ABN 12 069 130 463

Baptcare Limited and controlled entities

Consolidated Annual Report - 30 June 2023

DIRECTORS:

Ms Robina Bradley (Retired on 28 Oct 2022)
Mr Tim Farren
Dr Rebecca Iseli
Ms Annemarie Numa
Mr Brandon Howard
Ms Julianne Rose (Retired on 28 Oct 2022)
Mr Assyl Haidar
Mr C Hamish Blair
Mr Mark Trajcevski
Ms Jennifer Fitzgerald (Appointed on 25 Nov 2022)
Ms Penelope Levett (Appointed on 24 Feb 2023)
Ms Thera Storie (Appointed on 31 Mar 2023)
Mr Timothy Keating (Appointed on 26 May 2023)

COMPANY SECRETARY: Ms C H Barber

REGISTERED OFFICE:

1st Floor
1193 Toorak Road
CAMBERWELL VIC 3124

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Facsimile: (03) 9831 7272
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AUDITORS Deloitte Touche Tohmatsu

The Directors present their report, together with the financial statements, on the company and its controlled entity for the year ended 30 June 2023.

1. REVIEW OF OPERATIONS

Company

Baptcare's vision is "Communities where every person is cherished". Our mission is "Partnering for fullness of life with people of all ages, cultures, beliefs and circumstances".

Baptcare delivers on its vision and mission through our WE CARE values of Wellbeing, Ethics, Co-creation, Accountability, Respect and Effectiveness.

The fulfilment of the strategic objectives is expressed in the delivery of the following principal services and programs:

- The operation of aged care communities for aged and disabled people.
- The operation of retirement villages providing independent and assisted living units for aged people.
- The provision of day care centres and home care services to the aged in the community.
- The provision of nursing and allied health services.
- The provision of social services including family and community services providing a range of supports including early intervention and prevention, foster care and kinship care, services and supports for children and young people where they are identified as being at risk, and education and supports to families and children experiencing family violence.
- The provision of a suite of psychosocial support programs to adults who are experiencing mental ill health.
- The provision of Local Area Coordination, and Early Childhood Intervention services under the National Disability Insurance Scheme
- The provision of affordable housing solutions and asylum seeker accommodation and support services.

Baptcare measures and monitors performance in a variety of ways including:

- The preparation of annual budgets for each program and service that are reviewed and approved by the Finance & Major Projects Committee and the Board;
- Monthly review and analysis undertaken by the CEO, General Managers, Program Managers, Finance team, Finance & Major Projects Committee, and the Board of actual performance against approved budgets for each program and service;
- The monitoring of key KPI's including EBITDA, occupancy ratios, performance against Government targets as well as benchmarking against the industry;
- Service delivery risk, quality, and clinical performance, including regulatory/legislative compliance, clinical education and incidence reporting are monitored by the Quality & Clinical Governance Committee.

Operating revenue for the year was $329m, growing by 13.1%. A net deficit of $7.5m was incurred. A strong cash position of $45m was also achieved.

Baptcare is a not-for-profit faith-based charitable organisation. To sustain its charitable activities, achieve the Board's investment and development strategy, and to continue to provide for the future replacement of operating assets, it is critical that Baptcare makes strong cash surpluses overall. Despite the ongoing impacts of COVID19, Baptcare remains in a sound financial position, with strong cash balances, quality buildings, and a sustainable business model.

1. REVIEW OF OPERATIONS (continued)

Highlights for the Service and Operations Division were:

The Division continues to monitor the ongoing COVID19 impacts and respond to needs accordingly. The safety, care, and support of all our people – customers, staff and volunteers – remains our primary focus. This continued through the recovery phase as the threat of further outbreaks are ever present.

For our aged care divisions, work continued on implementing the Federal Government's *5 Pillars over 5 Years Roadmap*. Along with the previously announced reforms in residential aged care, the Support at Home reform remains high on the agenda for the home care sector.

Workforce pressures, which have been felt across the entire community, continued to be felt in all our service streams. Staff turnover continued to be higher than normal.

We sincerely thank our staff and volunteers across Baptcare for their tireless efforts over the past year.

Home Care Programs

Workforce challenges impacted on our ability to consistently provide services to clients across our programs. Baptcare uses both traditional and non-traditional channels to recruit more direct care workers, with mixed success. The numbers of home care package clients we supported grew by over 10% during the year to 3,500.

During the financial year Baptcare released its pilot of our Community Care Platform (CCP) that has been in development over recent years and saw a successful launch in the Gippsland region. The new CCP will continue to be rolled out across our other home care regions during the coming months.

Residential Aged Care

The overriding focus this year remained on the protection of residents and staff from Influenza, COVID19 and engaging in best practice infection prevention and control. Site lockdowns occurred sporadically during the year but as we progress out of the pandemic it has been wonderful to see families, volunteers and visitors were at our residential aged care communities. This provided much appreciated wellbeing support to residents.

Significant work continued on various elements of the Federal Governments reform roadmap which will transform residential aged care over the coming years. The reforms, which aim to improve resident outcomes, include the new funding model which commenced in October 2022 as well as the new Star Rating system amongst other regulatory changes. Workforce challenges are significant however may be eased following the June 2023 much needed pay increases handed down by the Fair Work Commission.

