BAPTCARE LTD

ACN 069 130 463
ABN 12 069 130 463

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

BAPTCARE LTD
ACN 069 130 463

CONTENTS

DIRECTORS:	Mr P R Francis	*(Chairperson)*
	Mrs K D Bradley	
	Ms R M Bradley	*(commenced 26/07/12)*
	Mr P A Curtis	
	Mr R S Dawson	*(commenced 12/10/11)*
	Mr M R Hick	
	Mr R P Kemp	
	Mr C J McKenna	
	Mrs J R Scenna	*(commenced 26/07/12)*
	Mr P D Trebilcock	
	Mr I N C Warner	

COMPANY SECRETARY: Mr G R Dangerfield

REGISTERED OFFICE:
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AUDITORS: Grant Thornton

BAPTCARE LTD

ACN 069 130 463

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Your directors submit their report for the financial year ended 30 June 2012.

1. DIRECTORS

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

Mr P R Francis - Chairperson.

Qualifications - Bachelor of Laws (Honours) (University of Melbourne), Master of Laws (University of Melbourne), Bachelor of Arts (University of Melbourne) Graduate Diploma of Intellectual Property (University of Melbourne). Member of Law Institute of Victoria.

Experience - Partner in Melbourne law firm, Maddocks. Practising lawyer in Melbourne for more than 30 years. Member of the Board of Melbourne City Mission for more than 20 years and Chairman of that Board for 13 years until 2001. Chairman of Singleton Equity Housing Ltd from 1990 to 2000 and Chairman of Supported Housing Development Foundation from 1995 to 2000. Board member of Whitelion Inc from 2002 to 2012. Director of Melbourne Opera since 2011. Board member and Chairperson since August 2003. Member of St Columbs Anglican Church in Hawthorn.

Mrs K D Bradley

Qualifications - Master of Business Administration (Victoria University of Technology), Bachelor of Health Administration (Queensland University of Technology), Registered Nurse (Div 1). Certificate IV Training and Assessment.

Experience - Fellow Australasian Association of Quality in Healthcare, Fellow Australian College of Nursing, Associate Fellow Australian College of Health Service Executives, Member Australian Institute of Company Directors. Board member since May 2007.

Special responsibilities Chair of the Quality & Clinical Governance Committee.

Ms R M Bradley

Qualifications - Bachelor of Applied Science – Nursing (La Trobe University), Professional Certificate Health Systems Management (Melbourne University).

Experience - Registered Nurse – Division 1 CCRN, member of College of Nursing, member of Health Systems Management. Senior Business Analyst St Vincent's Health Melbourne. Past Board member and Treasurer of Doutta Galla Health Service, past Board member Essendon Baptist Church. Member Essendon Baptist Church. Board member since July 2012.

Mr P A Curtis

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, Chairman of Whitehorse Business Group 2000-2003, Chairman of CHBC Links Inc. 2002-2011. Board member since May 2005. Member of Croydon Hills Baptist Church. Board member of Habitat for Humanity Australia (Victoria) Inc since December 2008.

Special responsibilities 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.
Experience	- Chief Executive, Manningham Centre. Former Chief Executive, Catholic Homes for the Elderly, Canterbury Centre, Noraccom. Senior Executive level experience in aged care (22 years) and disability services (5 years). Former Chairman of Supply.com Australia Ltd. Committee member Aged Care Victoria, Committee member and Treasurer of Noraccom. Longstanding member of Eltham Baptist Church; has served as a Council member. Treasurer and Chair of the Property Committee. Board member since October 2011.
Special responsibilities	Member of the Quality & Clinical Governance Committee.

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 (Chartered Secretaries Australia).
Experience	- Over 20 years of financial and commercial management experience in a variety of sectors including manufacturing, publishing, FMCG and Private Equity. Currently holds the position of Chief Financial Officer. Attended Syndal Baptist Church for 18 years. Board member since March 2010.
Special responsibilities	- Member of the Finance and Audit Committee.

Mr R P Kemp

Qualifications	- Bachelor of Commerce (University of Melbourne), Master of Business Administration (University of Melbourne), Fellow of the Institute of Chartered Accountants in Australia, Fellow of Chartered Institute of Secretaries and Administrators.
Experience	- 30 years senior financial management experience. Board member since June 2003. Member Ashburton Baptist Church.
Special responsibilities	- Treasurer, Chairman of the Finance and Audit Committee.

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 (Associate). Board member since January 2008.
Special responsibilities	- Member of the Finance and Audit Committee.

Mrs J R Scenna

Qualifications	- Bachelor of Commerce (Finance), University of Auckland, New Zealand. Bachelor of Arts (Economics), University of Auckland, New Zealand.
Experience	- 10 years in senior management roles, particularly within volunteering and international development sectors. Background in economic and management consulting, career within the community sector has spanned national policy and programmes management, strategy, operations and business development.

Mr P D Trebilcock

Qualifications - Bachelor of Science (LaTrobe University), Graduate Diploma of Management Systems (Swinburne University), Diploma of Education (Hawthorn Institute of Education), Bachelor of Ministries (Australian College of Theology), Master of Business (Management) (LaTrobe University). Currently undertaking PhD in International Marketing.

Experience - Lecturer, Faculty of Business, Economics & Law, LaTrobe University, Bendigo. Previously, Head of Secondary Victory Christian College, Consultant Creative Strategies with Global Interaction, lecturer Maranatha University Indonesia. Past President of the Baptist Union of Victoria, Member State Council of the Baptist Union of Victoria and council member of Bendigo Baptist Church. Board member since November 2006.

