Baptist Village Baxter Limited

ACN 006 640 544

Annual report
for the year ended 30 June 2009

Baptist Village Baxter Limited ACN 006 640 544
Annual report - 30 June 2009

Contents

Directors' report

Your directors present their report on the Company for the year ended 30 June 2009.

Directors
The following persons were directors of Baptist Village Baxter Limited during the whole of the financial year and up to the date of this report:

Edward Lawrence Bearn
Robin Milner Kirk
Donald Ernest Valentine
Edgar Boyne Alley

Ronald Crosling was appointed a director on 27 January 2009 and continues in office at the date of this report.

William Charles McFarlane was a director from the beginning of the financial year until his resignation on 19 August 2008.

Phillip Edward McCallum was a director from the beginning of the financial year until his resignation on 21 October 2008.

Principal activities
During the year the principal continuing activities of the Company, which is limited by Guarantee, consisted of operating a resident funded Retirement Village comprising Independent Living Units, a Hostel and a Nursing Home. Through the operation of these services the Company was able to provide residential accommodation, assistance and related services that have relieved poverty, sickness, suffering, distress, misfortune, destitution, disability, disadvantage or helplessness among persons who have reached retirement age.

Additionally the Company provides Community Care Services to persons of all ages throughout the Southern Metropolitan region and an on-site Day Centre to support carers in the community.

Through the provision of these services, the Village provides direct employment for over 300 staff and, through our business partners, a further 120 staff are engaged on activities associated with the Village.

Dividends - Baptist Village Baxter Limited
No dividend was paid or any dividend proposed for the current year, in accordance with the Constitution of the Company.

Review of operations
The Company reported a profit from operating activities of $2,128,715 in the current year compared to a profit of $9,851,037 in 2008.

Depreciation provided on property, plant and equipment amounted to $647,806, compared with $578,034 in the previous year. Capital expenditure during the year totalled $6,958,256 ($5,011,458 in the previous year).

Interest totalling $622,503 (2008: $1,000,477) was earned on funds on deposit, while commissions and fees paid to the Bank amounted to $6,351 (2008: $8,228) during the year.

Most Village units have been occupied at some time during the year, but 48 were vacant at June 2009 (2008: 35). There is a waiting list of 266 potential residents. The vacant units have been set aside for redevelopment.

Significant changes in the state of affairs
There were no significant changes in the Company's affairs during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:
(a) the Company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Company and the expected results of operations have not been included in this annual report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation
The Company recognises the importance of environmental issues and occupational health and safety and is committed to high quality performance. Directors are committed to complying with all relevant legislation, regularly reviewing and improving the impact on the Company's operations on the environment and, in co-operation with all employees, enhancing the safety of the Village as a working and living environment.

Information on directors
Edward Lawrence Bearn *Chairman*
Experience and expertise
Retired General Manager. Director since 23 March 1999.

William Charles McFarlane
Experience and expertise
Baptist Church Pastor. Director since 17 June 1997, resigned 19 August 2006.

Robin Milner Kirk *Deputy chairman*
Experience and expertise
Retired Manager Minenco P/L. Director since 1 July 2002.

Donald Ernest Valentine
Experience and expertise
Baptist Church Pastor. Director since 1 July 2002.

Edgar Boyne Alley
Experience and expertise
Retired Vice President World Vision Int'l. Director since 24 February 2004.

Phillip Edward McCallum
Experience and expertise
Baptist Union of Victoria Administration Manager and Secretary. Director since 24 September 2006, resigned 21 October 2008.

Ronald Crosling
Experience and expertise
General management experience and company owner. Director since 27 January 2009.

Company secretary
The Company secretary is Mr Stuart Shaw, CPA JP. Mr Shaw was appointed to the position of Company secretary on 24 September 2002. He is also the General Manager and was appointed to that position on 20 January 1987.