We continued development of our new dementia model of care and launched the "Living Well Together" pilot at our Brookview Community with great success.

Retirement Living

Building programs continued at three of our villages. We look forward to the opening of new apartments at Peninsula View in the coming months as well as the final stage releases at both Strathalan and The Orchards of those multi-year developments which will add even further life to our retirement living communities.

1. REVIEW OF OPERATIONS (continued)

Family and Community Services

Family and Community Services (FACS) supports at risk children, young people and their families, provides foster and kinship care, services to those impacted by trauma (e.g. family violence) and people living with mental health issues across Victoria and Tasmania.

FACS continued to implement a range of evidence-informed and evidence-based programs across Victoria and Tasmania, including +Shift, +Waves, SafeCare, Mothers in Mind, and Caring Dads.

FACS leadership is actively contributing to key government and departmental working groups designing aspects of an improved service system in both Victoria and Tasmania.

Disability Services

Our focus for Disability Services is supporting the National Disability Insurance Agency (NDIA) to deliver the National Disability Insurance Scheme (NDIS) through the Partner in the Community (PITC) program. Our teams operate in Tasmania and South Australia where we work alongside people with disability, their carers, and their community to support choice and control, and inclusion.

Baptcare supports people with disability to build their capacity to live independent lives. To achieve this our teams, use a person-led approach where we listen and follow the people we serve to identify and provide just enough of the right supports, at the right time and for the right length of time.

Baptcare contribute to sector development and reform through our involvement on various reference and advisory groups to the NDIA, and the International Initiative of Disability Leaders where we are key contributors to the community of practice on Local Area Coordination and Support for Decision Making.

<u>Service Quality</u>

Aged Care

Baptcare has continued to implement new procedures and processes to guide staff on the Aged Care Quality Standards, including legislation and requirements such as the Serious Incident Response Scheme (SIRS).

All residential and home care service programs remain fully compliant to the Aged Care Quality Standards as at the end of the year.

We continue to enhance our well-developed Customer Experience Program to not only measure performance against expectation, but to continue to grow our understanding of our customers. We have been collecting our customers commentary since 2016 and we now have thematic analysis tools to deep dive this wealth of customer views. The program forms part of the our organisational Customer Engagement Framework which highlights Baptcare's commitment to the voice of the customer.

FACS & Disability

FACS and Disability Services underwent an accreditation audit and successfully maintained accreditation against three quality standards:

- QIC Health and Community Service Standards across all programs in South Australia, Tasmania, and Victoria
- Human Services Standards, Victoria
- National Standards for Mental Health Services, Tasmania

2. DIRECTORS', COMMITTEE MEMBERSHIP AND MEETINGS

During the financial year, the Company had the following committees:

Role	Finance and Major Projects	Audit and Risk	Care & Services Excellence	Nominations, Performance & Remuneration	Transformation
Chair	Mr B Howard	Mr T Farren	Ms J Rose	Ms R M Bradley	Mr A Haidar
Member	Mr C Hamish Blair	Ms J Rose	Ms R M Bradley	Mr T Farren	Ms R M Bradley
Member	Mr M Trajcevski	Mr M Trajcevski	Dr R K Iseli	Mr C Hamish Blair	Mr T Farren
Member	Ms A Numa	Ms A Numa	Mr T Farren	Mr A Haidar	Mr B Howard
Member	Mr T Keating	Ms J Fitzgerald	Mr A Haider	Mr P Lovett	Ms J Rose
Member		Ms T Storie	Ms J Fitzgerald	Ms T Storie	Mr M Trajcevski
Member					Dr R K Iseli
Member					Mr T Keating

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

Directors	Appointment date	Retirement date	Eligible meetings	Attended meetings
Ms R M Bradley	-	28 Oct 2022	9	8
Mr T Farren	-	-	27	23
Mr B Howard	-	-	18	17
Ms J Rose	-	28 Oct 2022	9	7
Mr A Haidar	-	-	21	20
Mr C H Blair	-	-	18	18
Mr M Trajcevski	-	-	22	22
Dr R Iseli	-	-	16	15
Ms A Numa	-	-	13	13
Ms J Fitzgerald	25 Nov 2022	-	13	12
Mr P Lovett	24 Feb 2023	-	5	5
Ms T Storie	31 Mar 2023	-	2	2
Mr T Keating	26 May 2023	-	1	1

3. MEMBER FUNDS

Baptcare is a company limited by guarantee and domiciled in Australia. Under its constitution, the Company is unable to distribute its funds to its members by way of dividend or link arrangement. The liability of each member in the event of winding up the Company is limited to ten dollars. As at 30 June 2023 there were 11 members of the Company (2022: 9).

4. ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

5. AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012* is set out immediately after this Directors' report.

Signed in accordance with a resolution of the Board of Directors.

T Farren	C H Blair
Chairperson	Director
Camberwell, 6th October 2023	Camberwell, 6th October 2023

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Baptcare Ltd
1st Floor, 1193 Toorak Road
Camberwell VIC 3124

6 October 2023

Dear Board Members

Baptcare Ltd

In accordance with Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Directors of Baptcare Ltd.