Mr I N C Warner

Qualifications - Bachelor of Arts (University of Queensland), Bachelor Education Studies (University of Queensland), Master of Education (University of Melbourne), Post Graduate Diploma of Criminology (University of Melbourne), Diploma of Youth Leadership (Institute of Social Welfare), Diploma of Religious Education (Melbourne College of Divinity), Licentiate of Theology (Melbourne College of Divinity).

Experience - 20 years University lecturer (retired) Royal Melbourne Institute of Technology, lecturer in Criminal Justice Administration. Member Tear Australia's Programme Review Committees, Gazetted Welfare Officer – Government Papua New Guinea for 3 years, Provincial Government Liaison Officer and District Community Development Officer in Australian Government Administration of PNG 1970-76. Board member since October 1995.

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 organisations objectives are expressed in the delivery of the following principal services and programs:

- The operation of aged care facilities for aged and disabled people.
- The provision of independent living units 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, and disability support services.

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.
- Service delivery risk, quality and clinical performance, including regulatory/legislative compliance, clinical education and incidence reporting is monitored by the Quality & Clinical Governance Committee.

Operating revenue for the year was $122m, growing by 14%, 76% of the funding is received from State and Commonwealth Governments and 17% received from client and resident fees.

A net surplus of $9.0m was generated for the year, producing an operating cash surplus of $20.8m, before allowing for investments in capital improvements and acquisition of development sites, of $21.4m.

Operating expenditures grew by 15% to $106.9m during the year. Direct client and resident services costs represent 24.9%, with employee costs representing 55.0% 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.

Aged Care Operations Division

In December 2011, the Residential Aged Care Division and the Community Aged Care Division merged to form the Aged Care Operations Division. The reasons for this were:

- To provide better outcomes for clients through smoother transitions between care services as their care needs change.
- To create better systems for care delivery by applying the strengths from both residential and community parts of the division.
- To create an organisational structure that enables the delivery of our strategies.

The operational highlights in Residential Aged Care were:

- Success in the 2011 Aged Care Approvals Round (ACAR) with Baptcare allocated 30 bed licences for our Baptcare Wyndham Lodge Community in Werribee, Victoria.
- Purchase of Templestowe Orchards Retirement Village in East Doncaster, Victoria.
- Successfully passed five accreditation audits.
- Awarded two Better Practice awards by the Aged Care Standards and Accreditation Agency.

The operational highlights in Community Aged Care were:

- Success in the 2011 Aged Care Approvals Round (ACAR) with Baptcare being allocated 15 Community Aged Packages across Victoria.
- Successfully passed four Community Common Care Standards audits across Victoria and Tasmania.
- Secured ongoing funding for the Baptcare Orana Overnight Respite program in Devonport, Tasmania.
- Growth in the Consumer Directed Care pilot to include the Western Metro region in Victoria.
- Home and Community Care (HACC) partnership funding for a project to look at a regional model for HACC Assessment.

Family and Community Services

Family and Community Services has continued to consolidate its operational activities, with Victoria effectively "bedding down" the Kinship Care program and Tasmania building their new Targeted Youth Support Service in the South West and Respite Activity Program in the North.

In Victoria, significant growth funding was received within its Integrated Family Services program and further one-off funding was received for the "Shared Stories Shared Lives" foster carers training project. The development of a performance culture and systems to capture service activity data has seen an overall improvement against KPI's. An initial review was conducted during the year across all programs, in order to identify areas where improvement and efficiencies could be implemented.

In Tasmania, further recurrent funding was received as an expansion of the Targeted Youth Support Service in the South West and a Post Implementation Review was conducted for the Gateway and Integrated Family Support Services programs. The Review proved to be a very positive one and provided valuable information to further develop these programs into the future. A restructure of the Integrated Family Support Services Alliance Partner arrangement was also implemented in terms of its operational and executive structure, which will serve to assist in the further enhancement of this initiative.

Baptcare continued to financially support the delivery of services through the Home Start Bendigo program, as well as the Sanctuary program located in Brunswick. An additional site was purchased in Preston to expand the Sanctuary program, which will provide transitional accommodation, casework support and pastoral care for a further 45 asylum seekers.

The strategic focus for Family and Community Services will be positioning to be recognised as a Gateway provider, planned sustainable growth in Victoria and Tasmania including stage one of FACS mergers strategy. The division will review sustainability of existing programs in Victoria, while in Tasmania the focus will be on growth opportunities in the sector.

3. DIRECTORS' MEETINGS

During the financial year, 31 meetings of directors (including committees and AGM) were held. Attendances were:

			Committee Meetings			
	Board Meetings		Finance and Audit Committees		Quality & Clinical Governance	
Director	Attended	Eligible	Attended	Eligible	Attended	Eligible
Mrs K D Bradley	10	12			7	8
Mr P A Curtis	11	12			5	7
Mr P R Francis	11	12				
Mr R S Dawson	8	8			7	7
Mr M R Hick	11	12	10	11		
Mr R P Kemp	12	12	11	11		
Mr C J McKenna	12	12	11	11		
Mr P D Trebilcock	8	12				
Mr I N C Warner	12	12				

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, 2012 there were 9 members of the Company (2011, 9).

5. AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 7 of the financial report.

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

Peter R Francis	**Ross P Kemp**
Director	*Director*

Camberwell, 30th August, 2012.

