a) giving a true and fair view of the Entity's and the Group's financial position as at 30 June 2015 and of their performance for the year ended on that date; and

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

KPMG
KPMG

Grant Robinson
Grant Robinson
Partner

Perth

30 October 2015

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

To the Board of Baptistcare Inc.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

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

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

KPMG
KPMG

Grant Robinson
Grant Robinson
Partner

Perth

30 October 2015

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015	Consolidated 2014 Restated	Baptistcare Inc 2015	Baptistcare Inc 2014 Restated
In thousands of dollars					
Revenue from ordinary activities	3.1	100,715	103,198	100,085	102,930
Other income	3.2	23,155	6,368	23,155	6,368
Employee benefits expense		(75,263)	(69,130)	(74,320)	(68,360)
Depreciation expense	6	(5,200)	(5,233)	(5,127)	(5,185)
Impairment of loan due from subsidiary		-	-	(1,687)	-
Impairment of Goodwill		(1,661)	-	-	-
Borrowing expenses		(7)	-	(7)	-
Costs in providing services		(8,395)	(9,227)	(11,787)	(9,227)
Other expenses from ordinary activities		(18,032)	(11,146)	(14,990)	(12,104)
Surplus for the year		15,311	14,830	15,322	14,422
Total Comprehensive Income for the year		15,311	14,830	15,322	14,422

To be read in conjunction with the accompanying notes on pages 9 to 28.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

		Consolidated		Baptistcare Inc	
	Note	**2015**	**2014 Restated**	**2015**	**2014 Restated**
In thousands of dollars					
Assets					
Cash and cash equivalents	11(a)	25,547	11,010	24,571	10,161
Interest bearing deposits	11b)	2,880	17,774	2,880	17,774
Trade and other receivables	4	3,423	2,531	3,308	2,410
Inventories	7	106	62	-	-
Investment properties	5	120,535	94,640	120,535	94,640
Property, plant and equipment	6	58,591	60,505	57,880	59,939
Loan to Gnocci Holdings Pty Ltd		-	-	-	1,687
Goodwill		-	1,661	-	-
Total Assets		211,082	188,184	209,174	186,611
Liabilities					
Trade and other payables	8	9,360	9,470	8,712	9,163
Provisions	9	9,713	7,056	9,529	6,876
Non-interest bearing liabilities	10	138,136	133,097	138,136	133,097
Total Liabilities		157,209	149,623	156,377	149,136
Net Assets		53,873	38,562	52,799	37,475
Equity					
Capital reserve		12,487	12,487	12,487	12,487
Accumulated Funds		41,386	26,075	40,312	24,988
Total Funds		53,873	38,562	52,799	37,475

To be read in conjunction with the accompanying notes on pages 9 to 28.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Accummulated Funds		Government Capital Subsidies Reserve		Subsidies & Other Grants - Special Purposes Reserve		Capital Reserve		Total	
In thousands of dollars	Consolidated	Baptistcare Inc	Consolidated	Baptistcare Inc	Consolidated	Baptistcare Inc	Consolidated	Baptistcare Inc	Consolidated	Baptistcare Inc
Restated Balance at 1 July 2013	9,452	8,774	-	-	1,792	1,792	12,487	12,487	23,731	23,053
Surplus for the year	14,830	14,422	-	-	-	-	-	-	14,830	14,422
Transfer to Accumulated Funds/Capital Reserve	1,792	1,792	-	-	(1,792)	(1,792)	-	-	-	-
Balance at 30 June 2014	26,075	24,988	-	-	-	-	12,487	12,487	38,562	37,475
Surplus for the year	15,311	15,322	-	-	-	-	-	-	15,311	15,322
Balance at 30 June 2015	41,386	40,312	-	-	-	-	12,487	12,487	53,873	52,799

To be read in conjunction with the accompanying notes on pages 9 to 28.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $000's	Consolidated 2014 Restated $000's	Baptistcare Inc 2015 $000's	Baptistcare Inc 2014 Restated $000's
Cash Flows from Operating Activities					
Receipts from residents		18,327	18,176	17,491	17,411
Operating subsidies/grant receipts		76,015	74,627	76,015	74,627
Donations received		50	18	50	18
Interest received		1,283	1,475	1,466	1,475
Tenant Entry Contributions		2,514	2,150	2,514	2,150
Payments to suppliers and employees		(96,064)	(87,867)	(95,752)	(87,421)
Net cash generated by operating activities	11(c)	2,125	8,579	1,784	8,259
Cash Flows from Investing Activities					
Proceeds from sale of property, plant and equipment		2,394	3,643	1,968	3,551
Payments for property, plant and equipment		(7,177)	(4,068)	(6,534)	(3,772)
Redemption/(Acquisition) of Interest Bearing Deposits		14,894	(13,956)	14,894	(13,956)
Net cash used in investing activities		10,111	(14,381)	10,328	(14,177)
Cash Flows from Financing Activities					
Deeming Deposits		51	8	51	8
Liabilities Riverside Deposits		(108)	(99)	(108)	(99)
Accommodation Bonds Received (Net)		2,450	(3,835)	2,450	(3,835)
Accommodation Loans Received (Net)		(94)	9,274	(94)	9,274
Net cash generated by financing activities		2,299	5,348	2,299	5,348
Net increase/(decrease) cash and cash equivalents		14,535	(454)	14,411	(570)
Cash and cash equivalents held at the beginning of the financial year		11,010	11,464	10,161	10,730
Cash and cash equivalents held at the end of the financial year	11(a)	25,547	11,010	24,571	10,161