As lead audit partner for the audit of the financial statements of Baptcare Ltd for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) 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) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sandra Lawson

Sandra Lawson
Partner
Chartered Accountant

Baptcare Limited and controlled entities
Consolidated Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023	2022
		$'000	$'000
Revenue	3	344,420	306,009
Expenses			
Client costs		(34,823)	(25,818)
Domestic costs		(6,154)	(7,213)
Employee benefits expense		(216,777)	(188,405)
Food services		(9,987)	(15,295)
Depreciation and impairment expense	4	(24,192)	(23,040)
Property maintenance		(7,722)	(7,190)
Services and utilities		(6,511)	(6,637)
Other expenses		(29,221)	(27,681)
Finance costs	4	(16,521)	(16,435)
Deficit for the year		(7,488)	(11,705)
Other comprehensive income for the year		-	-
Total comprehensive deficit for the year		(7,488)	(11,705)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Baptcare Limited and controlled entities
Consolidated Statement of financial position
For the year ended 30 June 2023

	Note	2023	2022
		$'000	**$'000**
Assets			
Current assets			
Cash and cash equivalents	5	45,483	33,280
Trade and other receivables	6	10,983	10,741
Other financial assets	7	47,636	35,064
Assets held for sale		-	6,863
Other Assets	8	3,593	2,974
Total current assets		107,695	88,922
Non-current assets			
Investment properties	9	273,621	236,171
Property, plant and equipment	10	376,794	379,731
Intangibles	11	59,974	63,673
Right-of-use assets	12	5,898	7,432
Total non-current assets		716,287	687,007
Total assets		823,982	775,929
Liabilities			
Current liabilities			
Trade and other payables	13	528,370	504,803
Provisions	14	22,900	18,615
Other Liabilities	15	8,939	12,942
Borrowings	17	26,097	5,745
Lease liabilities	16	1,478	1,870
Total current liabilities		587,784	543,975
Non-current liabilities			
Provisions	14	6,455	6,605
Other Liabilities	15	14,133	-
Borrowings	17	7,289	8,405
Lease liabilities	16	4,993	6,128
Total non-current liabilities		32,870	21,138
Total liabilities		620,654	565,113
Net assets		203,328	210,816
Equity			
Accumulated surpluses		203,328	210,816
Total equity		203,328	210,816

The above statement of financial position should be read in conjunction with the accompanying notes

Baptcare Limited and controlled entities
Consolidated Statement of changes in equity
For the year ended 30 June 2023

	Accumulated surpluses $'000	Total equity $'000
Balance at 1 July 2021	222,521	222,521
Deficit for the year	(11,705)	(11,705)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(11,705)	(11,705)
Balance at 30 June 2022	210,816	210,816

	Accumulated surpluses $'000	Total equity $'000
Balance at 1 July 2022	210,816	210,816
Deficit for the year	(7,488)	(7,488)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(7,488)	(7,488)
Balance at 30 June 2023	203,328	203,328

The above statement of changes in equity should be read in conjunction with the accompanying notes

Baptcare Limited and controlled entities
Consolidated Statement of cash flows
For the year ended 30 June 2023

	Note	2023	2022
		$'000	**$'000**
Cash flows from operating activities			
Receipts from residents, clients and customers		55,020	64,806
Receipts from governments		264,234	229,796
Proceeds from legacies and donations		461	484
Interest received		2,213	257
Payments to suppliers and employees		(306,117)	(284,695)
Finance costs paid		(597)	(498)
Net cash from operating activities		15,214	10,150
Cash flows from investing activities			
(Acquisition of) / proceeds from redemption of short term deposits		(11,610)	(18,201)
(Acquisition of) / proceeds from sale of other financial assets		(962)	410
Payment for property, plant and equipment and investment property		(42,790)	(40,057)
Proceeds from Assets held for sale		3,000	14,158
Net cash used in investing activities		(52,362)	(43,690)
Cash flows from financing activities			
Proceeds from refundable accommodations deposits		126,376	109,898
Proceeds from ILU licence fees		17,027	23,034
Refunds of refundable accommodation deposits		(102,191)	(98,246)
Refund of ILU licence fees		(9,683)	(5,960)
Proceeds from borrowings		24,500	4,581
Repayments of borrowings		(4,500)	(1,245)
Payment of lease liabilities		(2,178)	(2,387)
Net cash from financing activities		49,351	29,675
Net increase/(decrease) in cash and cash equivalents		12,203	(3,866)
Cash and cash equivalents at the beginning of the financial year		33,28	37,146
Cash and cash equivalents at the end of the financial year	5	45,483	33,280

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Nature of the Group

Baptcare Ltd (the Company) is a Company limited by guarantee, incorporated and domiciled in Australia. Under its constitution, the Company is unable to distribute its funds to its members by way of dividend or like arrangement. The liability of each member in the event of winding up the Company is limited to ten dollars. As at 30 June 2023, there were 11 members of the company (2022: 9).