Grant Thornton
An instinct for growth™

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Auditor's Independence Declaration
To the Directors of Baptcare Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Baptcare Ltd for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Brad Taylor

Brad Taylor
Partner - Audit & Assurance

Melbourne, 30 August 2012

BAPTCARE LTD

ACN 069 130 463

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Revenue	3	122,488,268	107,406,961
Employee benefits expense		(58,741,354)	(48,723,379)
Depreciation and amortisation		(6,644,158)	(6,324,051)
Client costs		(18,180,665)	(16,896,697)
Domestic costs		(2,259,213)	(1,963,647)
Food services		(4,991,143)	(4,406,083)
Property maintenance		(3,421,210)	(2,803,344)
Services and utilities		(3,868,494)	(3,475,772)
Other expenses		(15,425,761)	(14,896,231)
		(113,531,998)	(99,489,204)
Profit before income tax expense	4	8,956,270	7,917,757
Income tax expense	2(d)	-	-
Net profit after income tax expense		8,956,270	7,917,757
Other comprehensive income			
Unrealised gain/(loss) on Available for sale financial assets		(2,002,527)	649,945
Total other comprehensive income		(2,002,527)	649,945
Total comprehensive income for the period		6,953,743	8,567,702

This statement of comprehensive income should be read in conjunction with the accompanying notes.

BAPTCARE LTD

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	5	2,168,068	8,794,347
Trade and other receivables	6	7,021,171	7,510,585
Other financial assets	7	72,672,280	68,637,246
Other assets	8	1,062,004	837,323
TOTAL CURRENT ASSETS		82,923,523	85,779,501
NON-CURRENT ASSETS			
Property, plant and equipment	9	87,902,741	77,211,612
Investment property	10	67,891,173	34,819,253
Intangible assets	11	11,100,000	17,760,210
TOTAL NON-CURRENT ASSETS		166,893,914	129,791,075
TOTAL ASSETS		249,817,437	215,570,576
CURRENT LIABILITIES			
Trade and other payables	12	120,982,630	104,023,756
Provisions	13	5,831,793	4,198,400
Other liabilities	14	875,787	846,182
TOTAL CURRENT LIABILITIES		127,690,210	109,068,338
NON-CURRENT LIABILITIES			
Trade and other payables	12	8,165,041	-
Provisions	13	2,317,533	1,811,328
TOTAL NON-CURRENT LIABILITIES		10,482,574	1,811,328
TOTAL LIABILITIES		138,172,784	110,879,666
NET ASSETS		111,644,653	104,690,910
EQUITY			
Reserves and government grants	15	(1,492,849)	595,559
Retained earnings		113,137,502	104,095,351
TOTAL EQUITY		111,644,653	104,690,910

This statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Retained Earnings $	Specific Reserves $	Total $
Total equity at 1 July 2010		96,174,430	(51,222)	96,123,208
Profit attributed to the company		7,917,757	-	7,917,757
Transfers from specific reserves, legacies and government grants		2,554,867	(2,554,867)	-
Transfers to specific reserves, legacies and government grants		(2,551,703)	2,551,703	-
Other comprehensive income		-	649,945	649,945
Total comprehensive income		7,920,921	646,781	8,567,702
Total equity at 30 June 2011		104,095,351	595,559	104,690,910
Profit attributed to the company		8,956,270	-	8,956,270
Transfers from specific reserves, legacies and government grants		8,605,898	(8,605,898)	-
Transfers to specific reserves, legacies and government grants		(8,520,017)	8,520,017	-
Other comprehensive income		-	(2,002,527)	(2,002,527)
Total comprehensive income		9,042,151	(2,088,408)	6,953,743
Total equity at 30 June 2012	15	113,137,502	(1,492,849)	111,644,653

This statement of changes in equity should be read in conjunction with the accompanying notes.

BAPTCARE LTD

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STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from residents, clients and customers		21,169,605	17,238,628
Receipts from governments		95,201,512	83,617,793
Proceeds from capital grants, legacies and donations		631,591	538,161
Interest received		5,805,595	4,199,277
Payments to suppliers and employees		(101,997,842)	(87,015,011)
NET CASH PROVIDED BY OPERATING ACTIVITIES	19 (a)	20,810,461	18,578,848
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemption of short term deposits		75,797,570	61,521,286
Acquisition of short term deposits		(80,748,279)	(59,007,522)
Proceeds from the sale of investments		1,113,728	1,072,537
Purchase of investments		(2,200,580)	(15,744,955)
Proceeds from acquistion of business		56,260	-
Proceeds from sale of property, plant and equipment		340,474	785,729
Payment for property, plant and equipment, and investment properties		(21,384,925)	(4,689,796)
NET CASH USED IN INVESTING ACTIVITIES		(27,025,752)	(16,062,721)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from accommodation bonds		9,625,853	9,187,737
Refunds of entry contribtions & accommodation bonds		(13,069,764)	(10,590,216)
Proceeds from ILU licence fees		6,411,385	6,683,969
Refunds of ILU licence fees		(3,378,462)	(2,769,552)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(410,988)	2,511,938
NET INCREASE/(DECREASE) IN CASH HELD		(6,626,279)	5,028,065
CASH HELD AT THE BEGINNING OF THE FINANCIAL YEAR		8,794,347	3,766,282
CASH HELD AT THE END OF THE FINANCIAL YEAR	19 (b)	2,168,068	8,794,347

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

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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, 2012 there were 9 members of the Company (2011, 9).

