



**BAPTCARE LTD**

ACN 069 130 463  
ABN 12 069 130 463

**FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

# BAPTCARE LTD

ACN 069 130 463

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### **DIRECTORS:**

Mr P A Curtis (Chairperson)  
Ms R M Bradley  
Mr R S Dawson  
Mr M R Hick  
Mr B Howard  
Mr C J McKenna  
Mrs J R Scenna  
Mr R Evers (appointed 26 November 2015)  
Mr C Cornelius (appointed 26 November 2015, resigned  
28 July 2016)

### **COMPANY SECRETARY:**

Mr G R Dangerfield

### **REGISTERED OFFICE:**

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1193 Toorak Road  
CAMBERWELL VIC 3124  
  
Telephone: (03) 9831 7222  
Facsimile: (03) 9831 7272  
Email: [info@baptcare.org.au](mailto:info@baptcare.org.au)

### **AUDITORS:**

Grant Thornton

# BAPTCARE LTD

ACN 069 130 463

## DIRECTOR'S REPORT 2015/16

Your directors submit their report for the financial year ended 30 June 2016.

### 1. DIRECTORS

The names and details of the directors in office at the date of this report are listed below. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Mr P A Curtis** Chairperson

**Qualifications** Bachelor of Laws (Monash University), Bachelor of Economics (Monash University), Member of Law Institute of Victoria.

**Experience** Executive Director, Habitat for Humanity Australia (Victoria) Inc. since 2010, Partner of Moores Legal 1992 to 2009, Practising lawyer since 1983, Member AICD, Chairman of Whitehorse Business Group 2000-2003, Chairman of CHBC Links Inc. 2002-2014. Member of Croydon Hills Baptist Church. Board member of Habitat for Humanity Australia (Victoria) Inc since December 2008. Bapcare Board member from May 2005.

**Special responsibilities** Member of the Risk Committee  
Member of the Board Policy Committee  
Member of the Remuneration Committee  
Member of the Nomination Committee  
Member of the Board Policy Committee  
Director of Bapcare Affordable Housing Ltd.

**Ms R M Bradley**

**Qualifications** Bachelor of Applied Science La Trobe University, CCRN Royal Adelaide Hospital, Professional Certificate in Health Systems Management – Business Systems Melbourne University 2011, Professional Certificate Competitive Manufacturing (lean) Ashley Institute 2012. Master of Business Administration (MBA) Majors: quantitative management, corporate strategy, services marketing, financial management, thesis outstanding.

**Experience** General Manager/Director Nursing Bundoora campus Northern Health Aged Care, and Residential Services. Chair Church Council and member Essendon Baptist Community Church. Member of Australian Institute of Company Directors, Member Australasian College of Health Services Management, Member Australian College of Nursing, past senior program advisor to Commission for Hospital Improvement. Past Board member and Treasurer of Doota Galla Health Service. Bapcare Board member from July 2012.

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Special  
responsibilities

Deputy Chair Board,  
Chairperson of the Board Policy Committee,  
Member of the Nominations Committee  
Member of the Quality & Clinical Governance Committee.

## Mr R S Dawson

Qualifications

Bachelor of Arts (Macquarie University), Diploma of Education (Macquarie University), Graduate Diploma of Business (Monash University), Fellow of the Australian Institute of Management, Member of the Australian Institute of Company Directors.

Experience

Chief Executive, Manningham Centre. Former Chief Executive, Catholic Homes for the Elderly, Canterbury Centre, Noraccomm. Senior Executive level experience in aged care (24 years) and disability services (5 years). Former Chairman of Supply.com Australia Ltd. Committee member Aged Care Victoria, Committee member and Treasurer of Noraccomm. Longstanding member of Eltham Baptist Church; has served as a Council member, Treasurer and Chair of the Property Committee. Baptpcare Board member from October 2011.

Special  
responsibilities

Chairperson of the Quality & Clinical Governance Committee.  
Director of Baptpcare Affordable Housing Ltd.

## Mr M R Hick

Qualifications

Bachelor of Business (Accounting) (Royal Melbourne Institute of Technology), Master of Business Administration (Monash University), Certified Practising Accountant, Graduate Diploma in Applied Corporate Governance (Governance Institute of Australia).

Experience

Over 20 years of financial and commercial management experience in a variety of sectors including manufacturing, publishing, FMCG, private equity and recruitment, education and training. Currently holds the position of Chief Financial Officer. Attended Syndal Baptist Church for 22 years. Baptpcare Board member from March 2010.

Special  
responsibilities

Treasurer, Chairman of the Finance and Audit Committee.  
Member of the Remuneration Committee.  
Member of the Nomination Committee.

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## **Mr C J McKenna**

Qualifications	Bachelor of Economics (Monash University), Graduate Diploma of Management (Royal Melbourne Institute of Technology).
Experience	Managing Director, Black & Decker Australia and New Zealand (consumer durable goods) for 8 years. Overseas assignments in Singapore and USA. Marketing leadership roles over 10 years including roles in local and state government. Member of the Society of Friends. Baptcare Board member from January 2008.
Special responsibilities	Chairman of the Risk Committee Director of Baptcare Affordable Housing Ltd.

## **Mrs J R Scenna**

Qualifications	Bachelor of Commerce (Finance), University of Auckland, New Zealand. Bachelor of Arts (Economics), University of Auckland, New Zealand.
Experience	Director for Government & Multilaterals at World Vision Australia. Over 10 years in senior management roles in international and community development, spanning policy and programmes management, strategy, operations and business development. Background in economic and management consulting. Baptcare Board member from July 2012
Special Responsibilities	Member of the Quality & Clinical Governance Committee. Director of Baptcare Affordable Housing Ltd.