The Company controls Baptcare Affordable Housing Ltd, a company limited by guarantee, incorporated and domiciled in Australia. Together the companies form "the Group". The financial statements have been presented as consolidated financial statements incorporating the assets, liabilities and results of the Company and its controlled entity.

Note 2. Significant accounting policies

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards – Simplified Disclosures, the requirements of the Australian Charities and Not-for-profits Commission Act 2012, and other authoritative pronouncements of the Australian Accounting Standards Board (the AASB).

The financial report comprises the consolidated financial statements of Baptcare Limited (the Company) and the entities it controls (together the Group). For the purposes of preparing the consolidated financial report, the Company is a not-for-profit entity.

The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The presentation currency used in these financial statements is Australian dollars ($).

Statement of compliance

The Company does not have 'public accountability' as defined in AASB 1052 *Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards modified by AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 entities* (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

Going concern

The Directors have, at the time of approving the financial statements, as reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Working capital deficiency

The Group discloses a working capital deficiency of $480m (2022: $455m). The deficiency arises due to classifying refundable accommodation deposits and ILU licence fees / loan contribution of $489m (2022: $462m) as current liabilities on the basis they are repayable to residents when they exit the facility or unit, which can be at any time. The Group does not expect changes to the working capital deficiency position as a result of a continued cycle of the replaced by resident accommodation deposits being replaced by new residents upon making payments to other residents on exit. Consequently, The Group considers the resident accommodation deposits as part long-term funding of the Group in addition to the other liquid assets held by the Group.

Note 2. Significant accounting policies (continued)

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally. Actual results may differ from these estimates.

The accounting policies detailed below provide details of these estimates, judgements and assumptions.

(a) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Baptcare Limited is the sole member of Baptcare Affordable Housing Limited and through its rights and powers as defined by the constitution has the ability to exert power and receive returns through achievement of its stated missions.

Consolidation of a controlled entity begins when the Company obtains control over the controlled entity and ceases when the Company loses control of the controlled entity.

Accounting policies of all controlled entities are aligned with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(b) Revenue recognition

Government grants and subsidies

When the Group receives government grants that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the Group to further its objectives), it performs an assessment to determine if the contract is ‘enforceable’ and contains ‘sufficiently specific’ performance obligations.

In cases where there is an ‘enforceable’ contract with a customer with ‘sufficiently specific’ performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied. In all other cases (where the contract is not ‘enforceable’ or the performance obligations are not ‘sufficiently specific’), the transaction is accounted for under AASB 1058 where the Group:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards
- Considers whether any other financial statement elements should be recognised (‘related amounts’) in accordance with the relevant applicable Australian Accounting
- Recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised.

An entity within the Group has recorded capital grants in the current year in relation to the construction of social housing.

Note 2. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Government grants and subsidies (continued)

Capital grants are grants received for the purpose of acquiring or constructing a non-financial asset to particular specifications or conditions. Capital grants are initially recognised as a contract liability and income is recognised as or when it satisfies its obligations to construct to acquire the asset.

In the current year, grants are held for various development projects that in addition to construct define a future period whereby the company must continue to provide social housing arrangements as defined in the funding deed. These periods may be up to 20 years from date of first resident occupancy. In these instances, the performance obligation is not met until all service obligations have been met.

Revenue from sale of goods
Revenue from the sale of goods is recognised when control of the goods has transferred to the customer, being the point in time at which the customer accepts delivery of the goods.

Resident and client services revenue
Revenue arising from services to residents and clients are recognised as performance obligations are met. Revenue of this nature includes resident fees and contributions in residential aged care, client contributions for home care services, rental income from residential tenants and deferred management fees. In this regard, revenue is recognised as services are provided and recognised over the time of the service provision.

Deferred management fees
Deferred management fees are brought to account as receivables at the time the fees become non-refundable to the licensee. Revenue arising from deferred management fees are brought to account over the expected tenure of resident which reflects the performance obligation of the Group. Deferred income may arise where the expected tenure of the resident exceeds the contractual arrangements of the Group's deferred management fee entitlements. Some management fees are linked to the resale value of the unit at reporting date. Changes to DMF fees arising from market movements are brought to account in period to which it relates.

Interest income
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Imputed Revenue on RAD and Bond Balances under AASB 16 Leases:
For residents who have chosen a RAD or Bond arrangement to receive residential aged care services, the Group has determined that following the adoption of AASB 16, these are lease arrangements with the Group acting as the lessor. The Group has recognised as revenue an imputed non-cash charge for accommodation representing the resident's right to occupy a room under the arrangement. The accounting treatment required a non-cash increase in revenue for accommodation and a non-cash increase in finance costs on the outstanding RAD and Bond balance, with no net impact on the result for the period. The revenue stream has been calculated using the MPIR rate as defined by the Department at the time the service is being received.

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

Note 2. Significant accounting policies (continued)

(c) Refundable accommodation deposits, accommodation bonds and accommodation payments

Refundable accommodation deposits, accommodation bonds and accommodation payments are recognised as a liability at the time each resident agreement is entered into and balance paid. AASB 101 'Presentation of Financial Statements' requires the liabilities to be classified as current as the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liabilities, in some instances, are reduced in accordance with the various resident agreements. These reductions are recorded as income in the statement of profit or loss and other comprehensive income.