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 requirements of the Corporations Act 2001, 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 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 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:

Class of fixed asset	Depreciation rate
Buildings	2.50% to 3.25%
Investment properties	2.5%
Leasehold improvements	10.0% to 100.0%
Plant and equipment	10.0% to 25.0%
Investment properties plant & equipment	10.0% to 25.0%
Motor vehicles	7.5% to 20.0%

f) Investment property

Investment property, which consists of independent living units, is held to generate deferred management fees. Investment property is carried at cost.

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 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.

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 and accommodation bonds

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 are treated the same as entry contributions, except that Section 57 (19) of the Aged Care Act 1997 (C'wlth) applies. Entry contributions and accommodation bonds are treated as a financial liability with a demand feature and have been discounted from the first date the entry contribution or accommodation bond 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 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. 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.

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 (cont'd)

Recognition and Initial Measurement (cont'd)

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.

(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) New accounting standards and AASB interpretations

Certain new accounting standards and AASB interpretations have been published that are not mandatory for 30 June 2012 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 2012, and therefore there has been no early adoption of these standards.

	Note	2012 $	2011 $
3 REVENUE			
Gross revenue from residents, clients and customers		15,203,928	13,593,904
Government subsidies and contributions for service		93,460,676	82,145,018
Accommodation charges, bond retentions, and DMF's		5,825,960	5,790,943
Sale of goods		35,755	46,838
Interest		3,787,698	3,299,651
Investment income		1,433,480	1,648,408
Donations, bequests and legacies		631,591	538,161
Net gain on disposal of non-current assets	9 (b)	-	21,240
Net gain on the acquistion of business		652,950	-
Discount on acquisition of business		987,000	-
Other revenue		469,230	322,798
Total revenue		122,488,268	107,406,961

	Note	2012 $	2011 $
4 OPERATING PROFIT			
Operating profit before income tax expense has been determined after:			
a) Charging as expense:			
Depreciation of non current assets:			
- Buildings		2,878,399	2,700,240
- Leasehold improvements		324,903	315,797
- Plant and equipment		2,705,453	2,599,585
- Motor vehicles		735,403	708,429
Total depreciation	9 (b) & 10	6,644,158	6,324,051
Impairment of intangible assets (included on Other expenses)	11	6,660,210	6,921,790
Bad and doubtful debts:			
- trade debtors		559	355
- movement in provision for impairment of receivables	6 (b)	93,475	7,061
Total bad and doubtful debts expense		94,034	7,416
Profit sharing on the resale of independent living units		358,353	748,477
Lease and rental expenses		2,183,922	1,917,764
Net loss on disposal of non-current assets	9 (b)	4,250	-
b) Revenue and net gains			
Interest from other persons		3,787,698	3,299,651
Gain/(loss) on disposal of available for sale assets		8,160	413,004
Discount on acquisition of business		987,000	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

		Note	2012 $	2011 $
5	**CASH AND CASH EQUIVALENTS**			
	Cash on hand		42,150	37,000
	Cash investments		1,637,894	1,206,980
	Cash at bank		488,024	7,550,367
	Total cash and cash equivalents		2,168,068	8,794,347
6	**TRADE AND OTHER RECEIVABLES**			
	CURRENT			
	Trade receivables		927,624	646,087
	Impairment of receivables		(127,475)	(34,000)
			800,149	612,087
	Entry contrib'n, accommod'n bond & licence fee debtors	2 (j) & (k)	4,675,986	4,592,892
	Accrued income - other		1,466,446	2,020,090
	Other receivables		78,590	285,516
	Total trade and other receivables		7,021,171	7,510,585

a) At 30 June the ageing analysis of trade receivables is as follows:

	Total	0-30 days	0-30 days CI*	31-60 days PDNI*	31-60 days CI*	61-90 days PDNI*	61-90 days CI*	+90 days PDNI*	+90 days CI*
2012	927,624	672,308	1,307	44,623	3,160	14,674	7,316	68,544	115,692
2011	646,087	414,463	453	58,037	1,640	15,353	4,044	124,234	27,863

*PDNI - Past due not impaired
*CI - Considered impaired

Receivables past due but not impaired are $127,841 (2011 $197,624). Payment terms have not been renegotiated. The Company has been in direct contact with relevant debtors and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and it is expected that these other balances will be received.

b) Provision for impairment loss
Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised where there is objective evidence that an individual trade receivable is impaired. An impairment loss of $93,475 (2011 $7,061) has been recognised by the Company in the current year. These amounts have been included in other expenses.

	Note	2012 $	2011 $
Movements in the provision for impairment loss were as follows:			
Balance at the beginning of the year		34,000	26,939
Charge for the year		93,475	7,061
Amounts written off		-	-
Balance at the end of the year		127,475	34,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

		Note	2012 $	2011 $
7	**OTHER FINANCIAL ASSETS**			
	CURRENT			
	Term deposits		53,647,699	48,696,990
	Available for sale investments		19,024,581	19,940,256
	Total other financial assets		72,672,280	68,637,246
8	**OTHER ASSETS**			
	CURRENT			
	Prepayments		588,699	434,255
	Other current assets		473,305	403,068
	Total other assets		1,062,004	837,323
9	**PROPERTY, PLANT and EQUIPMENT**	2 (e)		
	LAND AND BUILDINGS			
a)	Land and buildings at cost		86,869,756	75,994,930
	Accumulated depreciation		(17,284,690)	(15,576,491)
			69,585,066	60,418,439
	Leasehold improvements at cost		3,024,221	2,987,598
	Accumulated amortisation		(1,307,150)	(1,386,549)
			1,717,071	1,601,049
	Carrying amount of building works in the course of construction		410,422	53,170
	Total land and buildings		71,712,559	62,072,658
	PLANT AND EQUIPMENT			
	Plant and equipment at cost		20,069,634	22,742,515
	Accumulated depreciation		(9,214,593)	(11,439,588)
			10,855,041	11,302,927
	Carrying amount of works in progress		2,015,173	416,324
	Motor vehicles at cost		5,167,817	4,870,595
	Accumulated depreciation		(1,847,849)	(1,450,892)
			3,319,968	3,419,703
	Total plant and equipment		16,190,182	15,138,954
	Total property, plant and equipment		87,902,741	77,211,612

