Baptcare

BAPTCARE LTD

ACN 069 130 463
ABN 12 069 130 463

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

CONTENTS

DIRECTORS:

Ms R M Bradley *(Chairperson)*
Mr W Angus (joined Aug 2018, resigned Feb 2019)
Mr R S Dawson
Mr A Haidar (joined Aug 2018)
Mr M R Hick
Mr B Howard
Mr C J McKenna (retired Oct 2018)
Mrs J R Scenna
Mr T Farren
Ms M Dobbie

COMPANY SECRETARY: Ms C H Barber

REGISTERED OFFICE:

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AUDITORS: Grant Thornton Audit Pty Ltd

Baptcare Ltd.

Directors' report

30 June 2019

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

1. REVIEW OF OPERATIONS

Company

Baptcare is a welfare agency of the Baptist Union of Victoria. Our objectives are:
- Plan and promote Christian social services within Victoria and Tasmania and to co-ordinate 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 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 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 home care services to the aged in the community.
- The provision of nursing and allied health services.
- The provision of family community programs, including foster care, counselling, preventative education, disability support and mental health services
- The provision of local area coordination services under the National Disability Insurance Scheme in several states, including South Australia.
- 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 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;
- 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 $228m, growing by 17.5%. A net surplus of $7.7m was generated. A strong cash position of $3.9m was also achieved.

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.

Highlights for the Service and Operations Division were:

In Home Care

The focus for In Home Care (IHC) during the past year has been to continue to grow overall package numbers while managing mandated regulatory changes with the introduction of pricing transparency, transition to the new Aged Care Quality Standards and the Aged Care Charter of Rights. Growth in delivery of home care packages has been steady with a sound increase year on year. Growth has been further enhanced through the successful tendering for a Personal Alert Victoria service, delivering services to elderly people in regional Victoria, and the gaining of additional Short Term Restorative Care Packages in the Northern Metropolitan region. IHC also achieved significant growth in our direct care service delivery hours across the year.

Residential Aged Care

The focus during the year has been on our customers, our people, service growth and operational efficiency.

We have continued to focus on our customers' experience with an emphasis on deepening our customer listening and evolving the design of our services reflecting transparency, flexibility and best practice. Our residential aged care services have undertaken development programs to respond to the new Aged Care Quality Standards and the new Charter of Aged Care Rights. The programs have implemented new ways of supporting our customers to make their own choices and take part in their community.

We continue to invest in training our people. The aim of our training has been to prepare for the implementation of the new quality standards from July 2019 and on occupational violence training to raise awareness and reduce incidents.

Portfolio growth has consisted of three residential aged care services which were acquired in February 2019. They are located in Warragul, Drouin and Morwell. The integration of these services into our residential portfolio went smoothly. In addition, one new residential aged care service opened in March 2019, located in Norlane. The service accommodates 90 people and targets social and financially disadvantaged. This service is an intentional part of Baptcare's mission to provide aged care services to the most disadvantaged people in our society. Baptcare now operates 15 services and provides care to over 1,550 people across Victoria and Tasmania.

Operational efficiency continues to be a focus area through the implementation of the Baptcare Standard Operating Model across our services. The model is a resident focused, scalable staffing structure that matches the required clinical care skill mix and efficient allocation of care staff to meet resident requirements.

We are on schedule to open our 16th residential aged care services in October 2019; a 120 place service in Lalor to be named Baptcare Wattle Grove Community. Planning commenced for future new services in Keilor Downs and Armstrong Creek.

Retirement Living

Over the year, 273 Victorians and Tasmanians have lived in 231 apartments and villas across 6 Baptcare retirement living villages. Karingal Community in Devonport, Tasmania and Hedley Sutton Community in Camberwell, Victoria both celebrated 10 year milestones this year.
Construction of 33 apartments at The Orchards in Doncaster East and 37 apartments at Strathalan Community in Macleod has commenced. The purchasers at both sites are eagerly awaiting completion of construction so that they can become part of these communities.

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 with mental health issues across Victoria and Tasmania.

Over the last year, FACS has implemented a range of evidence informed programs across Victoria and Tasmania, including +Shift, Reaching Children Through Universal Services (RCUS), SafeCare and Mothers in Mind, and continued its relationship with Monash University to evaluate MyCare, Baptcare's mental health program. In Victoria, +Shift funding was extended for another year and funding was confirmed for the First Supports kinship care program.