## **Mr B Howard**

Qualifications	Bachelor of Commerce, Associate Diploma in Business, Master of Business Administration (MBA), Full member of CPA Australia
Experience	Chief Operating Officer, Karingal. Over 20 years' commercial experience, including senior public and private health management roles. President of the Australian Health Services Financial Management Association since May 2013. Director of Churches of Christ Victoria and Tasmania. Baptcare Board member from September 2013.
Special responsibilities	Member of the Finance and Audit Committee.

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## **Mr Robert Evers (appointed 26 November 2015)**

Qualifications	Diploma of Commerce (Accounting) (NSW Institute of Technology); Graduate Diploma of Corporate Management (Australian Graduate School of Management); Master of Business Administration (Southern Cross University); Graduate of the Company Director's Course (Australian Institute of Company Directors); Fellow of the Australian Institute of Management.
Experience	Currently Executive Officer at Yooralla. 25 years of financial and commercial management experience in a variety of sectors including manufacturing, wholesale & distribution, food processing, financial services and information technology; followed by 12 years in leadership of Not For Profit organisations - seniors' living (retirement living, residential aged care, community aged care) and community and family services. Member of Crossway Baptist Church since 1998. Board member of Christian radio station LightFM since 2012 and currently Chairman. Baptcare Board member from November 2015.
Special responsibilities	Member of the Finance & Audit Committee Member of the Board Policy Committee

## **Mr C Cornelius (appointed 26<sup>th</sup> November 2015, resigned 28<sup>th</sup> July 2016)**

Qualifications	Masters of Business Administration Australian Institute of Business (2014), Dip. Property and Asset Management Property Council of Australia (2010), Dip. Project Management Gordon Institute (2010), Dip. Loss Prevention Systems LPS LTD(2006), Professional Certificate in Foundations of Leadership through Melbourne University (2013), Certified Negotiator through ENS. International (2010).
Experience	Baptcare Board member from November 2015, Property Council of Australia, Property and Asset management Advisor Aksara Financial and Real Estate Risk Advisor Commercial Property Industry, Past member of NOSA, Past member of Werribee Baptist Church Building Team, Past Member of Property Valuers Institute.
Special responsibilities	Member of the Risk Committee

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## 2. REVIEW OF OPERATIONS

### Company

Baptcare is a welfare agency of the Baptist Union of Victoria. Our objectives are as follows:

- Plan and promote Christian social services within Victoria and Tasmania and to co-ordinate the various social service activities of the Union and churches of the Union;
- To provide welfare, health and community services to people who are disadvantaged by reason of their physical, emotional, economic or social circumstances;
- To provide relief to individuals, families and children who are in necessitous circumstances because of poverty, destitution, suffering or helplessness;
- To undertake or carry out any other charitable purpose including co-operating with the churches of the Baptist Union of Victoria and Tasmania.

Baptcare pursues excellence in every aspect of its work, integrating its holistic approach to care for each and every individual regardless of their faith, monetary, cultural or lifestyle backgrounds.

Baptcare's objectives are guided and motivated to achieve its Mission by Christian values.

The Company's strategies for achieving its objectives include:

- Living our Christian values;
- Sustainable growth in all service areas;
- Providing high quality care and services;
- Attracting, developing and retaining the best people;
- Promoting and building recognition of our services in the community; and
- Developing our systems to support our people.

The fulfilment of the organisation's objectives is expressed in the delivery of the following principal services and programs:

- The operation of aged care facilities 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 community aged care packages to the aged in the community.
- The provision of domiciliary nursing services in the City of Moreland.
- The provision of family community programs, including foster care, counselling, preventative education, local area coordination, disability support services and asylum seeker accommodation.

No significant change in the nature of those activities occurred during the financial year.

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 & Audit Committee and the Board;
- Monthly review and analysis undertaken by the CEO, General Managers, Program Managers, Finance team, Finance & Audit Committee and the Board of actual performance against approved budget 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; and
- Service delivery risk, quality and clinical performance, including regulatory/legislative compliance, clinical education and incidence reporting are monitored by the Quality & Clinical Governance Committee.

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Operating revenue for the year was \$151m, growing by 3.6%, 79.3% of the funding is received from State and Commonwealth Governments and 17.9% received from client and resident fees. Total revenue was \$166m which included a fair value adjustment to the investment properties of \$10.8m and other non-operating income items.

A net surplus of \$13.7m was generated which included a \$9.7m write off for buildings and an increase in the fair value of investment properties of \$10.8m, producing a strong operating cash surplus of \$25m (excluding interest received) was also achieved before allowing for capital investment in our property developments and further acquisition of development sites of \$73m.

Operating expenditures grew by 3.8% to \$153m during the year. Direct client and resident services costs represent 19.6%, with employee costs representing 55.9% of total operating expenditure.

Baptcare is a not-for-profit faith-based charitable organisation. In order to sustain its charitable activities, achieve the Board's 5 year 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. Baptcare remains in a very strong financial position, with excellent cash flows, quality buildings, and a sustainable business model with strong growth plans.

The highlights for the Service and Operations Division were:

## **In Home Care**

The major focus in the past year has been on preparing for market contestability of the Home Care Packages in February 2017. This has meant realigning our effort around our clients as they will hold the funded package and have the power to choose where they receive their services from. Over the course of the year, the number of package funded clients we service grew to more than 1,600. We undertook a branding campaign to lift our profile in the community under the banner of Home Help, launched a new Baptcare website, a 1300 number and centralised call centre. The intention through this is to become more customer-focused and easier to deal with.

## **Residential Aged Care**

We rebuilt two of our residential aged care homes, at Strathalan Community in Macleod and Wyndham Lodge Community in Werribee and these two homes will provide accommodation for an additional 154 people. We commenced construction of a new aged care home, The Orchards in Doncaster East. This is due to open in June 2017 and will accommodate 150 people.