b) Movements in carrying amounts of property, plant and equipment 2012

	Land & buildings	Leasehold Improvements	Work in progress
	$	**$**	**$**
Balance at beginning of year	60,418,439	1,601,049	469,494
Additions	6,123,839	34,700	3,585,405
Additions through acquistion of entity	5,752,925	-	-
Transfers in/(out)	(795,553)	406,225	(1,629,304)
Depreciation expense	(1,914,584)	(324,903)	-
Carrying amount at end of year	69,585,066	1,717,071	2,425,595

	Plant & Equipment	Motor Vehicles	Total
	$	**$**	**$**
Balance at beginning of year	11,302,927	3,419,703	77,211,612
Additions	1,093,924	972,610	11,810,478
Additions through acquistion of entity	191,606	-	5,944,531
Disposals	(25,222)	(336,942)	(362,164)
Transfers in/(out)	997,259	-	(1,021,373)
Depreciation expense	(2,705,453)	(735,403)	(5,680,343)
Carrying amount at end of year	10,855,041	3,319,968	87,902,741

Movements in carrying amounts of property, plant and equipment 2011

	Land & buildings	Leasehold Improvements	Work in progress
	$	**$**	**$**
Balance at beginning of year	61,714,718	1,772,224	324,171
Additions	451,686	(11,029)	698,828
Transfers in/(out)	12,000	155,651	(553,505)
Depreciation expense	(1,759,965)	(315,797)	-
Carrying amount at end of year	60,418,439	1,601,049	469,494

	Plant & Equipment	Motor Vehicles	Total
	$	**$**	**$**
Balance at beginning of year	12,513,869	3,159,091	79,484,073
Additions through acquistion of entity	-	-	-
Disposals	(709)	(728,027)	(728,736)
Transfers in/(out)	322,727	63,127	-
Write-offs	-	-	-
Carrying amount at end of year	11,302,927	3,419,703	77,211,612

	Note	2012	2011
		$	**$**
10 INVESTMENT PROPERTY			
Carrying amount at the beginning of the year		34,819,253	35,240,234
Acquisitions		33,014,362	519,294
Transfers in/(out)		1,021,373	-
Depreciation expense		(963,815)	(940,275)
Carrying amount at end of year		67,891,173	34,819,253

	Note	2012 $	2011 $
11 INTANGIBLE ASSETS			
Bed licences at the beginning of the year	2 (g)	17,760,210	24,682,000
Impairment loss	4 (a)	(6,660,210)	(6,921,790)
Bed licences at the end of the year		11,100,000	17,760,210

The company's bed licences were initially recognised at fair value which was considered to be the deemed cost. On an annual basis 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 carrying value to determine whether there is any impairment. On this basis, an impairment loss of $6.7m has been recognised in 2012 (2011: $6.9m).

Impairment testing

For the purpose of annual impairment testing of bed licences, 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.

	Growth Rate	Discount Rate
2012	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.

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.

The related goodwill impairment loss of $6.7m in 2012 (2011: $6.9m) is included within other expenses.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
12 TRADE AND OTHER PAYABLES			
a) CURRENT			
Trade payables and accrued expenditure	2 (o)	9,793,343	7,478,654
Capital development fund loans-at call (unsecured)		17,500	17,500
Independent living unit licence fees	2 (k)	65,579,031	52,012,656
Entry contributions and accommodation bonds	2 (j)	45,592,756	44,514,946
Total trade and other payables		120,982,630	104,023,756
b) NON CURRENT			
Trade payables and accrued expenditure	2 (o)	8,165,041	-
		8,165,041	-

In accordance with the relevant accounting standards all resident ingoings (entry contributions, accommodation bonds and independent living unit licence 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 $18.4m
.

	Note	2012 $	2011 $
13 PROVISIONS			
CURRENT			
Employee entitlements	2 (m)	5,831,793	4,198,400
Total provisions - current		5,831,793	4,198,400
NON CURRENT			
Employee entitlements	2 (m)	1,946,325	1,714,127
Provision for program redundancies		371,208	97,201
Total provisions - non current		2,317,533	1,811,328
(a) Aggregate employee entitlement liability		7,778,118	5,912,527
(b) Number of employees at year end		1,285	1,127
14 OTHER LIABILITIES			
CURRENT			
Revenue in advance - other		875,787	846,182
Total other liabilities		875,787	846,182

15 RESERVES, CAPITAL DONATIONS, LEGACIES AND GOVERNMENT GRANTS

	Opening Balance	Transfers In	Transfers Out To Retained Profits	Closing Balance
Specific reserves	**$**	**$**	**$**	**$**
Accommodation bonds fund	-	597,537	(597,537)	-
Accommodation charge fund	-	1,993,861	(1,993,861)	-
Asset revaluation reserve	504,119	3,895,704	(5,898,231)	(1,498,408)
Village improvement fund	91,440	30,388	(116,269)	5,559
Specific reserves	595,559	6,517,490	(8,605,898)	(1,492,849)
Total reserves	595,559	6,517,490	(8,605,898)	(1,492,849)

Specific reserves and external grants represent amounts held under government grants, legacies and donations of a capital nature. These funds are held intact until applied to the various purposes and investment projects as may be determined by the Board of Directors.