To be read in conjunction with the accompanying notes on pages 9 to 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: Summary of Accounting Policies

Statement of Compliance

Baptistcare Incorporated (the Entity) is domiciled in Australia.

The Entity's registered office is located at 95 Belgravia Street, Belmont WA 6104.

These consolidated financial statements comprise the Entity and its controlled entity (collectively the Group), and are as at and for the year ended 30 June 2015.

In the opinion of the Board, the Group is not publicly accountable. The consolidated financial statements are Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board.

Baptistcare Incorporated is an association incorporated in Western Australia under the Associations Incorporation Act (WA) 1987 and the Australian Charities & Not-for-profit Commission Act 2012. The Group is a not-for-profit entity and is primarily involved in the aged care industry and is registered as a Public Benevolent Institution (PBI) and as a consequence is exempt from income tax.

Baptistcare Incorporated's financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements, the requirements of the Associations Incorporations Act (WA) 1987 and Australian Charities & Not-for-profit Commission Act 2012.

They were authorised for issue by the Board on 29 October 2015.

Details of the entity's accounting policies, including changes during the year, are included in Note 1 (a) – (x).

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for investment property, tenant loans, deferred management fees and other financial instruments which are carried at fair value. All amounts are presented in Australian dollars, which is the functional currency of Baptistcare.

The entity has adopted the liquidity balance sheet presentation as it is more relevant.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Australian Accounting Standards – Reduced Disclosure Requirements, management is required to make judgments, estimates and assumptions that affect the application of the accounting policies and the carrying values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTE 1: Summary of Accounting Policies (continued)

Judgements
Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 1 (o) – Agency relationship
- Note 6 – Property, plant and equipment

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 30 June 2015 are included in the following notes:

- Note 9 Provisions
- Note 5 Investment Property
- Note 3.1 Tenant Loans
- Note 3.1 Deferred management fees

Accounting policies are selected and applied consistently to all periods presented in these financial statements (except for note 1c, 1f (iv), 1j) in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(a) Basis of Consolidation
The consolidated financial statements comprise of Baptistcare Incorporated as (the parent entity) and the controlled entity Gnocci Holdings Pty Ltd as trustee for the Gnocci Charitable Trust (trading as Aurum Catering).

(i) Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within the equity. Otherwise, subsequent changes in fair value of the contingent consideration are recognised in profit or loss.

(ii) Controlled entities
The Group controls an entity when it 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 over the entity. The financial statements of the controlled entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Transactions eliminated on consolidation
Intra-group balances and transaction, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

NOTE 1: Summary of Accounting Policies (continued)

(b) Property, Plant and Equipment

Land is stated at cost. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation is provided on property, plant and equipment excluding land and work-in-progress. Depreciation is calculated on a straight line basis over the expected useful life to its estimated residual value, commencing from the time the assets are held ready for use.

The following rates are used in the calculation of depreciation:

Buildings and leasehold improvements 2.5%-4.0%
Plant and equipment 5.0%-40%
Furniture and fittings 5.0%-12.5%
Motor Vehicles 20%
Computer Equipment 40%

(c) Investment Property

Investment properties comprise investment interests in land and building held to produce rental income and capital appreciation but not for sale in the ordinary course of business.

Investment property is initially measured at cost, including transaction cost. The carrying amount includes the cost of replacing part of an investment property when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Group and cost can be measured reliably. All other costs are recognized in the statement of comprehensive income as an expense as incurred. Subsequent to initial recognition, investment properties are measured at fair value with any change therein recognised in profit or loss.

Investment property includes the entity's independent living units. When the use of the property changes such that it is reclassified as property, plant and equipment, it's fair value at the date of reclassification becomes it's deemed cost for subsequent accounting purposes.