Meetings of directors
The numbers of meetings of the Company’s board of directors held during the year ended 30 June 2009, and the numbers of meetings attended by each director were:

	Full meetings of directors	
	A	**B**
Edward Lawrence Bearn	10	11
William Charles McFarlane	-	-
Robin Milner Kirk	11	11
Donald Ernest Valentine	11	11
Edgar Boyne Alley	11	11
Phillip Edward McCallum	3	4
Ronald Crosling	6	6

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year

Insurance of officers
During the financial year, certain officers of the Company were provided with insurance cover by the Department of Health and Community Services under arrangements for Non-Government agencies funded by the Department. The Company qualifies for this cover through Government funding of the Day Centre under the Home and Community Care Program.

The officers of the Company covered by the insurance policy include the directors: E.L. Bearn, W.C. McFarlane, R.M. Kirk, D.E. Valentine, E.B. Alley, P.E. McCallum, R. Crosling and the secretary, S. Shaw. Other officers covered by the policy include the General Manager, Sales Manager, Operations Manager, Maintenance Manager, Care Manager, Human Resources Manager and Community Care Manager.

The cover indemnifies the Company, its directors and executive officers against third party claims for wrongful acts which are in error, misstatement, misleading statement, omission, neglect or breach of duty made, committed or attempted by an insured person.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Auditor
PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Edward L Bearn

Edward Lawrence Bearn
Director

Robin Milner Kirk
Director

Melbourne
25 August 2009

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Baptist Village Baxter Limited for the year ended 30 June 2009, 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.

This declaration is in respect of Baptist Village Baxter Limited during the period.

P R Lewis
Partner
PricewaterhouseCoopers

Melbourne
25 August 2009

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This financial report covers Baptist Village Baxter Limited as an individual entity. The financial report is presented in the Australian currency.

Baptist Village Baxter Limited is a Company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Baptist Village Baxter Limited
8 Robinsons Road
Frankston South VIC 3199.

A description of the nature of the entity's operations and its principal activities is included in the directors' report on page 1, which is not part of this financial report.

The financial report was authorised for issue by the directors on 25 August 2009. The directors have the power to amend and reissue the financial report.

	Notes	**2009** $	2008 $
Revenue from continuing operations	5	**15,579,384**	16,518,130
Other income	6	**3,130,000**	9,709,344
Employee benefits expense		**(9,596,184)**	(9,037,616)
Depreciation and amortisation expense	7	**(647,806)**	(578,034)
Catering		**(1,756,219)**	(1,856,151)
Domestic supplies		**(992,596)**	(1,012,849)
Fuel and power		**(412,784)**	(398,087)
Repairs and maintenance		**(1,412,042)**	(1,468,578)
Impairment of available for sale financial assets	10	**(581,262)**	(994,485)
Finance costs	7	**(32,127)**	(8,228)
Other expenses		**(1,149,649)**	(1,022,409)
Profit before income tax		**2,128,715**	9,851,037
Income tax expense		**-**	-
Profit for the year		**2,128,715**	9,851,037

The above income statement should be read in conjunction with the accompanying notes.

	Notes	**2009** **$**	2008 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**14,051,110**	11,651,441
Trade and other receivables	9	**1,593,044**	722,590
Available-for-sale financial asset	10	**3,718,670**	4,203,945
Total current assets		**19,362,824**	16,577,976
Non-current assets			
Property, plant and equipment	11	**12,809,988**	13,061,708
Investment properties	12	**46,602,170**	40,040,000
Intangible assets	13	**920,000**	1,420,000
Total non-current assets		**60,332,158**	54,521,708
Total assets		**79,694,982**	71,099,684
LIABILITIES			
Current liabilities			
Trade and other payables	14	**1,955,390**	2,122,732
Provisions	15	**1,494,606**	1,178,778
Other current liabilities	16	**57,001,549**	50,633,670
Total current liabilities		**60,451,545**	53,935,180
Non-current liabilities			
Provisions	17	**509,592**	608,961
Total non-current liabilities		**509,592**	608,961
Total liabilities		**60,961,137**	54,544,141
Net assets		**18,733,845**	16,555,543
EQUITY			
Reserves	18(a)	**4,384,389**	4,334,802
Retained profits	18(b)	**14,349,456**	12,220,741
Total equity		**18,733,845**	16,555,543

The above balance sheet should be read in conjunction with the accompanying notes.