The FACS programs continue to achieve and/or exceed targets and provide high quality returns in evidence-based measurements of Baptcare's social impact and client outcome effectiveness via the Baptcare Quality of Life Outcomes Framework. Evidence shows the greatest outcome change due to Baptcare is related to social inclusion, emotional wellbeing and consumer rights.

Baptcare's leaders in both Victoria and Tasmania have been strong contributors to the reform processes currently underway in both states and are actively contributing to key government and departmental working groups designing aspects of an improved service system.

Baptcare continued to financially support the delivery of services and community support through the Home Start program in Bendigo, a program we aim to expand in the coming year.

Disability

Our focus for disability is supporting the National Disability Insurance Agency (NDIA) to deliver the National Disability Insurance Scheme (NDIS) through the provision of Local Area Coordination (LAC) services, and the Early Childhood Early Intervention (ECEI) Gateway as part of the NDIA's Partners in the Community program. Our teams operate in Tasmania and South Australia where we achieved the transition of all people known to the NDIA into the scheme by 30 June 2019. Correspondingly to the growth in LAC, we wound down and exited our state funded services in disability in both Tasmania and Victoria.

The last 12 months has been a successful year of working alongside people with disability to build their capacity to live independent, good and ordinary lives. To achieve this our LACs and ECEI teams 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.

Quality

The Aged Care Quality and Safety Commission released the new Aged Care Quality Standards which came into effect on 1 July 2019. Organisations providing Commonwealth funded aged care services are required to meet the Aged Care Quality Standards. Baptcare has undertaken a project to transition to the new standards including reviewing procedures and processes, implementing new processes and staff and customer education and information.

Baptcare has successfully undergone accreditation audits by the Aged Care Quality and Safety Commission resulting in full compliance to the quality standards at all of our 15 residential aged care services and in our home care service programs.

Baptcare FACS and Disability Services were successfully accredited by Quality Innovation Performance (QIP) in 2018 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

Baptcare continues to focus on customer experience in all of our service segments with a recognition of the diverse cultural and spiritual backgrounds of our customers. Site specific diversity plans are in development to address individual and local community needs.

The introduction of the Voluntary Assisted Dying Legislation in Victoria required the Baptcare Board and Executive Leadership Team to determine the organisational approach to support customers. A pathway to offer customers support and referral was developed and has been communicated to our staff.

The Royal Commission into Aged Care Quality and Safety was established on 8 October 2018. The Commissioners are required to provide an interim report by 31 October 2019 and a final report by 30 April 2020. As part of Baptcare's commitment to engage openly and transparently with the Royal Commission, we provided a written submission in relation to each of our residential aged care and home care services in January 2019. Following the submission, a project group was formed to oversee Baptcare's activities related to the Royal Commission. Baptcare is committed to supporting the work of the Commission to identify opportunities for improvement and to contribute to the Australian community's understanding and confidence in the provision, regulation and funding of aged care services.

2. DIRECTORS' MEETINGS

During the financial year, 52 meetings of directors (including committees and AGM) were held. Attendances were:

- W Angus (12/13)
- R M Bradley (22/23)
- R S Dawson (16/18)
- M Dobbie (21/25)
- T Farren (30/32)
- A Haidar (11/12)
- M R Hick (40/40)
- B Howard (27/34)
- C J McKenna (7/8)
- J R Scenna (11/14)

3. 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 2019 there were 8 members of the Company (2018: 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 section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

R M Bradley Chairperson	M R Hick Director
Camberwell, 25 September 2019	Camberwell, 25 September 2019

Grant Thornton

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Auditor's Independence Declaration

To the Directors of Baptcare Ltd

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for profits Commission Act 2012, as lead auditor for the audit of Baptcare Ltd for the year ended 30 June 2019, 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-profits 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, 25 September 2019

Baptcare Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Revenue	3	228,148	194,212
Expenses			
Client costs		(18,922)	(16,955)
Domestic costs		(4,700)	(4,084)
Employee benefits expense		(133,412)	(107,275)
Food services		(11,889)	(9,164)
Depreciation expense	4	(16,091)	(13,798)
Property maintenance		(4,917)	(4,667)
Services and utilities		(6,291)	(5,731)
Other expenses		(24,242)	(23,703)
Profit for the year		7,684	8,835
Other comprehensive income for the year		-	-
Total comprehensive income for the year		7,684	8,835