## **Retirement Living**

Strathalan has been a hive of activity in Retirement Living, firstly Bernadette Bullock was awarded the Victorian Retirement Living Manager of the year by the Property Council and then in December 2015 the first 12 of 27 new villas were completed and occupied. The remaining 15 villas completed and occupied by the end of 2016. The next stage of development at Strathalan and The Orchards is apartments. Pre-sales have commenced and are progressing well.

In December, the Retirement Living manager at Karingal in Devonport, Tasmania in consultation with the Hotel Services Manager from the co-located Karingal aged care facility introduced home delivery of meals to the independent residents from the facility kitchen.

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They are now delivering over 100 meals a week.

## **Quality**

We explored innovative approaches to engage our aged care clients to ask what truly matters, shifting from asking our clients if they are satisfied to engaging them in conversations about their experience. These conversations have led to the development of an alternative to satisfaction surveys with the collection of feedback in real time using electronic client experience trackers to inform improvements and service design. We were awarded a Better Practice Award by the Aged Care Quality Agency for this innovative approach to the measurement of client experience, our tenth Better Practice Award in the past 5 years.

In line with our mission, we have set targets around accessibility to our programs for clients experiencing financial and social disadvantage. The target for our residential and community aged care places is 50%. For residential places we currently achieve 47% and for community places we achieve 55%. Our target for retirement living accommodation is 10% and we achieved 12%.

During the year 4 of our residential facilities and 7 community programs underwent quality audits conducted by the Department of Social Services. All of our services were fully compliant to the accreditation standards.

## **Family and Community Services**

Family and Community Services continues to provide support and services that best meet the needs of vulnerable children, young people and families across Victoria and Tasmania.

In Victoria, the focus on operational excellence has seen a consistent improvement in performance against contractual requirements. The foster carer recruitment campaign has been effective in registering an additional 15 foster carers. The therapeutic practice project has continued to increase the capacity of staff and carers alike to respond to the increasingly complex needs of children and families. The Victorian division has commenced preparation for National Disability Insurance Scheme (NDIS), including learning from Tasmania's experience and operational excellence in this space.

In Tasmania, we are working closely with National Disability Insurance Agency (NDIA) to deliver Local Area Coordination for the NDIA and are participating directly in the successful rollout of NDIS in the Tasmanian state trial site. The division has successfully delivered individualised Mental Health supports in Tasmania, providing further breadth to the division's range of program service delivery. Based on a flexible and innovative fee for service model, we work closely with partner agencies to deliver timely supports to families, children and young people requiring early intervention services.

Baptcare continued to financially support the delivery of services and community support through the Home Start Bendigo program, as well as the Sanctuary program located in Brunswick and Preston, and continue to source support funding for these initiatives. Sanctuary provided transitional accommodation, casework support and pastoral care to 70 Asylum Seekers during the 2015/16 year.

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**3. DIRECTORS' MEETINGS**

During the financial year, 49 meetings of directors (including committees and AGM) were held. Attendances were:

	<u>Board Meetings</u>		Committee Meetings											
			<u>Finance and Audit Committees</u>		<u>Quality &amp; Clinical Governance</u>		<u>Board Policy Committee</u>		<u>Risk Meetings</u>		<u>Remuneration Committee</u>		<u>Nomination Meetings</u>	
<u>Director</u>	<u>Attended</u>	<u>Eligible</u>	<u>Attended</u>	<u>Eligible</u>	<u>Attended</u>	<u>Eligible</u>	<u>Attended</u>	<u>Eligible</u>	<u>Attended</u>	<u>Eligible</u>	<u>Attended</u>	<u>Eligible</u>	<u>Attended</u>	<u>Eligible</u>
Ms R M Bradley	12	14	0	0	2	3	4	4	0	0	0	0	1	1
Mr C Cornelius	8	8	-	-	0	0	0	0	3	3	0	0	0	0
Mr P A Curtis	13	14	0	0	0	0	3	3	8	8	2	2	1	1
Mr R S Dawson	12	14	0	0	9	9	0	0	0	0	0	0	0	0
Mr M R Hick	14	14	11	11	0	0	0	0	0	0	2	2	1	1
Mr B Howard	11	14	11	11	0	0	0	0	0	0	0	0	0	0
Mr C J McKenna	14	14	0	0	0	0	0	0	8	8	0	0	0	0
Mrs J R Scenna*	12	12	0	0	7	7	1	1	0	0	0	0	0	0
Mr R Evers	8	8	2	2	0	0	1	1	0	0	0	0	0	0

\* - J R Scenna has been granted a leave of absence for the period 20 May 2016 to 28 February 2017

**4. MEMBERS FUNDS**

Baptcare 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 2016 there were 8 members of the Company (2015: 7).

**5. AUDITORS INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 6 of the financial report.

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

  
**Philip A Curtis**  
Director

  
**Matthew R Hick**  
Director

Camberwell, 27/10/ 2016.

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Melbourne Victoria 3000

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### **Auditor's Independence Declaration To the Directors of Bapcare Ltd**

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-Profit Commission Act 2012*, as lead auditor for the audit of Bapcare Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-Profit Commission Act 2012* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B. L. Taylor  
Partner – Audit & Assurance

Melbourne, 27 October 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594

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**BAPTCARE LTD**  
**STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED**  
**30 JUNE 2016**

	Note	2016 \$000	2015 \$000
REVENUE	3	166,273	153,868
Employee benefits expense		(85,200)	(79,221)
Depreciation, amortisation and impairment expenses		(15,507)	(19,386)
Client costs		(20,402)	(15,986)
Domestic costs		(3,038)	(3,010)
Food services		(6,510)	(6,318)
Property maintenance		(3,360)	(3,356)
Services and utilities		(5,319)	(5,167)
Other expenses		(13,215)	(14,520)
TOTAL EXPENSES		(152,551)	(146,964)
SURPLUS BEFORE INCOME TAX		13,722	6,904
Income tax expense	2 (d)	-	-
SURPLUS FOR THE YEAR		13,722	6,904
OTHER COMPREHENSIVE INCOME		-	-
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		13,722	6,904

The accompanying notes form part of these financial statements.