	Notes	2009 $	2008 $
Total equity at the beginning of the financial year		**16,555,543**	5,532,774
Gain on revaluation of property, plant and equipment	18	**-**	1,171,732
Changes in the fair value of available-for-sale financial assets	18	**49,587**	-
Net income recognised directly in equity		**49,587**	1,171,732
Profit for the year		**2,128,715**	9,851,037
Total recognised income and expense for the year		**2,178,302**	11,022,769
Total equity at the end of the financial year		**18,733,845**	16,555,543

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

Baptist Village Baxter Limited
Cash flow statement
For the year ended 30 June 2009

	Notes	2009 $	2008 $
Cash flows from operating activities			
Receipts from resident fees, Government subsidies and other income		**12,746,956**	13,886,794
Payments to suppliers and employees (inclusive of goods and services tax)		**(16,321,729)**	(15,157,854)
		(3,574,773)	(1,271,060)
Proceeds from ingoing contributions by residents		**13,321,884**	6,683,781
Repayment of liabilities - departed residents		**(3,294,837)**	(5,759,279)
Interest received		**622,503**	980,149
Dividends received		**140,479**	139,369
Trust distributions received		**178,815**	51,169
Interest paid		**(32,127)**	(8,228)
Net cash inflow from operating activities	23	**7,361,944**	815,901
Cash flows from investing activities			
Payments for property, plant and equipment		**(396,086)**	(1,101,120)
Payments for investment property		**(6,960,877)**	(3,254,770)
Payments for available-for-sale financial assets		**(391,271)**	(1,836,052)
Proceeds from sale of intangible assets		**2,450,000**	-
Proceeds from sale of property, plant and equipment		**-**	39,546
Proceeds from sale of available-for-sale financial assets		**335,959**	184,784
Net cash (outflow) from investing activities		**(4,962,275)**	(5,967,612)
Cash flows from financing activities			
Net cash inflow (outflow) from financing activities		**-**	-
Net increase (decrease) in cash and cash equivalents		**2,399,669**	(5,151,711)
Cash and cash equivalents at the beginning of the financial year		**11,651,441**	16,803,152
Cash and cash equivalents at end of year	8	**14,051,110**	11,651,441

The above cash flow statement should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Positive statement on going concern
The balance sheet of the Company reflects negative net current assets (equal to current assets less current liabilities) of $41,088,721 (2008: $37,357,204). The directors are satisfied that they will be able to pay debts as and when they fall due because:

(i) as noted in note 16, resident liabilities are classified as current liabilities. However, the expected demand for repayments will be spread over future years, and

(ii) when a resident departs the Village and repayment of the resident liability is required, the Company retains the right to resell the Independent Living Unit first, before repaying the resident liability. The directors are confident that, in view of the waiting list of 266 potential residents and rising prices for the Independent Living Units, the resulting cash flows from incoming residents will exceed the obligations of the outgoing residents.

(b) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Independent Living Units
Deferred management fees ("DMFs"), refurbishment fees and service fees are earned in accordance with the conditions of the lease between the resident and the Village. DMF revenue, refurbishment fee and service fee revenue is recognised over the average length of stay of a resident estimated at 10 years.

(ii) Hostel
Hostel residents have signed residents' agreements and lodge a means tested accommodation bond. Retentions from bonds and interest on any unpaid bond balances are brought to account as income on a monthly basis. The daily resident accommodation fees charged to each resident are bought to account monthly, as are government subsidies received.