The fair value of investment property represents an external, independent valuation of investment property. Valued by an independent valuation specialist, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the investment property annually. The fair values are based on market values at reporting date, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

When the construction or development of a self-constructed investment property is completed, it will be carried at fair value and any difference between the fair value of the property at that date and it's previous carrying amount is recognized in the statement of profit and loss. The cost of self-constructed assets includes the cost of materials, direct labour & and appropriate portion of overheads.

NOTE 1: Summary of Accounting Policies (continued)

(d) Employee Benefits

A liability is provided for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when services have been performed, it is probable that settlement will be required and they are capable of being reliably measured. Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

Contributions to defined contribution superannuation plans are expensed when employees have rendered services entitling them to the contribution.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Revenue

i. Fees

Income from services rendered on a fee for service basis is recorded as revenue on completion of the service provided.

ii. Subsidies

The Entity's residential care and home care activities are supported by subsidies received from federal and state governments. Subsidies received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such subsidies are initially recognised as a liability and revenue is recognised as services performed or conditions fulfilled.

iii. Donations and Interest Revenue

Donations are recognised on receipt. Interest revenue is accrued on a monthly basis using the effective interest rate method.

iv. Deferred Management Fee

Deferred Management Fees (DMF) and Termination Fees (TM) is revenue earned during the resident's occupation of retirement village dwellings and such revenue is recognised as income over the resident's expected tenure. The expected tenure is calculated with reference to Australian Bureau of Statistics current data relating to life expectancy and historical trends of rollovers within the entity.

Specifically, total DMF revenue from each resident is amortised over the expected period of tenure of the resident and based on:

NOTE 1: Summary of Accounting Policies (continued)

iv. Deferred Management Fee (continued)

• "Exit" based contracts - calculated as the expected DMF receivable based on the current market value of the independent living unit amortised over the expected average period of tenure of the resident.

• "Entry" based contracts - calculated as the anticipated final DMF receivable based on the entry market value amortised over the expected average period of tenure of the resident.

DMF revenue to which the entity is contractually entitled at reporting date is included in investment property. The excess of DMF revenue to which the entity is contractually entitled at reporting date, over DMF revenue earned to date by amortisation over the expected period of tenure, is included in deferred revenue in the balance sheet. The fair value of DMF revenue is estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date.

(g) Cash and Cash Equivalents

Cash comprises cash on hand; cash in banks and investments in money market instruments. These are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(h) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(i) Accommodation Bonds and Refundable Accommodation Deposits

Accommodation bonds and refundable accommodation deposits are recorded at an amount equal to the proceeds received. All residents have the choice of paying their accommodation either through a Daily Accommodation Payment (DAP) or a Refundable Accommodation Deposit (RAD) or a combination of both. When a resident leaves, the accommodation bond balance less appropriate fee changes will be refunded. Accommodation bond balances and refundable accommodation deposits are repayable on demand.

NOTE 1: Summary of Accounting Policies (continued)

(j) Tenant Loans

Tenant loans represent the refundable lump sum lease payment received from retirement village residents. On termination of a lease agreement the balance of the lump sum lease payment, less the deferred management fee and termination fee owing, will be paid to the departing resident. The balance of the lump sum payment represents the new lump sum lease payment payable by the new resident, in some instances, and the value of the initial lump sum payment in other instances depending on the retirement village and particular terms of the agreement, less any fees and other monies owed to the entity.

For certain loans, those where the resident does not share in any post acquisition uplift in the property values, they are not revalued annually and are carried at the inception value less deferred management fees applicable to date For those loans where the resident does share in any post acquisition uplift in the property value they are classified as financial liabilities at fair value through profit and loss with resulting fair value adjustments recognized in profit or loss. The fair value of the resident obligations is the initial loan amount plus the resident's share of any capital gains in accordance with contracts. The fair values are based on market values at reporting date, as determined by an independent valuer, for the retirement village units. The entity has a legal right to offset the loan and deferred management fee amount and intend to settle on a net basis, as set out in the agreement.

(k) Capital Reserve

The Capital Reserve represents monies received for capital related projects. The funds are recognised as income on receipt and transferred from the accumulated reserves as the use of the monies is restricted for specific purposes.

(l) Goodwill

Goodwill arising on the acquisition of entities is measured at cost less accumulated impairment losses. Goodwill is not amortised.