**BAPTCARE LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	Note	2016 \$000	2015 \$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	6,172	6,381
Trade and other receivables	6	4,644	5,820
Other financial assets	7	51,919	82,050
Other assets	8	1,268	2,011
<b>TOTAL CURRENT ASSETS</b>		<b>64,003</b>	<b>96,262</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	218,406	159,912
Investment properties	10	109,404	99,637
Intangibles	11	18,944	18,944
<b>TOTAL NON-CURRENT ASSETS</b>		<b>346,754</b>	<b>278,493</b>
<b>TOTAL ASSETS</b>		<b>410,757</b>	<b>374,755</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	181,611	160,343
Provisions	13	5,605	4,870
Other liabilities	14	3,661	4,169
<b>TOTAL CURRENT LIABILITIES</b>		<b>190,877</b>	<b>169,382</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	6,949	6,164
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,949</b>	<b>6,164</b>
<b>TOTAL LIABILITIES</b>		<b>197,826</b>	<b>175,546</b>
<b>NET ASSETS</b>		<b>212,931</b>	<b>199,209</b>
<b>EQUITY</b>			
Retained earnings		212,931	199,209
<b>TOTAL MEMBERS' FUNDS</b>		<b>212,931</b>	<b>199,209</b>

The accompanying notes form part of these financial statements.

**BAPTCARE LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED**  
**30 JUNE 2016**

	Reserves	Retained Earnings	Total
	\$000	\$000	\$000
<b>BALANCE AT 1 JULY 2014</b>	3	192,302	192,305
Surplus for the year	-	6,904	6,904
Other comprehensive income	-	-	-
Total comprehensive income	-	6,904	6,904
Transfers to between reserves	(3)	3	-
<b>BALANCE AT 30 JUNE 2015</b>	-	199,209	199,209
<b>BALANCE AT 1 JULY 2015</b>	-	199,209	199,209
Surplus for the year	-	13,722	13,722
Other comprehensive income	-	-	-
Total comprehensive income	-	13,722	13,722
Transfers to between reserves	-	-	-
<b>BALANCE AT 30 JUNE 2016</b>	-	212,931	212,931

The accompanying notes form part of these financial statements.

**BAPTCARE LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from residents, clients and customers	<b>25,403</b>	28,427
Receipts from governments	<b>126,525</b>	120,434
Proceeds from capital grants, legacies and donations	<b>846</b>	501
Interest received	<b>2,581</b>	2,643
Payments to suppliers and employees	<b>(127,163)</b>	(119,459)
Net cash provided by operating activities	<b>28,192</b>	32,546
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of short term deposits	<b>30,131</b>	(20,050)
Proceeds from sale of investments	-	-
Acquisition of business	-	(182)
Proceeds from sale of property, plant and equipment	<b>1,075</b>	525
Payment for property, plant and equipment and investment property	<b>(74,002)</b>	(39,681)
Net cash used in investing activities	<b>(42,796)</b>	(59,388)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from residents' accommodation bonds	<b>32,013</b>	34,326
Refunds of entry contributions and accommodation bonds	<b>(24,801)</b>	(10,224)
Proceeds from ILU licence fees	<b>16,167</b>	8,931
Refund of ILU licence fees	<b>(8,984)</b>	(4,421)
Net cash provided by/(used in) financing activities	<b>14,395</b>	28,612
<b>NET (DECREASE)/INCREASE IN CASH HELD</b>	<b>(209)</b>	1,770
<b>CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>6,381</b>	4,611
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	<b>6,172</b>	6,381

The accompanying notes form part of these financial statements.

**BAPTCARE LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2016**

**NOTE 1 NATURE OF THE COMPANY**

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 2016, there were 8 members of the Company (2015: 7).

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of accounting**

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, the requirements of the Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board (the AASB). Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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.

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

**b) Statement of compliance**

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS").

**c) Critical accounting estimates and judgments**

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 in note 2 provide details of these estimates, judgments and assumptions.

**d) 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.

**e) Property, plant and equipment**

Properties, 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 company 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.

**BAPTCARE LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2016**

**e) Property, plant and equipment (cont'd)**

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 reducing balance 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.

Depreciation rates used for each class of depreciable asset are:

<u>Class of fixed asset</u>	<u>Rate</u>
Buildings	2.50% - 3.25%
Investment properties	2.50%
Leasehold improvements	10% - 100%
Plant and equipment	10% - 25%
Investment properties plant and equipment	10% - 25%
Motor vehicles	7.5% - 20%

**f) Investment property**

Investment property is property, both land and building, which is held to generate deferred management fees, rental tenancy income and retentions. Investment property is representative of independent living units, and land banked property that may have dwellings thereon. Investment properties are measured at fair value being the assessed market value of individual units and land banked property.

**g) 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 have been recognised at fair value, have been assessed as having indefinite useful lives, and are not amortised.

**h) Impairment of assets**

At each reporting date, the Company 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 Company 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 the asset may be impaired.

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**i) Revenue recognition**

Revenue from the rendering of services is recognised upon the delivery of the service to the customer. Government grants are recognised as revenue upon receipt of the grant except in those circumstances where it is considered to be a reciprocal transfer and the obligations of the grant have not yet been met. Revenue from the sale of goods is recognised upon delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

**j) Entry contributions, accommodation bonds and accommodation payments**

Entry contributions are recognised as a receivable and a liability at the time each resident agreement is entered into. Under the provisions of Section 10F of the Aged or Disabled Persons' Care Act, 1954 (C'wlth), the Company is entitled to retain fixed portions (retentions) of those contributions. The proportion of entry contributions retainable is brought to account as income at the time that it becomes non-refundable to the resident. Accommodation bonds and accommodation payments are treated the same as entry contributions, except that Section 57 (19) of the Aged Care Act 1997 (C'wlth) applies.