The financial assets revaluation reserve records revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets that are classified as available-for-sale.

The Village Improvement Fund is established in accordance with particular Independent Living Unit contracts and may be utilised for the purposes of village improvements including maintenance, structural repairs and replacement to common amenities, common property and external building surfaces.

Donations received are brought to account as revenue in the year of receipt. Any specific purpose donations unable to be expended during the year of receipt are transferred to the capital and specific donations reserves. In the year of expenditure, the donation is transferred to retained profits.

	Note	2012 $	2011 $
16 COMMITMENTS FOR EXPENDITURE			
(a) Capital expenditure commitments:			
Estimated capital expenditure contracted for at reporting date but not provided for in the financial statements			
- payable not later than one year		2,617,693	542,000
Total capital expenditure commitments		2,617,693	542,000
(b) Operating lease commitments:			
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
- payable not later than one year		1,710,246	1,693,907
- payable later than one year but not later than 5 years		4,282,805	2,684,332
- payable later than 5 years		-	210,858
Total operating lease commitments		5,993,051	4,589,097
Amount recognised as an expense in the Statement of Comprehensive Income in respect of operating leases	2 (s)	2,183,922	1,917,764

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

17 CONTINGENT LIABILITIES

In prior years the Company received government capital grants for the development of part of its aged care facility at Macleod (Strathalan Community). The contracts for the grants provide for repayment of all or part of the grants under various conditions including ceasing to operate in accordance with approved plans and purpose. A number of beds not currently operational at Strathalan may result in repayment of up to $2.2m, although it is anticipated that through negotiations with the government the grants will be retained.

18 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.

18 SEGMENT REPORTING

Primary reporting - Business segments

	Residential Aged Care		Other Aged Care Services		Family Services		Unallocated		Eliminations		Economic Entity	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE												
Government subsidies	43,514	35,261	37,352	34,518	12,568	12,367	27	-	-	-	93,461	82,146
Resident/client charges	13,634	11,835	6,761	6,932	24	36	-	-	-	-	20,419	18,803
Bond retentions	598	574	-	-	-	-	-	-	-	-	598	574
Other external revenue	379	246	1,266	348	379	321	5,986	4,969	-	-	8,010	5,884
Other segments	(200)	162	1,579	(22)	2,123	844	11,258	8,558	(14,760)	(9,543)	-	-
Total revenue	57,925	48,078	46,958	41,776	15,094	13,568	17,271	13,527	(14,760)	(9,543)	122,488	107,407
EXPENSES												
Employee expenses	32,290	26,894	12,479	11,029	7,282	6,086	6,690	4,714	-	-	58,741	48,723
Depreciation & amortisation	3,244	3,089	2,392	2,235	465	470	544	530	-	-	6,645	6,324
Property maintenance	2,047	1,576	1,005	915	219	177	150	135	-	-	3,421	2,803
Service & utilities	1,407	1,243	1,283	1,207	629	604	549	421	-	-	3,868	3,475
Other expenses	15,440	14,456	18,399	17,656	3,551	3,374	3,467	2,678	-	-	40,857	38,164
Other segments	6,054	3,582	5,566	3,510	3,833	2,450	(693)	-	(14,760)	(9,542)	-	-
Total expenses	60,482	50,840	41,124	36,552	15,979	13,161	10,707	8,478	(14,760)	(9,542)	113,532	99,489
RESULT												
Segment result												
Profit from ordinary activities before income tax expense	(2,557)	(2,762)	5,834	5,224	(885)	407	6,564	5,049	-	-	8,956	7,918
Income tax expense											-	-
Net profit from ordinary activities after income tax expense											8,956	7,918

18 SEGMENT REPORTING continued

Primary reporting - Business segments

	Residential Aged Care		Other Aged Care Services		Family Services		Unallocated		Eliminations		Economic Entity	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS												
Cash & investments	20	18	14	12	7	6	2,127	8,758	-	-	2,168	8,795
Trade receivables	441	387	366	159	40	43	(47)	23	-	-	800	612
Other current assets	17,740	18,519	22,525	20,681	(12)	98	39,702	37,075	-	-	79,955	76,373
Property, plant & equipment	68,542	64,692	58,742	42,240	8,314	1,697	20,196	3,402	-	-	155,794	112,031
Intangibles	11,100	17,760	-	-	-	-	-	-	-	-	11,100	17,760
Total assets	97,843	101,376	81,647	63,092	8,349	1,844	61,978	49,258	-	-	249,817	215,570
LIABILITIES												
Accomodation bonds & ingoings	45,593	44,517	65,579	52,011	-	-	-	-	-	-	111,172	96,528
Employee provisions	3,726	2,684	1,127	802	331	235	648	477	-	-	5,832	4,199
Other current liabilities	2,463	1,796	11,384	2,977	1,896	1,941	3,108	1,628	-	-	18,852	8,342
Non-current liabilities	1,394	1,250	507	373	362	115	55	74	-	-	2,317	1,811
Total liabilities	53,176	50,247	78,597	56,164	2,589	2,291	3,811	2,179	-	-	138,173	110,880
OTHER												
Acquisitions of non-current segment assets	8,054	913	20,213	2,485	5,609	214	16,894	748	-	-	50,770	4,360
Accommodation bond liabilities	45,593	44,515	-	-	-	-	-	-	-	-	45,593	44,515