(m) Financial Instruments

The Group classifies non-derivative financial assets as loans and receivables. The Group classifies non-derivative financial liabilities into the other financial liabilities category.

a. Non-derivative financial assets and financial liabilities – recognition and de-recognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

NOTE 1: Summary of Accounting Policies (continued)

(n) Financial Instruments (continued)

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ii. Non-derivative financial assets – measurement

Loans and Receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

iii. Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(o) Impairment

i. Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security; or
- Observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

ii. Loans and receivables

The Group considers evidence of impairment for these assets measured at both an individual asset and a collective level. All individually significant assets are individually assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

NOTE 1: Summary of Accounting Policies (continued)

(o) Impairment (continued)

iii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

(p) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(ii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(q) Agency relationship

The Entity manages the Kalkarni Residential Aged Care Facility on behalf of the Shire of Brookton. As part of the agreement the entity collects fees from residents on behalf of the Shire and receives a management fee for the services provided. The Entity has determined that this arrangement constitutes an agency relationship and therefore only the management fee of $140,608 (2014: 135,200) is recognised as

NOTE 1: Summary of Accounting Policies (continued)

(q) Agency relationship (continued)

income. The fees collected on behalf of the Shire of $3.506M (2014: $3.174M) are recorded on a net basis in Other Expenses.
Bonds held on behalf of the Shire amount to $802,375 (2014: $518,116), the cash amounts held relating to these bonds are held as restricted cash, refer to note 11 (b).

The Entity manages the Dryandra Residential Aged and Community Care Facility on behalf of the Dryandra Residential Aged and Community Care Incorporated. As part of the agreement the entity receives a management fee for the services provided. The entity has determined that this arrangement constitutes an agency relationship and therefore only the management fee of $58,885 (2014: $0) is recognised as income.

(r) Tax

The Group is registered as a Public Benevolent Institution (PBI) and as a consequence is exempt from income tax.

(s) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Licenses

Bed Licences and Home Care Packages held by the entity granted by the Federal Government for Aged Care are carried at nil value.

(u) Inventories

Inventories are stated at lower of cost and net realisable value on a first in first out basis.

(v) Changes in accounting policies

During the year, the Group voluntarily changed its accounting policies relating to retirement villages, DMF receivable and tenant loans.

Account	Old accounting policy	New accounting policy
Retirement villages	Property, plant and equipment	Investment property - **Note 1.(c)**
DMF receivable	Accrual method	Accrual method/ Fair value - **Note 1.(f).iv**
Tenant loans	Amortised cost	Amortised cost/ Fair value - **Note 1.(j)**

The new accounting policies have been applied retrospectively with comparative information being restated accordingly, as set out in the following table;

NOTE 1: Summary of Accounting Policies (continued)

Consolidated Statement of Financial Position	Restated 30 June 2014	30 June 2014	Difference
in thousands of dollars			
Investment property	94,640	-	94,640
Property, plant and equipment	60,505	116,342	(55,837)
Tenant Loans	70,548	62,004	8,544
Net Assets	38,562	8,301	30,261
Accumulated funds	26,075	(4,186)	30,261

Baptistcare Inc Statement of Financial Position	Restated 30 June 2014	30 June 2014	Difference
in thousands of dollars			
Investment property	94,640	-	94,640
Property, plant and equipment	60,505	115,775	(55,270)
Tenant Loans	70,548	62,004	8,544
Net Assets	38,562	7,215	31,347
Accumulated funds	26,075	(5,272)	31,347

Consolidated Statement of Comprehensive Income	Restated 30 June 2014	30 June 2014	Difference
in thousands of dollars			
Deferred management fee	7,152	1,600	5,552
Changes in fair value of investment property	4,818	-	4,818
Surplus for the year	14,830	4,460	10,370

Baptistcare Inc Statement of Comprehensive Income	Restated 30 June 2014	30 June 2014	Difference
in thousands of dollars			
Deferred management fee	7,152	1,600	5,552
Changes in fair value of investment property	4,818	-	4,818
Surplus for the year	14,422	4,052	10,370

The Board believes that the new policies provide more reliable and relevant information because retirement villages and their related operations are being measured at fair value.

Except for the change in accounting policies mentioned above, the Group have consistently applied the accounting policies set out to all periods presented in these financial statements.

(w) Standards issued but not yet adopted
IFRS 15 Revenue from Contracts and Customers
IFRS 9 Financial Instruments

(x) Rounding of Amounts
Amounts in the consolidated financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

NOTE 2: Financial Risk Management

Overview
The Group has exposure to credit risk, liquidity risk and interest rate risk from the use of financial instruments.

This note provides information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial statement.

The Board has overall responsibility for the establishment and oversight of the risk management framework. Policies have been established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and controls.

Credit Risk
Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables and interest bearing deposits.

Receivables
Receivables consist principally of resident fees and accommodation bonds receivable. The Group has policies in place to monitor and control arrears.

Liquidity Risk
Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board which manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds are maintained. It also has a declared Board approved policy on minimum bond liquidity strategy to meet government prudential requirements.

Interest Risk
The Group is exposed to interest rate fluctuations on its cash at bank and cash deposits. It does not have a material risk in relation to its interest bearing loans. The Group actively monitors interest rates for cash at bank and on deposit to maximise interest income. The Group accepts the risk in relation to fixed interest securities as they are held to generate income in surplus funds.