Accommodation payments are treated the same as entry contributions and accommodation bonds except that Section 52 (E) of the Aged Care Act (C'wlth) applies. Entry contributions, accommodation bonds and accommodation payments are treated as a financial liability with a demand feature and have been discounted from the first date the entry contribution, accommodation bond or accommodation payment could be required to be paid.

**k) Independent living unit (ILU) licence fees**

The provisions of the Retirement Villages Act 1986 (Victoria) and the Retirement Villages Act 2004 (Tasmania) apply to the Company's dealings in independent living unit licences. ILU licence fees are recognised as a receivable and a liability at the time the licence agreement is executed. The agreements with residents provide for the company to retain management fees on a deferred basis, and the proportion of licence fees retainable is brought to account as income at the time that it becomes non-refundable to the licensee. Some management fees are linked to the resale value of the ILU which are recognised on a straight line basis upon an assessment of the market value of the ILU at each reporting date. In addition some of the licence agreements provide for the Company to receive a share of any capital gain on re-sale of the licences to a subsequent entrant. Such 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.

**l) Cash and cash equivalents**

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

**m) Employee benefits**

Provision is made for the Company'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 Company to employee superannuation funds and are charged as expenses when incurred.

**n) Receivables**

Trade receivables are recorded at amounts due for services rendered less any provision for impairment loss. Accrued income is recorded as income earned which had not been credited to the Company at reporting date. Entry Contribution, Accommodation Bond and ILU Licence Fee debtors are recorded in accordance with the policies outlined in Notes 2(j) and 2(k).

**o) Trade payables**

Trade payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

**p) Financial assets**

Financial assets are initially measured at cost on trade date which includes transaction costs. Subsequent to initial recognition these assets are measured as set out below:

Held to maturity investments – These investments have fixed maturities and it is the Company's intention to hold these investments until maturity.

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**p) Financial assets (cont'd)**

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly in equity.

**q) Specific reserves and government grants**

Specific reserves and government grants represent an accumulation of members' funds which have been set aside for specific purposes.

**r) Borrowing costs**

Borrowing costs are expensed in the period in which they occur.

**s) Leases**

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

**t) Financial instruments**

*Recognition and Initial Measurement*

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

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through 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 Company 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.

*Classification and Subsequent Measurement*

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(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.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly in equity.

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**t) Financial instruments (cont'd)**

**(v) Financial liabilities**

Non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

**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 Company assesses whether there is objective evidence that a financial instrument has been impaired.

**u) Rounding**

The entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and directors' reports have been rounded off to the nearest \$1,000, or in certain cases, the nearest dollar.

**v) New accounting standards and AASB interpretations**

Certain new accounting standards and AASB interpretations have been published that are not mandatory for 30 June 2016 reporting periods but contain an option for early adoption. The Company has reviewed each of these new standards and interpretations and is satisfied that they have no impact on the reported financial position and performance of the Company for the year ended 30 June 2015, and therefore there has been no early adoption of these standards.

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	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
<b>NOTE 3 REVENUE</b>		
Gross revenue from residents, clients and customers	21,173	19,753
Government subsidies and contributions for service	124,998	119,053
Accommodation charges, bond retentions, and Deferred Management Fees	5,069	7,072
Sale of goods	111	69
Interest	2,139	2,855
Donations, bequests and legacies	846	501
Fair value adjustment to investment properties	10,842	3,789
Other revenue	1,095	776
Total revenue from operating activities	<u>166,273</u>	<u>153,868</u>

**NOTE 4 OPERATING PROFIT**

Operating profit before income tax expense has been determined after:

**a) Charging as expense:**

Depreciation of non-current assets:

- Buildings	3,665	3,957
- Leasehold improvements	1,101	482
- Plant and equipment	4,850	3,766
- Motor vehicles	614	732
Total depreciation	9 & 10 <u>10,230</u>	<u>8,937</u>

Write offs of land and buildings	5,277	10,449
Total Depreciation, amortisation and impairment	<u>15,507</u>	<u>19,386</u>

**NOTE 5 CASH AND CASH EQUIVALENTS**

Cash on hand	78	76
Cash at bank	6,094	6,305
Total cash and cash equivalents	<u>6,172</u>	<u>6,381</u>

**NOTE 6 TRADE AND OTHER RECEIVABLES**

**CURRENT**

Trade receivables	1,233	2,885
Provision for impairment	(197)	(363)
	<u>1,036</u>	<u>2,522</u>

Entry contribution, accommodation bond and licence fee debtors	2 (j) & (k) <u>1,025</u>	2,284
Accrued income - other	475	916
Other receivables	35	40
Receivables due from related entities	2,073	58
Total trade and other receivables	<u>4,644</u>	<u>5,820</u>

Receivables due from related entities are \$2,072,628 (2015: \$32,142).