(d) Independent living unit (ILU) loan liabilities

The provisions of the Retirement Villages Act 1986 (Victoria) and the Retirement Villages Act 2004 (Tasmania) apply to the Group's dealings in independent living unit licences. ILU licence fees are recognised as a liability at the time the licence agreement is executed and loan contribution paid. The agreements with residents provide for the Group to retain management fees with fees settled on a deferred basis at the time of exit. The Group's arrangements with residents vary across the portfolio and exit payments of initial loan contributions may be either calculated on the ingoing contribution or the market value of the unit at the time of exit. In addition, some of the licence agreements provide for the Group to receive a share of any capital gain on re-sale of the licences to a subsequent entrant. Where changes arise out of movements in fair value of units, these amounts are recognised as an expense progressively based upon the market value of the ILU as at reporting date. Independent living unit licence fees are treated as a financial liability with a demand feature and have been discounted from the first date the licence fees could be required to be paid.

(e) Income tax and Goods and Services Tax (GST)

The Company is exempt from income tax under Section 50 - 5 of the Income Tax Assessment Act, 1997.

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 Statement of Financial Position are shown inclusive of GST. Cash flows in the Statement of Cash Flows are inclusive of GST.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks.

(g) Financial Instruments

Recognition and Initial Measurement

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

(g) Financial Instruments (continued)

Classification and subsequent measurement
(i) Financial assets
Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, expect for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is deemed based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset.

ii) 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.

Trade receivables are recorded at amounts due for services rendered less any provision for expected credit losses. Accrued income is recorded as income earned which had not been credited to the Group at reporting date. Refundable accommodation deposits and ILU licence fee debtors are recorded in accordance with policies outlined in Note 2.

(iii) Financial liabilities include borrowings and trade and other payables
Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

(h) Fair value
Fair value is determined based on current prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

(i) Assets held for sale
Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The Company must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(j) Investment property
Investment property represents retirement villages within the operations of the Group. Investment property is initially recorded at cost and subsequently at fair value, reflecting market conditions at reporting date. Gains or losses arising from fair value movements in investment property are recognised in the profit or loss.

Note 2. Significant accounting policies (continued)

(j) Investment property (continued)

The Group's policy is to have independent valuations prepared at least every two years, with internal assessment made at least annually to ensure fair values are appropriately accounted for.

Fair value is the aggregate price that represents the amounts that would be received to sell the retirement village as a whole, in an orderly transaction between market participants at measurement date, in the principal market for the asset or liability, or the most advantageous market in its absence.

In determining the fair value, consideration has been made of the market value of units (i.e. gross realisation of units), the present value of future deferred management fees, where appropriate the capital gain share of fair value movements, capital allowances, refurbishment costs, vacancy in units and impacts on value for units deriving alternate revenue streams, such as rent. Fair value of retirement villages has been determined by using a discounted cash flow valuation methodology. These valuations are based on projected cash flows using current resident contracts and resident contracts expected to be executed in future unit turns. Retirement villages are classified as Level 3 in the fair value hierarchy.

Key assumptions used in the fair value assessments are:

- Discount rates of between 14.75% and 15.50%
- Property price growth rates of 2.0% in the short term and between 2.0% and 3% in the long term
- The average tenure period of residents being 9 - 14 years.

Villages under construction are carried at fair value. Units are transferred from villages under construction to operational villages once they have been leased for the first time. Villages under construction, include consideration of the recognition of development margin and deferred management fees and consider stage of completion and development risk associated with the development.

(k) Property, plant and equipment

Property, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment losses. The depreciable amount of all fixed assets, including buildings but excluding freehold land, is depreciated over their useful lives commencing from the time the asset is held ready for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation on buildings is charged using the straight line method over the estimated useful life of the asset. Depreciation on leasehold improvements is charged using the straight line method over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation on furniture and equipment including computer equipment is charged using the straight line method over the estimated useful lives of the assets. Depreciation on motor vehicles is charged using the straight line method over the estimated useful life of the asset.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is disclosed in the notes to the Statement of Profit or Loss and Other Comprehensive Income in the year of disposal. Capital expenditure included in buildings in the course of construction completed during the year is transferred to land and buildings.

Note 2. Significant accounting policies (continued)

(k) Property, plant and equipment (continued)

Depreciation rates used for each class of depreciable asset are:

Class	**Rate:**
Buildings	2.5% - 20.0%
Leasehold improvements	2.5% - 34.3%
Plant and equipment	2.5% - 33.3%
Motor Vehicles	7.5% - 20.0%

Within plant and equipment and work in progress are intangibles relating to software arrangements, specifically platform and software as a service (SaaS) arrangements.

(l) Intangible assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Impairment of intangible assets is assessed annually. Intangible assets with finite lives are amortised over the useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised.

In accordance with AASB 138 Intangible Assets, bed licences are assessed as having finite useful lives and are accordingly amortised on a straight-line basis with end of life date identified as 1 July 2024. This reflects the Federal Government announcements that by 1 July 2024, places will be directly held by senior Australians and ‘bed licences’ will no longer exist.