Capital Management
The Board's policy is to maintain a strong capital base. The Board is responsible for the overall management and strategic direction of the Group and for delivering accountable corporate performance in accordance with the entity's goals and objectives.

	Consolidated		Baptistcare Inc	
	2015	2014 Restated	2015	2014 Restated
	$000's	$000's	$000's	$000's
NOTE 3.1: Revenue				
Fees	15,226	14,937	15,226	14,937
Subsidies	76,015	74,627	76,015	74,627
Tenant's Entry Contributions	3,314	2,950	3,314	2,950
Deferred Management Fee	1,482	5,602	1,482	5,602
Donations	50	18	50	18
Interest	1,297	1,489	1,466	1,489
Other income (i)	3,330	3,575	2,532	3,307
	100,715	103,198	100,085	102,930

(i) Other income includes management fees received from the Shire of Brookton relating to the Kalkarni Residential Aged Care Facility. Other income previously included fees received on behalf of the Shire.

	Consolidated		Baptistcare Inc	
	2015	2014 Restated	2015	2014 Restated
	$000's	$000's	$000's	$000's
NOTE 3.2: Other Income				
Change in fair value of investment property	25,895	6,368	25,895	6,368
Change in fair value of tenant loans	(2,740)	-	(2,740)	-
	23,155	6,368	23,155	6,368

	Consolidated		Baptistcare Inc	
	2015	2014	2015	2014
	$000's	$000's	$000's	$000's
NOTE 4: Trade and Other Receivables				
Prepaid Expenses	1,261	620	1,209	578
Resident & Other Receivables	382	1,597	319	1,518
Accrued Income	1,283	83	1,283	83
Goods and services tax recoverable	497	231	497	231
	3,423	2,531	3,308	2,410

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. A group impairment loss of $0 (2014: $0) has been recognised in the current year. These amounts have been included in other expenses.

NOTE 5: Investment Property

	Consolidated		Baptistcare Inc	
	2015	2014 Restated	2015	2014 Restated
	$000's	$000's	$000's	$000's
Balance as at 1 July 2014	94,640	88,272	94,640	88,272
Change in fair value	25,895	6,368	25,895	6,368
Balance as at 30 June 2015	120,535	94,640	120,535	94,640

Investment Property represents all of the Entity's retirement villages/independent living units. The fair value is the value of the retirement villages as assessed by an independent valuer to be $97,865,000 (2014: $73,846,000) and the present value of the expected future cash flows associated with the contracts (i.e. DMF) being $22,670,000 (2014:$20,794,725). Changes in the fair value of Investment Properties are recognised in the profit & loss. The future cash flows are determined by an independent valuer using a discounted cash flow methodology.

There is limited credit risk for the DMF as there is a legal right on settlement that the resident pays the DMF owing to the entity.

As at 30 June 2015 the Fair Value of the Investment Property including the retirement living assets was $120.5 million as determined by an independent valuer. The fair value of the retirement living assets was determined by the independent valuer, having regard to the sales within the villages over the years and taking into consideration location, size, communal aspects to determine the expected market value per unit type. The fair value of the deferred management fee, where appropriate, was valued by an independent valuer using the following inputs:

Inputs used to measure fair value	Range of unobservable inputs
Discount rate	13.0% - 15.0%
Average 25 year growth rate	3.17% - 3.63%
Average length of stay of existing and future residents	11 - 12 years
Current market value of units	$180k - $705k
Refurbishment costs	$10k - $30k
Capital expenditure	2.50% - 2.75%

As noted above the fair value of the obligations is based on contractual positions as determined at the measurement date.

The discounted cash flow methodology uses unobservable inputs as shown in the table above. These are further explained below:

Note 5: Investment property (continued)

Item	Description
DCF Valuation approach	The DCF valuation approach involves modelling the potential cashflow from resident departure fees in the existing Independent Living Units (ILU) in the village as well as the potential costs to the owner in managing the village and deriving the fee income.
Discount rate	The rate of return used to convert a monetary sum, pyabale or receivable in the future, into present value. It reflects the opportunity cost, that is, the rate of return the capital can earn if put to other uses having similar risk.
Average 25 year growth rate	This is the rate that it is expected the unit will increase in value over 25 years. Growth rates from the external valuation reports are based on the overview of historic house and/or unit prices for the particular locality.
Average length of stay of exis and future residents	The average length of stay adopted is 11 - 12 years per contract for ILUs based on the valuers expertise in the market and the age, location and quality of the subject villages.
Refurbishment costs	Costs associated with the maintenance and upgrade of individual units. We have allowed for $10,000 per unit upon rollover as an owner/operator cost to cover for any such small items that may not be adequately covered.
Capital expenditure	For ongoing maintenance of the villages we have allowed for a capital contribution per unit at each rollover.