**NOTE 7 OTHER FINANCIAL ASSETS**

**CURRENT**

Term deposits	51,919	82,050
Total other financial assets	<u>51,919</u>	<u>82,050</u>

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

**NOTE 8 OTHER ASSETS**

**CURRENT**

Prepayments	709	823
Other current assets	559	1,188
Total other assets	<u>1,268</u>	<u>2,011</u>

**BAPTCARE LTD**  
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	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
<b>NOTE 9    PROPERTY, PLANT AND EQUIPMENT</b>		
<b>LAND AND BUILDINGS</b>		
Land and buildings at cost	<b>154,725</b>	131,136
Accumulated depreciation	<b>(22,775)</b>	(23,516)
	<b>131,950</b>	107,620
Leasehold improvements at cost	<b>2,298</b>	3,867
Accumulated depreciation	<b>(1,572)</b>	(2,469)
	<b>726</b>	1,398
Carrying amount of building works in the course of construction	<b>38,580</b>	22,591
Total land and buildings	<b>171,255</b>	131,609
<b>PLANT AND EQUIPMENT</b>		
Plant and equipment at cost	<b>42,804</b>	32,786
Accumulated depreciation	<b>(14,625)</b>	(17,408)
	<b>28,179</b>	15,378
Carrying amount of building works in the course of construction	<b>16,534</b>	9,729
Motor vehicles at cost	<b>4,664</b>	5,151
Accumulated depreciation	<b>(2,226)</b>	(1,955)
	<b>2,438</b>	3,196
Total plant and equipment	<b>47,151</b>	28,303
<b>Total property, plant and equipment</b>	<b>218,406</b>	159,912

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

	<b>Land &amp; Buildings</b>	<b>Leasehold Improvements</b>	<b>Work in Progress</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Balance at 1 July 2015</b>	107,620	1,398	32,320
Additions	31,860	845	22,794
Disposals	-	(416)	-
Transfers in/(out)	85	-	-
Write offs	(5,277)	-	-
Depreciation expense	(2,339)	(1,101)	-
<b>Balance at 30 June 2016</b>	<b>131,950</b>	<b>726</b>	<b>55,114</b>

  

	<b>Plant &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Balance at 1 July 2015</b>	15,377	3,196	159,912
Additions	17,819	211	73,529
Disposals	(167)	(355)	(938)
Transfers in/(out)	-	-	85
Write offs	-	-	(5,277)
Impairment	-	-	-
Depreciation expense	(4,850)	(614)	(8,904)
<b>Balance at 30 June 2016</b>	<b>28,179</b>	<b>2,438</b>	<b>218,406</b>

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	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
<b>NOTE 10 INVESTMENT PROPERTIES</b>		
INDEPENDENT LIVING UNITS		
Carrying amount at the beginning of the year	<b>99,637</b>	98,907
Additions	<b>252</b>	98
Adjustment to fair value	<b>10,842</b>	3,789
Write offs	<b>-</b>	(1,788)
Depreciation expense	<b>(1,327)</b>	(1,369)
Carrying amount at the end of the year	<b>109,404</b>	99,637
<b>NOTE 11 INTANGIBLES</b>		
BED LICENCES		
Carrying amount at the beginning of the year	2 (g) <b>11,100</b>	11,100
Carrying amount at the end of the year	<b>11,100</b>	11,100
GOODWILL		
Carrying amount at the beginning of the year	<b>7,844</b>	7,662
Acquired through business combination	<b>-</b>	182
Carrying amount at the end of the year	<b>7,844</b>	7,844
Total intangible assets	<b>18,944</b>	18,944

On an annual basis the recoverable amount of intangible assets, 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 2016 (2015: nil).

**Impairment testing**

For the purpose of annual impairment testing of bed licenses and goodwill, cash generating units are determined at the facility level. 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.

Bed licenses:

	Growth rate	Discount rate
2015	0%	15%
2016	0%	15%

Goodwill:

	Growth rate	Discount rate
2015	0%	15%
2016	0%	15%

**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. Recently there have been policy changes which see the growth rate for the industry being unreliable and therefore relatively static.

**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.

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**NOTE 11 INTANGIBLES (CONT'D)**

**Terminal value**

The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield, 1.5%.

**Cash flow assumptions**

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

- Occupancy rates that are consistent with recent occupancy levels
- Wages based on current rosters and assume pay increases in accordance with current enterprise bargaining agreements
- 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.

		<b>2016</b>	<b>2015</b>
		<b>\$000</b>	<b>\$000</b>
<b>NOTE 12 TRADE AND OTHER PAYABLES</b>			
<b>CURRENT</b>			
Trade payables and accrued expenditure	2 (o)	<b>23,780</b>	17,512
Capital development fund loans - at call (unsecured)		<b>3,758</b>	1,893
Independent living unit licence fees	2 (k)	<b>69,229</b>	64,580
Entry contributions and accommodation bonds	2 (j)	<b>84,844</b>	76,358
Total current trade and other payables		<b>181,611</b>	160,343

In accordance with the relevant accounting standards all resident ingoings (entry contributions, accommodation bonds and independent living unit license fees) have been treated as current liabilities, as there is no unconditional right of deferral. However based on historical trends it is likely that amounts to be paid to residents in the next 12 months will be in the vicinity of \$19.7m.

**NOTE 13 PROVISIONS**

**CURRENT**

Employee entitlements	2 (m)	<b>5,605</b>	4,870
Total current provisions		<b>5,605</b>	4,870

**NON-CURRENT**

Employee entitlements	2 (m)	<b>6,294</b>	5,527
Provision for program redundancies		<b>655</b>	637
Total non-current provisions		<b>6,949</b>	6,164

**NOTE 14 OTHER LIABILITIES**

Revenue in advance - other	<b>3,661</b>	4,169
Total other liabilities	<b>3,661</b>	4,169

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	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
<b>NOTE 15 COMMITMENTS FOR EXPENDITURE</b>		
<b>CAPITAL EXPENDITURE</b>		
Estimated capital expenditure contracted for at reporting date but not provided for in the financial statements		
Payable not later than one year	<b>27,537</b>	41,612
Total capital expenditure commitments	<b>27,537</b>	41,612
<b>OPERATING LEASES</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable not later than one year	<b>1,710</b>	1,961
Payable later than one year but not later than five years	<b>1,506</b>	1,789
Payable in more than five years	<b>216</b>	543
Total operating lease commitments	<b>3,432</b>	4,293

Lease expenses during the period amount to \$2,915,033 (2015: \$2,658,162) representing the minimum lease payments.