(iii) Nursing Home
No capital sums are received from residents, but accommodation bonds may be maintained by residents transferring from the Hostel to the Nursing Home. Daily accommodation charges and residents' accommodation fees are brought to account monthly. Government subsidies are brought to account monthly.

(iv) Government Grants
Government grants are fully recognised as revenue in the financial year in which they are received from the Government, including grants received in advance relating to future periods.

1 Summary of significant accounting policies (continued)

When the conditions of the grants have not been fulfilled at the end of the financial year and it is probable that the grant funds received, or a proportion of these funds, will be required to be repaid, a liability and expense is recognised at the end of the financial year to the extent the amount of the liability can be reliably measured.

(v) Interest income
Interest income is recognised on a time proportion basis taking into account the interest rate applicable to the financial assets.

(d) Income tax

The Deputy Commissioner of Taxation has confirmed that the Company is considered to be exempt from Income Tax under Subdivision 50-5 of the Income Tax Assessment Act 1997.

(e) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(g) Trade receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

Interest receivable on financing and investment activities is accrued in accordance with the terms and conditions of the underlying financial instrument.

Residents who defer payment of their entry contribution or accommodation bond are recognised as debtors. All fees are recognised as amounts receivable immediately they are due for payment.

(h) Inventories

No material inventories are held by the Company.

(i) Available for sale financial asset

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

1 Summary of significant accounting policies (continued)

Subsequent measurement
Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Fair value
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment
The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(j) Property, plant and equipment

Land, buildings and plant and equipment (except for investment properties - refer to note 1(k)) are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings and plant and equipment. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Motor vehicles are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	2.5% - 10%
Plant, equipment, fixtures and fittings	10% - 50%
Motor vehicles	20% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(e)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

1 Summary of significant accounting policies (continued)

(k) Investment property

Investment property, comprising of Independent Living Units, is held for long-term capital income yields and is not occupied by the Company. Investment property is carried at fair value, representing open-market value determined by external valuers at least every 3 years. Annual assessments are made by the directors. Changes in fair values are recorded in the income statement as part of other income.

(l) Intangible assets

(i) Bed Licences
All bed licences are assessed as having an indefinite useful life and are therefore not subject to amortisation and are tested annually (at the same time every year) for impairment in accordance with the AASB 136 *Impairment of Assets.* These licences are issued by the Federal Government to approved providers. Holders of bed licences receive Federal Government funding in accordance with predetermined rates. Bed licences are recorded at cost and not revalued. Recognition of bed licences received as part of Federal Government approval rounds occurs at fair value.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Accommodation bonds

Accommodation bonds are recorded initially at face value, at an amount equal to the bond received by the Village. These bonds are adjusted for retentions recognised over the average length of stay of a resident.

Accommodation bonds are classified as a current liability due to the Village not having unconditional rights to defer settlement for at least 12 months after the balance sheet date.

(o) Independent Living Units - resident liabilities and deferred income

Resident liabilities are recorded initially at face value, at an amount equal to the entry contribution received by the Village. This liability is adjusted for the deferred income expected to be recognised over the average length of stay of a resident estimated at 10 years.

Resident liabilities are classified as a current liability due to the Village not having unconditional rights to defer settlement for at least 12 months after the balance sheet date.

(p) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

(q) Employee benefits

(i) Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables and provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1 Summary of significant accounting policies (continued)

(iii) Retirement benefit obligations
Some employees of the Company are entitled, after serving a qualifying period, to benefits on retirement, disability or death from the BVB Superannuation Fund. The fund provides accumulated benefits based on contributions by employer and employees. Employees contribute to the fund at rates of 5% or more of their wages and salaries. The Company also contributed to the fund at 9% of wages and salaries. Future nomination to the B.V.B. Superannuation Fund will not be available to employees covered by occupational superannuation schemes. The Company also contributes to occupational superannuation schemes in respect of employees whose industrial awards provide this benefit. Most employees are covered by Health Employees Superannuation Trust (HESTA) and carpenters are covered by Allied Construction Employees (ACE) Superannuation Scheme. These contributions are legally enforceable.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009)
AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Company will adopt AASB 8 from 1 July 2009. It is likely to result in an increase in the number of reportable segments presented. In addition, the segments will be reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated by management to groups of cash-generating units on a segment level, the change in reportable segment may also require a reallocation of goodwill. However, this is not expected to result in any additional impairment of goodwill. Had the revised standard been applied in the current period, there would have been no significant impact on the financial statements.