Within plant and equipment were intangibles relating to software arrangements, specifically platform and software as a service (SaaS) arrangements.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider’s application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

The Directors made the following key judgements that have had the most significant effect on the amounts recognised in financial statements with respect to Software-as-a-Service (SaaS) arrangements.

Note 2. Significant accounting policies (continued)

(m) Impairment of assets
At each reporting date, the Group 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. In assessing value in use, the estimated future cash flows are 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.

Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that that the asset may be impaired.

(n) Employee benefits
Provision is made for the Group’s liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, including related on costs. 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.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(o) Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have formed part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur in line with AASB 123 Borrowing Costs.

(p) Leases
The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is presented as a separate line in the statement of financial position.

Note 2. Significant accounting policies (continued)

(p) Leases (continued)

The Group as a lessee (continued)
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described above.

(q) Rounding

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Revenue

	2023 $'000	2022 $'000
Gross revenue from residents, clients and customers	51,627	48,841
Government subsidies and contributions for service	256,006	227,807
Accommodation charges, bond retentions, and deferred management fees	4,273	4,805
Capital grants	308	93
Interest	2,213	257
Donations, bequests and legacies	461	484
Fair value adjustment to investment properties	6,387	2,331
Tenant revenue	1,305	1,028
Other revenue	6,136	4,646
Revenue excluding imputed RAD revenue	328,716	290,292
Imputed revenue on RAD and bond balances under AASB 16 (note 2)	15,704	15,717
Revenue	344,420	306,009

Note 4. Operating Deficit

Operating deficit has been determined after:

a) Charging as expense:

Deficit includes the following specific expenses:

	2023 $'000	2022 $'000
Depreciation of non-current assets:		
- Buildings	8,876	8,869
- Leasehold improvements	425	412
- Plant and equipment (including platform & software as a Service)	9,017	7,621
- Motor vehicles	209	269
- Lease assets	1,965	2,169
Total depreciation	20,492	19,340
Amortisation and Impairment of non-current assets:		
- Bed licences	3,700	3,700
	24,192	23,040
Finance Costs:		
- Interest expense	640	229
- Interest expense on leases under AASB 16	154	358
- Imputed interest cost on RAD and bond balances	15,704	15,717
- Other finance costs	23	131
	16,521	16,435

Note 5. Current assets - cash and cash equivalents

	2023 $'000	2022 $'000
Cash on hand	26	31
Cash at bank	45,457	33,249
	45,483	33,280

Note 6. Current assets - Trade and other receivables

	2023 $'000	2022 $'000
Trade receivables	3,274	3,225
Allowance for credit losses	(658)	(637)
	2,616	2,588
Refundable accommodation deposit and licence fee debtors	107	1,627
Accrued Income	7,524	5,378
	7,631	7,005
Other receivables	736	1,148
	10,983	10,741

Note 7. Current assets - Other financial assets

2023	Amortised cost ($000)	Fair Value through P&L ($000)	Total ($000)
Term deposits	35,000	-	35,000
Hybrid and fixed interest Investments	-	12,636	12,636
	35,000	12,636	47,636

2022	Amortised cost ($000)	Fair Value through P&L ($000)	Total ($000)
Term deposits	23,290	-	23,290
Hybrid and fixed interest investments	-	11,774	11,774
	23,290	11,774	35,064

See note 2(g) for a description of the accounting policies for each category of the financial assets.

Note 8. Current assets - Other Assets

	2023 $'000	2022 $'000
Prepayments	2,857	2,504
Other current assets	736	470
	3,593	2,974

Note 9. Non-current assets - Investment properties

	2023 $'000	2022 $'000
Investment properties – retirement living assets		
Operational villages	197,049	187,645
Villages under construction	76,572	48,526
	273,621	236,171
Reconciliation of movements in the year:		
At the beginning of the year	236,171	219,517
Additions and reclassifications	31,063	14,323
Changes in fair value of investment property	6,387	2,331
	273,621	236,171

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

	2023 $'000	2022 $'000
Land and buildings - at cost	393,323	384,762
Less: Accumulated depreciation	(72,690)	(65,271)
	320,633	319,491
Leasehold improvements - at cost	4,688	4,688
Less: Accumulated depreciation	(2,949)	(2,524)
	1,739	2,164
Plant and equipment - at cost	83,173	69,974
Less: Accumulated depreciation	(38,458)	(30,015)
	44,715	39,959
Motor vehicles - at cost	2,737	2,848
Less: Accumulated depreciation	(2,498)	(2,373)
	239	475
Carrying amount of building work in progress	9,467	17,642
	376,794	379,731

Reconciliations of the carrying amounts of each class of asset at the beginning and end of the current financial year are set out below:

	Land & Buildings $'000	Leasehold Improveme nts $'000	Work in Progress $'000	Plant & Equipment $'000	Motor Vehicles $'000	Total $'000
Balance at 1 July 2022	319,491	2,164	17,642	39,959	475	379,731
Additions	-	-	8,957	4,206	30	13,193
Disposals	-	-	-	(175)	(57)	(232)
Reclassification from assets held for sale	2,629	-	-	-	-	2,629
Transfers to /from	7,389	-	(17,132)	9,743	-	-
Depreciation expense	(8,876)	(425)	-	(9,017)	(209)	(18,527)
Balance at 30 June 2023	320,633	1,739	9,467	44,716	239	376,794

Note 11. Non-current assets - Intangibles

	Bed Licenses	Goodwill	Total
	$'000	$'000	$'000
Carrying amount as at 1 July 2022	7,400	56,274	63,674
Amortisation	(3,700)	-	(3,700)
Carrying amount as at 30 June 2023	3,700	56,274	59,974

See note 2(l) for a description of the accounting policies in relation to bed licences.