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

Baptcare Limited
Statement of financial position
As at 30 June 2019

	Note	2019 $'000	2018 $'000
Assets			
Current assets			
Cash and cash equivalents	5	3,905	7,735
Trade and other receivables	6	5,105	5,074
Other financial assets	7	37,081	37,855
Other Assets	8	2,295	2,865
Total current assets		48,386	53,529
Non-current assets			
Other receivables	9	5,849	5,875
Investment properties	10	123,894	121,050
Property, plant and equipment	11	424,026	328,979
Intangibles	12	67,437	18,761
Total non-current assets		621,206	474,665
Total assets		669,592	528,194
Liabilities			
Current liabilities			
Trade and other payables	13	393,635	272,330
Provisions	14	13,169	10,710
Other Liabilities	15	2,490	589
Total current liabilities		409,294	283,629
Non-current liabilities			
Provisions	16	5,094	3,761
Other Liabilities	17	12,466	5,750
Total non-current liabilities		17,560	9,511
Total liabilities		426,854	293,140
Net assets		242,738	235,054
Equity			
Retained profits		242,738	235,054
Total equity		242,738	235,054

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

Baptcare Limited
Statement of changes in equity
For the year ended 30 June 2019

	Retained profits $'000	Total equity $'000
Balance at 1 July 2017	226,219	226,219
Profit for the year	8,835	8,835
Other comprehensive income for the year	-	-
Total comprehensive income for the year	8,835	8,835
Balance at 30 June 2018	235,054	235,054

	Retained profits $'000	Total equity $'000
Balance at 1 July 2018	235,054	235,054
Profit for the year	7,684	7,684
Other comprehensive income for the year	-	-
Total comprehensive income for the year	7,684	7,684
Balance at 30 June 2019	242,738	242,738

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

Baptcare Limited
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from residents, clients and customers		39,137	31,018
Receipts from governments		182,040	151,392
Proceeds from legacies and donations		496	6,603
Interest received		769	889
Payments to suppliers and employees		(205,785)	(165,038)
Net cash from operating activities		16,657	24,864
Cash flows from investing activities			
Proceeds from redemption of short term deposits		4,993	42
Acquisition of hybrid investments	7	(4,219)	(5,177)
Payment for property, plant and equipment and investment property	11	(50,859)	(68,944)
Payment for purchase of business	24	(33,997)	-
Payment for license fees		-	(215)
Net cash used in investing activities		(84,082)	(74,294)
Cash flows from financing activities			
Proceeds from refundable accommodations deposits		115,809	85,249
Proceeds from ILU licence fees		11,522	10,113
Refunds of refundable accommodation deposits		(55,965)	(41,316)
Refund of ILU licence fees		(7,771)	(11,088)
Net cash from financing activities		63,595	42,958
Net decrease in cash and cash equivalents		(3,830)	(6,472)
Cash and cash equivalents at the beginning of the financial year		7,735	14,207
Cash and cash equivalents at the end of the financial year	5	3,905	7,735

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

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 2019, there were 8 members of the Company (2018: 8).

Note 2. Significant accounting policies

New or amended Accounting Standards and Interpretations adopted

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments
The company made early adoption of AASB 9 Financial Instruments in the prior reporting period. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

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.

Statement of compliance

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

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.

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.

Refundable accommodation deposits, accommodation bonds and accommodation payments
Refundable accommodation deposits, accommodation bonds and accommodation payments are recognised as a receivable and a liability at the time each resident agreement is entered into. AASB 101 'Presentation of Financial Statements' requires the liabilities to be classified as current as the company 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.

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 licencee. 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.

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.

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

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 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
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 unless, an accounting mismatch is being avoided.

(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 Company 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 Company 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.

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.

Investment property
Investment property is property, both land and building, which is held to generate deferred management fees and retentions. Investment property is representative of independent living units. Investment properties are measured at fair value being the assessed market value of individual units.

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.

Note 2. Significant accounting policies (continued)

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.

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:

Buildings	2.50% - 3.25%
Leasehold improvements	10% - 100%
Plant and equipment	10% - 25%
Investment	10% - 25%
Motor Vehicles	7.5% - 20%

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 deemed cost, have been assessed as having indefinite useful lives, and are not amortised.

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 that the asset may be impaired.

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.

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.