Note 6: Property, Plant and Equipment

Baptistcare Incorporated

	Land $000's	Buildings & Leasehold Improvements $000's	Capital WIP $000's	Plant & Equipment $000's	Furniture & Fittings $000's	Motor Vehicles $000's	Computer Equipment $000's	Total $000's
2015								
At Cost								
Balance as at 30 June 2014-Restated	5,319	84,233	2,816	4,443	6,283	2,786	3,469	109,348
Additions	-	294	114	921	2,085	2,618	908	6,940
Disposals/Write-off	-	(1,743)	-	(45)	(178)	(2,260)	(7)	(4,233)
Adjustments	-	(349)	-	(6)	(5)	(12)	-	(372)
Balance as at 30 June 2015	5,319	82,435	2,930	5,313	8,185	3,132	4,370	111,683
Accumulated Depreciation and impairment losses								
Balance as at 30 June 2014-Restated	-	38,029	-	2,653	4,952	790	2,985	49,409
Disposals/Write-off	-	(1,742)	-	(45)	(173)	(355)	(7)	(2,322)
Adjustments	-	1,583	-	4	(1)	1	-	1,587
Depreciation expense	-	3,407	-	400	421	470	429	5,127
Balance as at 30 June 2015	-	41,277	-	3,012	5,199	906	3,406	53,803
Net Book value								
Balance as at 30 June 2014-Restated	5,319	46,204	2,816	1,790	1,331	1,996	484	59,939
Balance as at 30 June 2015	5,319	41,158	2,930	2,301	2,986	2,226	964	57,880

Note 6: Property, Plant and Equipment (continued)

Consolidated

	Land $000's	Buildings & Leasehold Improvements $000's	Capital WIP $000's	Plant & Equipment $000's	Furniture & Fittings $000's	Motor Vehicles $000's	Computer Equipment $000's	Total $000's
2015								
At Cost								
Balance as at 30 June 2014-Restated	5,319	84,281	2,992	4,444	6,311	3,015	3,602	109,963
Additions	-	294	232	921	2,088	3,119	929	7,583
Disposals/Write-off	-	(1,743)	-	(45)	(178)	(2,686)	(7)	(4,659)
Adjustments	-	(349)	-	(6)	(5)	(12)	-	(372)
Balance as at 30 June 2015	5,319	82,483	3,224	5,314	8,217	3,436	4,524	112,515
Accumulated Depreciation and impairment losses								
Balance as at 30 June 2014-Restated	-	38,029	-	2,653	4,955	809	3,011	49,457
Disposals/Write-off	-	(1,742)	-	(45)	(173)	(355)	(7)	(2,322)
Adjustments	-	1,583	-	4	(1)	1	-	1,587
Depreciation expense	-	3,407	-	400	426	483	485	5,200
Balance as at 30 June 2015	-	41,276	-	3,011	5,207	938	3,490	53,922
Net Book value								
Balance as at 30 June 2014-Restated	5,319	46,081	2,798	1,865	1,557	2,217	669	60,505
Balance as at 30 June 2015	5,319	41,207	3,224	2,303	3,010	2,498	1,034	58,591

Baptistcare Incorporated

	Land $000's	Buildings & Leasehold Improvements $000's	Capital WIP $000's	Plant & Equipment $000's	Furniture & Fittings $000's	Motor Vehicles $000's	Computer Equipment $000's	Total $000's
2014								
At Cost								
Balance as at 30 June 2013	5,319	84,842	2,798	4,208	6,094	2,782	3,112	109,154
Additions	-	340	18	243	232	2,570	369	3,772
Disposals/Write-off	-	(944)	-	(7)	(39)	(2,566)	-	(3,556)
Adjustments	-	(5)	-	(1)	(4)	-	(12)	(22)
Balance as at 30 June 2014-Restated	5,319	84,233	2,816	4,443	6,284	2,786	3,469	109,348
Accumulated Depreciation and impairment losses								
Balance as at 30 June 2013	-	33,324	-	2,343	4,543	685	2,504	43,399
Disposals/Write-off	-	(354)	-	(2)	(7)	(280)	-	(643)
Adjustments	-	1,475	-	-	(1)	-	(5)	1,469
Depreciation expense	-	3,585	-	312	417	385	486	5,185
Balance as at 30 June 2014-Restated	-	38,029	-	2,654	4,952	790	2,985	49,410
Net Book value								
Balance as at 30 June 2013	5,319	51,518	2,798	1,865	1,551	2,097	608	65,755
Balance as at 30 June 2014-Restated	5,319	46,204	2,816	1,789	1,332	1,996	484	59,939