On an annual basis the recoverable amount of intangible assets with indefinite useful lives, being the higher of the asset's fair value less costs to sell and value in use, is compared to carrying value to determine whether there is any impairment. On this basis, no impairment loss has been recognised in 2023 (2022: nil).

Impairment testing
For the purpose of annual impairment testing of goodwill, cash generating units are determined. The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed one-year forecast, followed by an extrapolation of expected cash flows for the units for a five-year forecast period using the growth rates determined by management. The present value of the expected cash flows of each facility is determined by applying a suitable discount rate.

Growth rates
The growth rates reflect the long-term average growth rates for the industries of these segments (all publicly available) and considers any recent regulatory and policy changes.

Discount rates
The discount rates reflect appropriate adjustments relating to market assessments of the time value of money and the risks specific to the asset.

Terminal value
The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield.

Cash flow assumptions
In preparing the cash flow forecasts management have used certain key assumptions which include:

- Occupancy rates stabilising following impacts of COVID 19
- Wages based on current rosters and assume pay increases in accordance with current enterprise bargaining agreements and awards
- Increases in expenses in line with CPI with the exception of certain identified expenses that are expected to increase over CPI
- Capital expenditure in line with expected capital maintenance on facilities based upon their individual life cycles.

Apart from the considerations described in determining the value-in-use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

Note 12. Non-current assets -Right-of-use assets

	Properties $'000	Plant & equipment $'000	Total $'000
Cost			
At 30 June 2022	10,273	2,813	13,086
Additions	301	130	431
Lease modifications /terminations	(460)	(344)	(804)
At 30 June 2023	10,114	2,599	12,713
Accumulated depreciation			
At 30 June 2022	4,026	1,628	5,654
Depreciation expense	1,705	260	1,965
Lease modifications /terminations	(460)	(344)	(804)
At 30 June 2023	5,271	1,544	6,815
Carrying amount			
At 30 June 2022	6,247	1,185	7,432
At 30 June 2023	4,843	1,055	5,898

Amounts recognised in the profit and loss:	2023 $'000	2022 $'000
Expense relating to short-term and low value leases	216	224

Note 13. Current liabilities - Trade and other payables

	2023 $'000	2022 $'000
Trade payables	32,311	38,097
Independent living unit licence fees/loan contributions	125,549	122,138
Refundable accommodation deposits	363,186	339,537
Accrued expenditure	7,324	5,031
	528,370	504,803

Disclosure of refundable accommodation deposits and independent living unit licence fees ("resident liabilities"), for the Group amounting to $489m (2022: $462 m) as current liabilities on the basis they are repayable to residents when they leave the facility or unit, which can be at any time, (refer to Note 2). The Directors do not expect the resident liabilities balance to reduce significantly on an annual basis as the liabilities relating to residents who depart the facility/unit are generally replaced by refundable accommodation deposits/licence fees received from new residents. The resident liabilities are therefore considered to form part of the long term funding of the facility

Note 14. Provisions

	2023 $'000	2022 $'000
Current		
Employee entitlements	22,900	18,615
Non-current		
Employee entitlements	6,455	6,605

Note 15. Other Liabilities

	2023 $'000	2022 $'000
Current		
Deferred income	3,005	3,005
Revenue in advance	5,619	7,508
Contract liabilities – capital funding	315	2,429
	8,939	12,942
Non-current		
Contract liabilities – capital funding	14,133	-

Note 16. Lease liabilities

	2023 $'000	2022 $'000
Current	1,478	1,870
Non-current	4,993	6,128
	6,471	7,998

Future minimum lease payments
The future minimum lease payments arising under the Group's lease contracts at the end of the reporting period are as follows:

	2023 $'000	2022 $'000
Not later than one year	1,478	1,869
Later than one year and not later than five years	3,830	5,157
Later than five years	1,163	972
	6,471	7,998

Note 17. Borrowings

	2023 $'000	2022 $'000
Current		
Capital development fund loans	1,597	1,245
Bank loans	24,500	4,500
	26,097	5,745
Non-current		
Capital development fund loans	7,289	8,405
	7,289	8,405

Note 18. Commitments for expenditure

	2023 $'000	2022 $'000
CAPITAL EXPENDITURE		
Estimated capital expenditure contracted for at reporting date but not provided for in the financial statements		
Payable no later than one year	40,432	58,706
Payable between one to two years	27,299	29,286
Payable between two to five years	10,627	893
Total commitments	78,358	88,885

Capital expenditure relates to construction programs of the Group, including residential aged care, retirement living and social housing.