(ii) Revised AASB 101 *Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009)
The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. Had the revised standard been applied in the current period, there would have been no significant impact on the financial statements.

2 Financial risk management

The Company's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the General Manager under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and investment of excess liquidity.

(a) Market risk

(i) Price risk
The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified on the balance sheet as available-for-sale.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio in accordance with the limits set by the Company. All of the Company's equity investments are publicly traded and are included in the ASX 200 Index. Analysis of the sensitivity of the market value of the equities fluctuating by +/- 10% indicates the following potential impact on profit and equity, where the sensitivity is assessed against the fair value of the investments held, as identified in the Balance Sheet.

	Impact on profit		**Impact on other components of equity**	
	2009 $	2008 $	**2009 $**	2008 $
Available-for-sale investments	**(371,867)**	(420,395)	**371,867**	420,395

Profit for the year would decrease as a result of a decrease in the fair value of the available-for-sale investments held by the Company because an impairment loss would be recognised due to their having already been a significant and prolonged decline in the fair value of this asset below its cost.

Other components of equity would increase as a result of gains of listed securities classified as available-for-sale.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Risk control involves assessment of credit quality of the customer, taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets.

2 Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding. The General Manager maintains flexibility in funding by managing various deposits and commercial bill arrangements.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 June 2009	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying Amount (assets)/ liabilities**
	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing	58,462	-	-	-	58,462	58,462
Variable rate	-	-	-	-	-	-
Fixed rate	502	-	-	-	502	502
Total non-derivatives	58,964	-	-	-	58,964	58,964

At 30 June 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing	52,686	-	-	-	52,686	52,686
Variable rate	-	-	-	-	-	-
Fixed rate	70	-	-	-	70	70
Total non-derivatives	52,756	-	-	-	52,756	52,756

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on the quoted market prices at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to their short term nature.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Calculation of deferred management fees (DMF's)
The DMF's have been calculated using the following assumptions:

- A 10 year average length of stay for Independent Living Units; and
- A 3-4% per annum average property growth rate over the average length of stay.

The DMF receivable is then calculated by reference to current tenure of each resident. DMF income is recognised on a progressive annual basis over the average length of stay. Differences in cash received and the DMF receivable on re-licence of a unit or apartment are taken to the income statement.

(ii) Estimates of fair value of investment properties
As referred to in note 1(k) and note 12, independent valuations of properties are prepared at least triannually. At each reporting date the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Company determines a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar investment properties. Where such information is not available the Company considers information from a variety of sources including:

- Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- Discounted cash flow projections based on reliable estimates of future cash flows; and
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from analysis of market evidence.

At reporting date the key assumptions used by the Company in determining fair value of the Company's Independent Living Units properties were as follows:

- Discount rate of 12% (2008: 12%);
- Capital expenditure of $7,000 per turnover with $35,000 for one major refurbishment approximately 22 years since year of construction escalated at 3.39% per annum;
- Average rate of resales per year of 9.22% (2008: 9.22%); and
- Income growth rate of 3.58% (2008: 3.58%).

All the above key assumptions have been taken from the last independent valuation report for the assets in the portfolio.

4 Segment information

(a) Description of segments

Business segments
The Company operates predominantly in the retirement village industry. The principal activities of the Company are the operations and management of Independent Living Units, a Hostel, a Nursing Home, Day Centre and Community Care services.