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.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the company assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the company's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the company remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Rounding
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.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ending 30 June 2019. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Company will adopt this standard from 1 July 2019 and the impact of its adoption has been assessed by the Company as low and immaterial.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company will adopt this standard from 1 July 2019, with the estimated impact resulting in a total right-of-use assets and liabilities of $8.59m.

AASB 1058 Income of Not-for-Profit Entities
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. This standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 will be dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard will be recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense. The Company will adopt this standard from 1 July 2019 and the impact of its adoption has been assessed by the Company as low and immaterial.

Note 3. Revenue

	2019 $'000	2018 $'000
Gross revenue from residents, clients and customers	38,678	27,967
Government subsidies and contributions for service	177,437	146,579
Accommodation charges, bond retentions, and deferred management fees	4,064	5,626
Sale of goods	60	64
Interest	769	889
Donations, bequests and legacies	496	2,903
Fair value adjustment to investment properties	2,647	5,121
Other revenue	3,997	5,063
Revenue	228,148	194,212

Note 4. Operating Profit

Operating profit before income tax expense has been determined after:

a) Charging as expense:
Depreciation of non-current assets:

	2019 $'000	2018 $'000
Profit includes the following specific expenses:		
- Buildings	6,994	5,072
- Leasehold improvements	711	498
- Plant and equipment	8,043	7,839
- Motor vehicles	343	389
Total depreciation	16,091	13,798

Note 5. Current assets - cash and cash equivalents

	2019 $'000	2018 $'000
Cash on hand	35	46
Cash at bank	3,870	7,689
	3,905	7,735

Note 6. Current assets - Trade and other receivables

	2019 $'000	2018 $'000
Trade receivables	2,942	1,593
Allowance for credit losses	(81)	(51)
	2,861	1,542
Refundable accommodation deposit and licence fee debtors	535	1,363
Accrued Income - Other	1,651	1,882
	2,186	3,245
Other receivables	58	55
Receivables from related entities	-	232
	5,105	5,074

Note 7. Current assets - Other financial assets

2019	Amortised cost ($000)	Fair Value through P&L ($000)	Total
Term deposits	27,685	-	27,685
Hybrid Investments	-	9,396	9,396
	27,685	9,396	37,081

2018	Amortised cost ($000)	Fair Value through P&L ($000)	Total ($000)
Term deposits	32,678	-	32,678
Hybrid investments	-	5,177	5,177
	32,678	5,177	37,855

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

Note 8. Current assets - Other Assets

	2019 $'000	2018 $'000
Prepayments	1,614	2,150
Other current assets	681	715
	2,295	2,865

Note 9. Non-current assets - Other receivables

	2019 $'000	2018 $'000
Receivables due from related entities	5,849	5,875

Note 10. Non-current assets - Investment properties

INDEPENDENT LIVING UNITS

	2019 $'000	2018 $'000
Carrying amount at the beginning of the year	121,050	115,379
Additions / transfers in	197	550
Adjustment to fair value	2,647	5,121
Carrying amount at the end of the year	123,894	121,050

Note 11. Non-current assets - Property, plant and equipment

	2019 $'000	2018 $'000
Land and buildings - at cost	360,926	269,864
Less: Accumulated depreciation	(38,048)	(32,557)
	322,878	237,307
Leasehold improvements - at cost	4,817	4,484
Less: Accumulated depreciation	(1,284)	(1,020)
	3,533	3,464
Plant and equipment - at cost	68,776	62,220
Less: Accumulated depreciation	(28,476)	(25,208)
	40,300	37,012
Motor vehicles - at cost	3,584	3,828
Less: Accumulated depreciation	(2,240)	(2,227)
	1,344	1,601
Carrying amount of building work in progress	55,971	49,595
	424,026	328,979

Note 11. Non-current assets - Property, plant and equipment (continued)

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 Improvements $'000	Work in Progress $'000	Plant & Equipment $'000	Motor Vehicles $'000	Total $'000
Balance at 1 July 2018	237,307	3,464	49,595	37,012	1,601	328,979
Additions	9,925	14	39,529	1,078	220	50,766
Additions through business combinations (note 24)	56,048	-	-	4,750	29	60,827
Disposals	-	(71)	-	(23)	(164)	(258)
Transfers in/(out)	26,592	837	(33,153)	5,527	-	(197)
Depreciation expense	(6,994)	(711)	-	(8,044)	(342)	(16,091)
Balance at 30 June 2019	322,878	3,533	55,971	40,300	1,344	424,026