Note 6: Property, Plant and Equipment (continued)

	Consolidated							
	Land $000's	Buildings & Leasehold Improvements $000's	Capital WIP $000's	Plant & Equipment $000's	Furniture & Fittings $000's	Motor Vehicles $000's	Computer Equipment $000's	Total $000's
2014								
At Cost								
Balance as at 30 June 2013	5,319	84,842	2,798	4,208	6,100	2,902	3,173	109,341
Additions	-	388	194	244	254	2,769	443	4,292
Disposals	-	(944)	-	(7)	(39)	(2,656)	(2)	(3,648)
Transfers	-	(5)	-	(1)	(4)	-	(12)	(22)
Balance as at 30 June 2014-Restated	5,319	84,282	2,992	4,444	6,312	3,014	3,602	109,963
Accumulated Depreciation and impairment losses								
Balance as at 30 June 2013	-	33,324	-	2,343	4,543	685	2,504	43,399
Disposals	-	(354)	-	(2)	(7)	(280)	-	(643)
Adjustments	-	1,475	-	-	(1)	-	(5)	1,469
Depreciation expense	-	3,585	-	312	420	404	512	5,233
Balance as at 30 June 2014-Restated	-	38,029	-	2,653	4,954	809	3,011	49,458
Net Book value								
Balance as at 30 June 2013	5,319	51,518	2,798	1,865	1,557	2,217	669	65,942
Balance as at 30 June 2014-Restated	5,319	46,251	2,992	1,791	1,356	2,206	591	60,505

	Consolidated		Baptistcare Inc	
	2015 $000's	2014 $000's	2015 $000's	2014 $000's
NOTE 7: Inventories				
Catering provisions and other stock on hand	106	62	-	-

	Consolidated		Baptistcare Inc	
	2015 $000's	2014 $000's	2015 $000's	2014 $000's
NOTE 8: Trade and Other Payables				
Accrued Charges	2,443	1,550	2,373	1,397
Unearned Revenue	23	21	23	21
Trade Payables	6,895	7,900	6,316	7,746
	9,360	9,470	8,712	9,163

	Consolidated		Baptistcare Inc	
	2015	2014	2015	2014
	$000's	$000's	$000's	$000's
NOTE 9: Provisions				
Provision for Annual Leave	4,488	4,004	4,333	3,852
Provision for Long Service Leave	2,038	1,693	2,009	1,665
Provision for Maintenance Housing	130	130	130	130
Provision for Maintenance	500	-	500	-
Provision for Onerous Lease	1,057	-	1,057	-
Provisions - Other	1,500	1,229	1,500	1,229
	9,713	7,056	9,529	6,876

	Consolidated		Baptistcare Inc	
	2015	2014 Restated	2015	2014 Restated
	$000's	$000's	$000's	$000's
NOTE 10 : Non-Interest Bearing Liabilities				
Liabilities Riverside Deposits	85	34	85	34
Deeming Deposits	85	193	85	193
Liabilities Rental Deposit	94	94	94	94
Net Refundable Entry Contribution - Bonds	64,678	62,228	64,678	62,228
Net Refunable Entry Contribution - Loans	73,194	70,548	73,194	70,548
	138,136	133,097	138,136	133,097

Refundable Entry Contributions are unsecured advances deposited as part of an agreement with the incoming resident and are a non-interest bearing liability. Baptistcare does not have an unconditional right to defer settlement of refundable entry contributions and accommodation bonds for greater than twelve months; however history has shown that residents that make an entry contribution or pay accommodation bonds stay an average of 4 years in independent living units and 3 years in Residential Aged Care respectively.

Deeming deposits are voluntary unsecured bonds deposited by residents and are non-interest bearing.

Included in the bonds balance is $802,375 (2014: $518,116) which is held on behalf of the Shire of Brookton for operations at the Kalkarni Residential Aged Care Facility. The cash balances in relation to these are classified as restricted cash, see note 11(b).

NOTE 11: Cash and Cash Equivalents and Interest bearing deposits

	Consolidated		Baptistcare Inc	
	2015	2014	2015	2014
	$000's	$000's	$000's	$000's
(a) Cash and Cash Equivalents				
Cash on Hand	18	18	18	18
Cash at Bank	2,267	6,398	2,053	5,549
Cash on Deposit	23,262	4,594	22,500	4,594
	25,547	11,010	24,571	10,161

	Consolidated		Baptistcare Inc	
	2015	2014	2015	2014
	$000's	$000's	$000's	$000's
(b) Interest Bearing Deposits				
Interest bearing deposits include term deposits with a maturity over 90 days.				
Interest Bearing Deposits	1,252	16,146	1,252	16,146
Restricted Cash	1,628	1,628	1,628	1,628
	2,880	17,774	2,880	17,774

Included within restricted cash is an amount of $802,375 (2013: $518,116) which is held on behalf of the Shire of Brookton for residents at the Kalkarni residential aged care facility.