Geographical segments
The Company operates in one geographical area, being Victoria.

4 Segment information (continued)

(b) Primary reporting format - business segments

2009	I. L. U. $	Hostel $	Manor $	Day Centre $	Homecare $	Admin/ Sales $	Total 2009 $
Segment revenue							
Resident fees	1,722,182	1,790,604	801,979	23,612	1,806,749	-	6,145,126
Government grants and subsidies	-	2,624,631	2,939,927	239,363	28,969	-	5,832,890
Tenancy sales income	1,771,910	-	-	-	-	-	1,771,910
Other operating revenue and meals	133,746	24,547	2,644	-	-	376,124	537,061
	3,627,838	**4,439,782**	**3,744,550**	**262,975**	**1,835,718**	**376,124**	**14,286,987**
Expenditures							
Salaries	909,024	3,366,013	2,848,913	177,900	1,508,095	775,835	9,585,780
Food supplies	2,434	1,239,608	472,240	14,037	25,565	2,335	1,756,219
Domestic expenses	122,001	574,534	285,828	1,331	964	7,938	992,596
Fuel/power	24,141	110,883	34,154	2,121	-	241,485	412,784
Repairs/maintenance	488,136	169,175	107,327	9,689	-	24,281	798,608
Administration	480,647	462,674	266,399	54,842	124,250	(237,671)	1,151,141
Refurbishment costs	521,678	83,084	8,672	-	-	-	613,434
	2,548,061	**6,005,971**	**4,023,533**	**259,920**	**1,658,874**	**814,203**	**15,310,562**
Net profit/(loss)	**1,079,777**	**(1,566,189)**	**(278,983)**	**3,055**	**176,844**	**(438,079)**	**(1,023,575)**
Accommodation bond retentions/charges	-	305,318	45,282	-	-	-	350,600
Depreciation	(10,311)	(317,856)	(304,791)	(5,946)	(129)	(8,773)	**(647,806)**
Net profit/(loss)	**1,069,466**	**(1,578,727)**	**(538,492)**	**(2,891)**	**176,715**	**(446,852)**	**(1,320,781)**
Increase in fair value of investment properties	-	-	-	-	-	-	-
Profit/(loss) on disposal of assets	-	3,130,000	-	-	-	-	3,130,000
Capital donations	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	622,503	622,503
Trust income	-	-	-	-	-	178,815	178,815
Dividend income	-	-	-	-	-	140,479	140,479
Bank commission & interest paid	-	-	-	-	-	(32,127)	(32,127)
Impairment of available for sale financial assets	-	-	-	-	-	(581,262)	(581,262)
Net gain/(loss) on sale of available for sale financial assets	-	-	-	-	-	(8,912)	(8,912)
Net operating profit/(loss)	**1,069,466**	**1,551,273**	**(538,492)**	**(2,891)**	**176,715**	**(127,356)**	**2,128,715**
Segment assets and liabilities							
Current assets	17,741	1,180,000	-	-	258,789	17,906,294	19,362,824
Non current assets	46,636,968	6,766,383	5,758,129	165,761	931,296	73,621	60,332,158
Segment assets	**46,654,709**	**7,946,383**	**5,758,129**	**165,761**	**1,190,085**	**17,979,915**	**79,694,982**
Current liabilities	46,298,585	8,777,915	2,935,249	-	-	2,439,796	60,451,545
Non current liabilities	-	-	-	-	-	509,592	509,592
Segment liabilities	**46,298,585**	**8,777,915**	**2,935,249**	**-**	**-**	**2,949,388**	**60,961,137**
Net Assets	**356,124**	**(831,532)**	**2,822,880**	**165,761**	**1,190,085**	**15,030,527**	**18,733,845**
Other segment information							
Acquisitions of property, plant and equipment and other non-current segment assets	6,562,170	331,142	54,621	-	1,425	8,898	6,958,256