Note 12. Non-current assets - Intangibles

	2019 $'000	2018 $'000
BED LICENCES		
Carrying amount at the beginning of the year	11,100	11,100

	2019 $'000	2018 $'000
GOODWILL		
Carrying amount at the beginning of the year	7,661	7,661
Additions	48,676	-
Carrying amount at the end of the year	56,337	7,661

	2019 $'000	2018 $'000
Goodwill	56,337	7,661
Bed Licences	11,100	11,100
Total intangible assets	67,437	18,761

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 2019 (2018: 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
2018	1.5%	15%
2019	1.5%	8 - 10%

Goodwill

	Growth rate	Discount rate
2018	1.5%	15%
2019	1.5%	8 - 10%

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, 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.

Note 13. Current liabilities - Trade and other payables

	2019 $'000	**2018 $'000**
Trade payables	25,199	30,464
Capital development fund loans - at call (unsecured)	1,245	750
Independent living unit licence fees	75,162	75,103
Refundable accommodation deposits	290,052	165,404
Accrued Expenditure	1,977	609
	393,635	272,330

Disclosure of refundable accommodation deposits and independent living unit licence fees ("resident liabilities"), for the Company amounting to $364,973,000 (2018: $240,507,000) 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. Current liabilities - Provisions

	2019 $'000	2018 $'000
Employee entitlements	13,169	10,710

Note 15. Current liabilities - Other Liabilities

	2019 $'000	2018 $'000
CURRENT		
Revenue in advance	2,490	589

Note 16. Non-current liabilities - Provisions

	2019 $'000	2018 $'000
Employee benefits	4,826	3,272
Provision for program redundancies	268	489
	5,094	3,761

Note 17. Non-current liabilities - Other Liabilities

	2019 $'000	2018 $'000
Capital Development fund loans - at call (unsecured)	12,466	5,750

Note 18. Equity - issued capital

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 19. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 20. Commitments for expenditure

	2019 $'000	2018 $'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	55,567	28,058
OPERATING LEASES		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable no later than one year	2,753	1,663
Payable later than one year but no later than five years	5,594	4,247
Payable in more than five years	148	1
Total operating lease committments	8,495	5,911

Lease expenses during the period amount to $2,964,743 (2018: $2,929,972)

Leases related to property & equipment and rental, and are payable in advance.

Note 21. Key management personnel disclosures

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

	2019 $'000	2018 $'000
Total transactions with key management personnel	2,634	2,432

Note 22. 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 W Angus
Mr R S Dawson
Mr A Haidar
Mr M R Hick
Mr B Howard
Mr C J McKenna
Mrs J R Scenna
Mr T Farren
Ms M Dobbie

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 23. 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 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 24. Business combinations

On 4 February 2019, Baptcare acquired three aged care facilities.

Details of the acquisitions are as follows:

	Fair value $'000
Trade receivables	139
Property, plant and equipment	60,827
Provisions	(2,388)
Trade and Other Payables	(65,085)
Other liabilities	(8,173)
Net liabilities acquired	(14,680)
Goodwill	48,677
Acquisition-date fair value of the total consideration transferred	33,997
Representing:	
Cash paid or payable to vendor	33,997

Note 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 26. 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 2019, the total amount that members of the Company are liable to contribute if the Company wound up is $80 (2018: $80).

Note 27. Financing facilities

During the year Baptcare continued to operate a financing facility with an external provider to predominately fund future developments. The total facility has not been drawn down as at 30 June 2019. The debt facility is secured by way of a charge over certain assets of the Company.

Baptcare Limited
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

R M Bradley
Chairperson

Camberwell, 25 September 2019

M R Hick
Director

Camberwell, 25 September 2019

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Independent Auditor's Report

To the Members of Baptcare Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Baptcare Ltd (the Company), which comprises the statement of financial position as at 30 June 2019, and 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, and comprising notes to the financial statements, including a summary of significant accounting policies and the Directors' Declaration.

In our opinion, the financial report of Baptcare Ltd has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

a giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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 Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 audit opinion.

Information other than the Financial Report and Auditor's Report

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Company's Director's Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed, 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.

Responsibility of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not for Profits Commissions Act 2012. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B L Taylor
Partner – Audit & Assurance

Melbourne, 25 September 2019