19 STATEMENT OF CASH FLOWS

a) Reconciliation of net cash provided by operating activities to operating profit after income tax for the year

	2012 $	2011 $
Operating profit after income tax	8,956,270	7,917,757
Non-cash flows in profit		
Deficit/(surplus) on disposal/write-off of property, plant and equipment	4,250	(21,240)
Discount on the acquisition of business	(642,922)	-
Deferred consideration discount on the acquisition of business	(987,000)	-
Depreciation-property, plant and equipment	6,644,158	6,324,051
Impairment of intangible assets	6,660,210	6,921,790
Retention income (see note 19c) below), deferred management fees, ILU ingoings, interest on resident ingoings and capital gains	(3,238,411)	(3,213,487)
Provision for annual leave	552,729	372,245
Provision for impairment loss	93,475	7,061
Provision for long service leave	573,167	249,314
Changes in assets and liabilities, net of the effects of acquisition of business:		
Increase in trade payables and accrued expenditure (see note i) below)	1,586,290	1,418,058
Decrease/(increase) in receivables (see note ii) below)	537,300	(1,136,590)
Increase in other current assets	(232,670)	(117,201)
Increase/(decrease) in other current liabilities	29,608	(178,862)
Increase in other provisions	274,007	35,952
Net cash flow from operating activities	20,810,461	18,578,848

Notes:

	2012 $	2011 $
i) Increase in trade payables and accrued expenditure		
Gross increase for the year	1,558,399	1,087,607
Add: decrease in trade creditors relating to property, plant & equipment	27,891	330,451
Total increase in trade payables and accrued expenditure	1,586,290	1,418,058
ii) Decrease/(increase) in receivables (Current)		
Gross decrease/(increase) for the year	902,146	(958,271)
Less: decrease in accommodation bond and ILU ingoings debtors	(366,937)	(142,566)
Add/less: increase/(decrease) in receivables relating to property, plant & equipment sold	2,091	(35,753)
Total decrease/(increase) in receivables	537,300	(1,136,590)

b) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash balance comprises: (refer Note 2 (l))

	2012 $	2011 $
Cash on hand	42,150	37,000
Cash investments	1,637,894	1,206,980
Cash at bank	488,024	7,550,367
Total cash held	2,168,068	8,794,347

c) Non-cash financing activity

The Company is entitled to retain fixed portions of residents' entry contributions, accommodation bonds and licence fee balances on a time basis (refer Notes 2 (k) & (l)). Since the gross cash flows relating to the original contributions are disclosed as "Cash flows from financing activities", the retention portion is a non-cash financing activity. During the year, an amount of $3,525,741 (2011 $3,875,242) of residents' contributions previously received as cash was retained.

	Note	2012 $	2011 $
d) Acquisition of entities			
On 1 August 2011 100% of Wyndham Community Aged Care Inc. was acquired, and on 1 June 2012 100% of the Templestowe Orchards Retirement Living business was acquired from Templestowe Baptist Church Community Centre Ltd (TBCCC). Details of these transaction are:			
Purchase consideration		9,098,855	-
Less discount on acquisition of business		(987,000)	-
Net		8,111,855	-
Note: The discount on acquisition represents a discount for the delayed payment of the purchase consideration for Templestowe Orchards, and fair value adjustments will be processed in 2012/13 and 2013/14. Payment is due in April 2014.			
Assets and liabilities held at acquistion date:			
Cash		56,260	-
Receivables		498,217	-
Property, plant and equipment		29,396,990	-
Payables		(19,469,996)	-
Employee entitlements		(739,694)	-
Total assets and liabilities held at acquisition date		9,741,777	-

20 REMUNERATION OF AUDITORS

		2012 $	2011 $
Amounts received or due and receivable by the auditors for:			
Auditing the financial statements		53,051	54,838

21 KEY MANAGEMENT PERSONNEL DISCLOSURES

Transactions with key management personnel

		2012 $	2011 $
The key management personnel compensation included in employee benefits expense are as follows:			
Short-term employee benefits		1,333,093	1,050,556
Long-term employee benefits		113,540	98,274
Total transactions with key management personnel		1,446,633	1,148,830

22 RELATED PARTIES DISCLOSURE

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

Mrs K D Bradley
Mr P A Curtis
Mr R S Dawson *(commenced 12/10/11)*
Mr P R Francis
Mr M R Hick
Mr R P Kemp
Mr C J McKenna
Mr P D Trebilcock
Mr I N C Warner

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

23 FINANCIAL INSTRUMENTS

a) Financial risk management policies

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable. The Company does not have any derivative instruments at 30 June 2012.

i. Risk Management

A finance committee consisting of members of the Board of Directors and senior executives of the Company meet on a regular basis to analyse financial risk exposure and to evaluate management strategies in the context of the most recent economic conditions and forecasts. The committee's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. At reporting date the Company's effective weighted average rate on the interest-bearing financial instruments was 5.5% (2011 6.2%). For further details on interest rate risk refer to Note 23(b).

Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that when appropriate adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date, to recognised financial assets is the carrying amount, net of any provisions for impairment of those debts as disclosed in the Statement of Financial Position and notes to the Financial Statements. In the case of entry contribution and accommodation bond debtors, the maximum exposure to credit risk is the carrying amount of uncollected periodic retentions and accumulated interest.