Leases relate to property & equipment, rental and motor vehicles, and are payable in advance.

**NOTE 16 CONTINGENT LIABILITIES**

There are no contingent liabilities that have been incurred by Baptcare Ltd in relation to the 2016 or 2015 financial year.

**NOTE 17 SEGMENT REPORTING**

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, and property, plant and equipment, net of allowances and accumulated depreciation. Segment liabilities consist principally of accounts payable, resident ingoings, employee entitlements, accrued expenses, provisions and borrowings. While most assets and liabilities can be directly attributed to individual segments, the carrying amount of certain assets and liabilities used or incurred jointly by two or more segments are allocated to the segments on a reasonable basis.

The Company has the following three business segments, based in Victoria and Tasmania:

1. Residential Aged Care operates aged care facilities for aged or disabled persons.
2. Other Aged Care Services provides independent living units, assisted living, day care centres, domiciliary nursing services and community aged care in the home.
3. Family Services operates family community programs, including foster care, counselling, preventative education, and disability support services.

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**NOTE 17 SEGMENT REPORTING (CONT'D)**

**Primary reporting - Business segments**

	<b>Residential Aged Care</b>		<b>Other Aged Care Services</b>		<b>Family Services</b>		<b>Unallocated</b>		<b>Eliminations</b>		<b>Economic Entity</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>												
Government subsidies	60,440	59,438	46,686	43,124	17,872	16,491	-	-	-	-	124,998	119,053
Resident/client charges	23,076	17,977	3,142	8,342	8	8	127	68	-	-	26,353	26,396
Bond retentions	-	497	-	-	-	-	-	-	-	-	-	497
Other external revenue	752	385	75	148	219	128	3,032	3,243	2	229	4,080	4,133
Other segments - revenue	14,069	7,141	8,349	4,464	3,957	3,743	16,768	15,320	(32,301)	(26,879)	10,842	3,789
Total revenue	98,337	85,438	58,252	56,078	22,056	20,370	19,927	18,632	(32,299)	(26,650)	166,273	153,868
<b>EXPENSES</b>												
Employee expenses	45,776	41,265	17,427	18,396	9,242	9,475	12,755	10,085	-	-	85,200	79,221
Depreciation & amortisation	12,197	12,795	1,344	4,792	376	467	1,590	1,332	-	-	15,507	19,386
Property maintenance	2,679	2,093	279	859	104	117	298	287	-	-	3,360	3,356
Service & utilities	2,380	1,968	1,159	1,660	753	730	1,027	809	-	-	5,319	5,167
Other expenses	11,765	12,167	19,714	17,239	4,900	4,255	7,151	6,215	(365)	(42)	43,165	39,834
Other segments - expense	10,858	8,957	15,049	12,065	5,914	5,322	478	264	(32,299)	(26,608)	-	-
Total expenses	85,655	79,245	54,971	55,011	21,289	20,365	23,298	18,993	(32,664)	(26,650)	152,551	146,964
<b>RESULT</b>												
Segment result	12,682	6,193	3,280	1,068	767	5	(3,372)	(361)	-	-	13,722	6,904
Profit from ordinary activities before income tax expense											-	-
Income tax expense											-	-
Net profit from ordinary activities after income tax expense											13,722	6,904

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**NOTE 17 SEGMENT REPORTING (CONT'D)**

**Primary reporting - Business segments**

	<b>Residential Aged Care</b>		<b>Other Aged Care Services</b>		<b>Family Services</b>		<b>Unallocated</b>		<b>Eliminations</b>		<b>Economic Entity</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>												
Cash & investments	25	22	17	20	8	11	6,122	6,328	-	-	6,172	6,381
Trade receivables	1,300	475	283	1,941	(418)	27	2,653	78	-	-	3,818	2,521
Other current assets	382	1,291	541	1,495	36	98	53,054	84,474	-	-	54,013	87,360
Property, plant & equipment and investment property	239,483	147,230	5,744	57,353	7,898	8,320	74,684	46,647	-	-	327,810	259,549
Intangibles	18,762	18,762	182	182	-	-	-	-	-	-	18,944	18,944
Other non-current assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	259,952	110,657	6,765	60,990	7,523	8,456	136,512	137,528	-	-	410,757	374,755
<b>LIABILITIES</b>												
Accommodation bonds & ingoings	154,073	76,358	-	64,580	-	-	-	-	-	-	154,073	140,938
Employee provisions	3,487	2,852	808	918	497	469	813	632	-	-	5,605	4,870
Other current liabilities	2,176	4,565	7,227	3,999	4,718	4,571	11,532	10,439	-	-	25,653	23,574
Non-current liabilities	4,162	3,792	1,184	1,311	6,181	709	968	353	-	-	12,495	6,164
Total liabilities	163,897	87,567	9,219	70,808	11,396	5,748	13,313	11,424	-	-	197,826	175,546
<b>OTHER</b>												
Acquisitions of non-current segment assets	-	-	-	-	-	-	-	-	-	-	-	-
Accommodation bond liabilities	154,072	76,358	-	-	-	-	-	-	-	-	154,072	76,358

**BAPTCARE LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
<b>NOTE 18 KEY MANAGEMENT PERSONNEL DISCLOSURES</b>		
Total transactions with key management personnel	<b>2,352</b>	1,952

**NOTE 19 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:

Ms R M Bradley  
Mr P A Curtis  
Mr C Cornelius (Appointed 26 November 2015, Resigned 28 July 2016)  
Mr R S Dawson  
Mr R Evers (Appointed 26 November 2015)  
Mr M R Hick  
Mr B Howard  
Mr C J McKenna  
Mrs J R Scenna