Note 19. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2023 $	2022 $
Total transactions with key management personnel	2,874	2,661

Note 20. Related party disclosures

Baptcare Ltd's related parties include its Key Management Personnel and related entities as described below.

The names of the persons to have held office as Directors of the Company at any time during the year are:

Directors	Appointment date	Resignation date
Robina Bradley	-	28 Oct 2022
Tim Farren		
Penelope Lovett	24 Feb 2023	-
Jennifer Fitzgerald	25 Nov 2022	-
Annemarie Numa	-	-
Brandon Howard	-	-
Thera Storie	31 Mar 2023	-
Assyl Haidar	-	-
Timothy Keating	26 May 2023	-
Julianne Rose	-	28 Oct 2022
C Hamish Blair	-	-
Mark Trajcevski	-	-
Rebecca Iseli	-	-

The Company is an Agency of the Baptist Union of Victoria and is ultimately controlled by the Assembly of the Baptist Union of Victoria.

Note 21. Group details

Baptcare Ltd is incorporated in Victoria, Australia.

The registered office of the Company is:
Baptcare Ltd, 1193 Toorak Road, Camberwell, VIC 3124

The principal activities during the year were:
- The operation of aged care facilities for aged and disabled persons.
- The provisions of independent living units and assisted living units for aged persons.
- The provision of day care and day therapy centres and Community Aged Care Packages to the aged in the community.
- The provision of domiciliary nursing services.
- The operation of family community programs, including foster care, counselling, preventative education, and disability support services.

Baptcare Limited and controlled entities
Notes to the financial statements
30 June 2023

Note 22. Parent entity note

The parent note is presented to comply with the reporting requirements of the Aged Care Act 1997.

Statement of profit or loss and other comprehensive income	**2023**	**2022**
	$'000	**$'000**
Revenue	346,584	304,676
Expenses		
Client costs	(34,823)	(25,818)
Domestic costs	(6,154)	(7,213)
Employee benefits expense	(216,458)	(188,405)
Food services	(9,987)	(15,295)
Depreciation and impairment expense	(23,859)	(22,860)
Property maintenance	(7,556)	(7,075)
Services and utilities	(6,098)	(6,355)
Other expenses	(28,974)	(27,191)
Finance costs	(16,499)	(16,297)
Deficit for the year	(3,824)	(11,833)
Total comprehensive loss	(3,824)	(11,833)

Statement of financial position		
Current assets		
Cash and cash equivalents	45,177	33,110
Trade and other receivables	10,498	9,722
Other financial assets	47,636	35,064
Assets held for sale	-	6,863
Other Assets	3,529	2,942
	106,840	87,701
Non-current assets		
Other receivables	3,021	5,394
Investment properties	273,621	236,171
Property, plant and equipment	356,612	365,935
Intangibles	59,974	63,673
Right of use assets	5,898	7,432
	699,126	678,605
Total assets	805,966	766,306
Current liabilities		
Trade and other payables	527,638	504,155
Provisions	22,900	18,615
Other Liabilities	8,614	10,457
Borrowings	26,097	1,245
Lease liabilities	1,478	1,870
	586,727	536,343
Non-current liabilities		
Provisions	6,455	6,605
Borrowings	7,289	12,905
Lease liabilities	4,993	6,128
	18,737	25,638
Total liabilities	605,464	561,980
Net Assets	200,502	204,326
Retained earnings	200,502	204,326
Total equity	200,502	204,326

Note 23. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 24. Member's guarantee

Baptcare Ltd is incorporated under the Corporations Act 2001 and is a Group limited by guarantee. If the Group is wound up, the constitution states that each member is required to contribute a maximum $10 each towards meeting any outstanding obligations of the entity. At 30 June 2023, the total amount that members of the Group are liable to contribute if the Group wound up is $110 (2022: $90).

Note 25. Financing facilities

During the year, Baptcare renegotiated the core debt and capital development financing facility of $75 million with an external provider to predominately fund future developments. The capital development facility was drawn from during the year in relation to construction in relation to independent living to the total of $24.5 million which remains unpaid as at 30 June 2023. The debt facility is secured by way of a charge over certain assets of the Group.

Note 26. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditors for:

	2023 $'000	2022 $'000
Audit of the financial statements	166	110
Statutory assurance services required by legislation to be provided by the auditor	63	34
Other assurance services and agreed-upon procedures	111	53
	340	197

Baptcare Limited and controlled entities
Directors' declaration
30 June 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the *Australian Charities and Not-for-profits Commission Act 2012* , the Australian Accounting Standards - Simplified Disclosures, and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors:

On behalf of the Directors

T Farren
Chairperson
Camberwell, 6th October 2023

C H Blair
Director
Camberwell, 6th October 2023

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Independent Auditor's Report to the Members of Baptcare Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Baptcare Limited (the "Entity") and its controlled entities (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by Directors.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's Directors' Report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of The Directors for the Financial Report

The Directors 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 – Simplified Disclosures and the ACNC Act and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE TOUCHE TOHMATSU

Sandra Lawson
Partner
Chartered Accountants
Melbourne, 6 October 2023