	Consolidated		Baptistcare Inc	
	2015	2014	2015	2014
		Restated		Restated
	$000's	$000's	$000's	$000's
(c) Reconciliation of Profit for the year to Net Cash Flows from Operating Activities				
Surplus for the year	15,311	14,830	15,322	14,422
Depreciation	5,200	5,233	5,127	5,185
Change in Fair Value of Loans	2,740	-	2,740	-
Change in Fair Value of Investment Property	(25,895)	(6,368)	(25,895)	(6,368)
Loan to Gnocci Written off	-	-	1,687	-
Goodwill Written off	1,661	-	-	-
Bond Retention and Deferred Management Fee	-	(2,400)	-	(2,400)
Profit on sale of property, plant and equipement	(57)	(851)	(57)	(629)
Other expenses	70	(2,610)	1,555	(2,522)
Changes in net assets and liabilities:				
Receivables	(848)	(1,383)	(898)	(1,426)
Inventories	(106)	44	-	-
Trade Payables	(110)	1,656	49	1,557
Provisions	4,157	428	2,153	439
Net Cash Generated by Operating Activities	2,125	8,579	1,784	8,259

NOTE 12: Operating Leases

	Consolidated		Baptistcare Inc	
	2015	2014	2015	2014
	$000's	$000's	$000's	$000's
Operating Leases				
Not longer than 1 year	1,268	1,519	1,247	1,476
Longer than 1 year, not longer than 5 years	4,556	5,824	4,556	5,803
	5,824	7,342	5,803	7,279

NOTE 13: Segment Information

Segment information is presented in respect of the Entity's operating segments to the extent required by the Conditional Adjustment Payment ("CAP") funding agreement. The CAP funding agreement requires the Aged Care segment information to be disclosed and audited separately.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets exclude cash and receivables but include all other segment assets. Segment liabilities exclude payables but include all other liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Basis of Preparation

The business segment information statement has been prepared on an accrual basis of accounting.

Information regarding the entity's reportable segments is presented below.

	Residential Aged Care Facilties		Other Activities		Consolidated	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
	$000's	$000's	$000's	$000's	$000's	$000's
Revenue	76,057	74,684	24,028	28,246	100,085	102,930
Net Profit / (Loss)	(5,546)	1,226	20,868	2,826	15,322	14,422
Segment Assets	49,872	52,575	159,302	137,036	209,174	189,611
Segment Liabilties	69,106	66,148	87,271	82,988	156,377	149,136
Acquisition of Assets	1,365	933	5,575	2,839	6,940	3,772
Depreciation	4,143	4,124	984	1,061	5,127	5,185

NOTE 14: Related Party Disclosures

The consolidated financial statements of the Entity include the following inter-entity transactions which have been eliminated on consolidation:

	2015 $000's	2014 $000's
Purchases from controlled entities	11,734	8,233
Sales to controlled entities	169	196
Amounts owing from controlled entities	442	57
Amounts owed to controlled entities	442	547

The amount receivable from controlled entities are non-interest bearing and do not have any repayment terms.

Name of Controlled Entity	Ownership Interest	
	2015	2014
	%	%
Gnocci Holdings Pty Ltd as trustee for the Gnocci Charitable Trust	100	100

Key management personnel compensation
The key management personnel compensation was $1,587,313 for the year ended 30 June 2015 (2014: $975,738).

The Members of the Board of Directors of Baptistcare Incorporated during the year were:

Mr Gary McGrechan
Mr Andrew Gibson
Mrs Suzanne Bradbury
Pastor Ray Brown
Mr Simon Ford
Pastor Mark Wilson
Ms Ann Mitchell
Ms Dawn Anderson

Board Members of Baptistcare are not remunerated for their services, however are entitled to an honorarium of $500 per annum. The Chairman's honorarium is $1,000 per annum.

NOTE 15: Contingent Liabilities
At the date of this statement the consolidated entity had no contingent liabilities.

NOTE 16: Subsequent Events
In the opinion of the directors, other than the matters noted below, at the date of this statement there are no significant subsequent events which would significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years.

In September 2015, the operations of Gnocci Holdings Pty Ltd (operating as Aurum) were brought under the direct management control of Baptistcare executives and the positions of CEO and CFO at Aurum were made redundant. It is expected that significant cost savings to catering will be achieved as a consequence.

Following a review of Support Services several positions were made redundant in September 2015.