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 20 COMPANY 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 places of business are:**

Administration offices	1193 Toorak Road, Camberwell VIC 3124
	1183 Toorak Road, Camberwell VIC 3124
Barwon South West Community Packages	132 Yarra Street, Geelong VIC 3220, and 65 Fairy Street, Warrnambool VIC 3280
Church Nursing Service & Sanctuary Assylum Seeker Homes	33 Blyth Street, Brunswick VIC 3056 547 Bell Street, Preston, VIC 3072
Eastern Metro Community Packages	Suite 2, 35 Seymour Street, Ringwood VIC 3134
Family and Community Services	25 Norwood Crescent, Moonee Ponds VIC 3039 Level 1, 8 Boland Street, Launceston TAS 7250 Ground Floor, 175 Collins Street, Hobart TAS 7000
Gippsland Community Packages	1st floor, 11 Bailey Street, Bairnsdale VIC 3875, 116 George Street, Morwell VIC 3840, and 43 Commercial Street, Korumburra VIC 3950
Hedley Sutton Community/Eastern Day Therapy	19 Canterbury Road, Camberwell VIC 3124
Hume Community Packages	Unit 2, 88 Watson Street, Wallan VIC 3756, and 11 Main Street, Chiltern VIC 3683
Karana Community/Day Therapy	55 Walpole Street, Kew VIC 3101
Karingal Community & Community Packages	32 Lovett Street, Devonport TAS 7310
Loddon Mallee Community Packages	391 Hargreaves Street, Bendigo VIC 3550
Northaven Community Residential Aged Care Facility	84-86 Shadforth Street, Kerang VIC 3579
Northern Metro Community Packages	L4, 240 Uni Hill, Bundoora VIC 3083
Orana Day, Respite & Disability Services Centre	31 Murray Street, East Devonport TAS 7310
Peninsula View Community Residential Aged Care Facility	24-28 Moorooduc Highway, Frankston South VIC 3199
Southaven Day Centre	117 Jasper Road, Bentleigh VIC 3204, and
Brindabilla Day Centre	43 Vannam Drive, Ashwood VIC 3147
Southern Metro Community Packages	362 Nepean Highway, Frankston VIC 3199
St Hillary's Community	16 Elgin Street, Morwell VIC 3840
Strathalan Community/Day Therapy	Corner Erskine & Greensborough Highway, Macleod VIC 3085
Templestowe Orchards Community	107 Andersons Creek Road, Doncaster East VIC 3109
Western Metro Community Packages	Suite 10, 2 Devonshire Road, Sunshine VIC 3020
Westhaven Day Centre & Day Therapy	9 Northumberland Road, Sunshine VIC 3020
Westhaven Community Residential Aged Care Facility	50 Pickett Street, Footscray VIC 3011
Wydham Lodge Community Residential Aged Care Facility	120 Synnot Street, Werribee VIC 3030

**BAPTCARE LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2016**

**NOTE 20 COMPANY DETAILS (CONT'D)**

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 in the City of Moreland.

The operation of family community programs, including foster care, counselling, preventative education, and disability support services.

**NOTE 21 POST-REPORTING DATE EVENTS**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

**NOTE 22 MEMBER'S GUARANTEE**

Baptcare Ltd is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company 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 2016, the total amount that members of the Company are liable to contribute if the Company wound up is \$80 (2015: \$70).

**NOTE 23 CHANGE IN ACCOUNTING POLICY**

The Directors of Baptcare have elected to change the accounting policy in respect to investment properties from cost to fair value. The purpose of the change was to reflect the fair value of investment properties in the Statement of Financial Position. The Company will now be required to adjustment the carrying value of investment properties on an annual basis with the adjustment being reflected in the Income Statement.

The change in accounting policy requires the restatement of prior year financial statements as summarised below.

	30-Jun-14	30 June 2014 Restated	30-Jun-15	30 June 2015 Restated
Investment properties	78,533	131,868	82,034	99,637
Retained profits	138,970	192,305	142,085	199,209
Adjustment to fair value	-	53,335	-	3,789

**NOTE 24 CHANGE IN CLASSIFICATION OF LAND**

The Company has a number of land holdings which are held for the purposes of future use in line with the Company's strategic plan. These land holdings have previously been classified as investment property and held at cost. As result of the change in accounting policy as detailed in Note 23, the Directors have reassessed the classification of these land holdings and determined they are more appropriately classified as property, plant & equipment on the basis that they are being held for strategic purposes.

The change in classification requires the restatement of the prior year financial statements as summarised below.

	30-Jun-15	30 June 2015 Restated
Investment properties	39,289	-
Property, plant & equipment - land & buildings	-	39,289

**BAPTCARE LTD  
DIRECTORS' DECLARATION**

The directors of Baptcare Ltd declare that:

1. The Financial Statements and Notes, as set out in pages 10 to 27 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
  - (a) comply with Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013;
  - (b) give a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (c) comply with International Financial Reporting Standards as disclosed in note 2 (c).
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
  - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) the Financial Statements and Notes for the financial year comply with the Accounting Standards; and
  - (c) the Financial Statements and Notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe the Company can pay its debts as and when they become due and payable.

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

  
**Phillip A Curtis**  
Director

Camberwell,

*27/10/16*

2016

  
**Matthew R Hick**  
Director

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## **Independent Auditor's Report To the Members of Baptcare Ltd**

We have audited the accompanying financial report of Baptcare Ltd (the "Company"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

### **Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012. The Directors' responsibility also includes 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.

### **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. Those standards require us to 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.

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In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Independence**

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

**Auditor's opinion**

In our opinion the financial report of Baptcare Ltd is in accordance with the Australian Charities and Not-for-profit Commission Act 2012, Including:

- a giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B L Taylor  
Partner - Audit & Assurance  
Melbourne, 27 October 2016