The finance committee monitors credit risk and ensures compliance to approved investment policies.

b) Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

	Weighted Average Effective Interest Rate		Fixed Interest Rate $'000				Non Interest Bearing $'000		Total $'000	
			Within Year		1 to 5 years					
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cash	3.7%	4.0%	2,168	8,794	-	-	-	-	2,168	8,794
Receivables			-	-	-	-	7,021	7,511	7,021	7,511
Investments	5.5%	6.2%	72,672	68,637	-	-	-	-	72,672	68,637
Total Financial Assets			74,840	77,431	-	-	7,021	7,511	81,861	84,942
Bank overdraft					-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-	129,148	104,024	129,148	104,024
Total Financial Liabilities			-	-	-	-	129,148	104,024	129,148	104,024

Trade and other payables are expected to be paid as follows:

	2012 $'000	2011 $'000
Less than 6 months	18,863	15,378
6 months to 1 year	9,383	8,194
1 - 5 years	100,902	80,452
Total trade and other payables	129,148	104,024

c) Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at reporting date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the Financial Statements. Aggregate net fair values and carrying amounts of financial assets and financial liabilities at reporting date are as follows:

	2012		2011	
	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
Receivables	7,021	7,021	7,511	7,511
Total Financial Assets	7,021	7,021	7,511	7,511
Trade and other payables	129,148	129,148	104,024	104,024
Total Financial Liabilities	129,148	129,148	104,024	104,024

d) Sensitivity Analysis

Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest Rate Sensitivity Analysis:

At 30 June 2012, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2012 $'000	2011 $'000
Change in profit		
- Increase in interest rate by 2%	1,377	1,064
- Decrease in interest rate by 2%	(1,377)	(1,064)
Change in equity		
- Increase in interest rate by 2%	1,377	1,064
- Decrease in interest rate by 2%	(1,377)	(1,064)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. No sensitivity analysis has been performed on foreign exchange risk, as the entity is not exposed to foreign currency fluctuations.

24 COMPANY DETAILS

Baptcare Ltd is incorporated in Victoria, Australia.

The registered office of the Company is:
Baptcare Ltd, 1193 Toorak Rd, Camberwell Vic 3124

The principal places of business are:

Administration offices	1193 Toorak Rd, Camberwell Vic 3124
	1183 Toorak Rd, Camberwell Vic 3124
Barwon South West Community Packages	132 Yarra St, Geelong Vic 3220 and
	65 Fairy St, Warrnambool Vic 3280
Boronia Units	3 Rosella Cres, Boronia Vic 3155
Church Nursing Service & Sanctuary	33 Blyth St, Brunswick Vic 3056
Eastern Metro Community Packages	Suite 2, 35 Seymour St, Ringwood Vic 3134
Family Services	25 Norwood Cres, Moonee Ponds Vic 3039
	Level 1, 8 Boland St, Launceston TAS 7250
	Ground Floor, 175 Collins St, Hobart TAS 7000
Gippsland Community Packages	1st floor, 11 Bailey St, Bairnsdale Vic 3875,
	116 George St, Morwell Vic 3840, and
	43 Commercial St, Korumburra Vic 3950
Hedley Sutton Community/Eastern Day Therapy	19 Cantebury Rd, Camberwell Vic 3124
Hume Community Packages	Unit 2, 88 Watson St, Wallan Vic 3756
	11 Main St, Chiltern Vic 3683
Karana Community/Day Therapy	55 Walpole St, Kew Vic 3101
Karingal Community & Community Packages	32 Lovett St, Devonport Tas 7310
Loddon Mallee Community Packages	391 Hargreaves St, Bendigo Vic 3550
Northaven Community	84-86 Shadforth St, Kerang Vic 3579
Northern Metro Community Packages	50 Upper Heidelberg Rd, Ivanhoe Vic 3079
Orana Day, Respite & Disability Services Centre	31 Murray St, East Devonport Tas 7310
Southaven Day Centre	117 Jasper Rd, Bentleigh Vic 3204, and
Brindabilla Day Centre	68-72 Atherton Rd, Bentleigh Vic 3204
Southern Metro Community Packages	362 Nepean Hwy, Frankston Vic 3199
St Hilary's Community	16 Elgin St, Morwell Vic 3840
Strathalan Community/ Day Therapy	Cnr Erskine & Greensborough Rds, Macleod Vic 3085
Swan Court Units	Swan Court, Wangaratta Vic 3577
Templestowe Orchards Community	107 Andersons Creek Rd, Doncaster East Vic 3109
Western Metro Community Packages	Suite 10, 2 Devonshire Rd, Sunshine Vic 3020
Westhaven Day Centre & Day Therapy	9 Northumberland Rd, Sunshine Vic 3020
Westhaven Community	50 Pickett St, Footscray Vic 3011
Wyndham Lodge Community	120 Synnot St, Werribee Vic 3030

The principal activities during the financial year were:
The operation of aged care facilities for aged and disabled persons.
The provision 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.

25 EVENTS AFTER THE REPORTING DATE

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.

The Financial Report was authorised for issue on 30th August 2012 by the Board of Directors.

BAPTCARE LTD
ACN 069 130 463

Baptcare
Bringing care to life

DIRECTORS' DECLARATION

The directors of Baptcare Ltd declare that:

1. The Financial Statements and Notes, as set out on pages 8 to 32 are in accordance with the Corporations Act 2001 and :

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date;

   (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:

Peter R Francis
Director

Ross P Kemp
Director

Camberwell, 30th August , 2012

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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 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the 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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. 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.

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 which 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.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report 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 audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Baptcare Ltd is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the Corporations Regulations 2001

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Brad Taylor
Partner - Audit & Assurance

Melbourne, 30 August 2012