4 Segment information (continued)

2008	I. L. U. $	Hostel $	Manor $	Day Centre $	Homecare $	Admin/ Sales $	Total 2008 $
Segment revenue							
Resident fees	1,641,855	2,332,241	797,652	21,297	1,699,986	-	6,493,031
Government grants and subsidies	-	3,619,782	2,862,214	232,728	20,010	-	6,734,734
Tenancy sales income	1,176,457	-	-	-	-	-	1,176,457
Other operating revenue and meals	73,368	18,981	9,512	144	75	303,455	405,535
	2,891,680	**5,971,004**	**3,669,378**	**254,169**	**1,720,071**	**303,455**	**14,809,757**
Expenditures							
Salaries	877,079	3,196,772	2,720,296	155,835	1,339,434	733,338	9,022,754
Food supplies	2,290	1,391,082	422,962	13,886	23,930	2,001	1,856,151
Domestic expenses	102,212	647,307	252,632	2,190	1,557	6,950	1,012,848
Fuel/power	19,724	129,758	38,782	2,748	-	207,075	398,087
Repairs/maintenance	400,725	226,078	71,535	8,493	177	19,625	726,633
Administration	432,816	477,528	245,543	54,025	77,960	(265,686)	1,022,186
Refurbishment costs	576,734	165,212	-	-	-	-	741,946
	2,411,580	**6,233,737**	**3,751,750**	**237,177**	**1,443,058**	**703,303**	**14,780,605**
Net profit/(loss)	**480,100**	**(262,733)**	**(82,372)**	**16,992**	**277,013**	**(399,848)**	**29,152**
Accommodation bond retentions/charges	-	411,438	98,599	-	-	-	510,037
Depreciation	(24,878)	(304,797)	(227,271)	(5,394)	**-**	**(15,694)**	**(578,034)**
Net profit/(loss)	**455,222**	**(156,092)**	**(211,044)**	**11,598**	**277,013**	**(415,542)**	**(38,845)**
Increase in fair value of investment properties	9,688,013	-	-	-	-	-	9,688,013
Profit/(loss) on disposal of assets	-	-	-	-	-	(15,085)	(15,085)
Capital donations	4,091	3,230	-	-	-	-	7,321
Interest income	-	-	-	-	-	1,000,477	1,000,477
Trust income	-	-	-	-	-	51,169	51,169
Dividend income	-	-	-	-	-	139,369	139,369
Bank commission & interest paid	-	-	-	-	-	(8,228)	(8,228)
Impairment of available for sale financial assets	-	-	-	-	-	(994,485)	(994,485)
Net gain/(loss) on sale of available for sale financial assets	-	-	-	-	-	21,331	21,331
Net operating profit/(loss)	**10,147,326**	**(152,862)**	**(211,044)**	**11,598**	**277,013**	**(220,994)**	**9,851,037**
Segment assets and liabilities							
Current assets	33,990	360,000	-	-	138,584	16,045,402	16,577,976
Non current assets	40,085,108	7,357,911	5,920,470	155,581	930,000	72,638	54,521,708
Segment assets	**40,119,098**	**7,717,911**	**5,920,470**	**155,581**	**1,068,584**	**16,118,040**	**71,099,684**
Current liabilities	37,766,945	9,771,487	3,095,238	-	-	3,301,510	53,935,180
Non current liabilities	-	-	-	-	-	608,961	608,961
Segment liabilities	**37,766,945**	**9,771,487**	**3,095,238**	**-**	**-**	**3,910,471**	**54,544,141**
Net Assets	**2,352,153**	**(2,053,576)**	**2,825,232**	**155,581**	**1,068,584**	**12,207,569**	**16,555,543**
Other segment information							
Acquisitions of property, plant and equipment and other non-current segment assets	4,530,977	286,431	124,157	-	-	69,893	5,011,458

5 Revenue

	2009 $	2008 $
From continuing operations		
Sales revenue		
Resident fees	**6,145,126**	6,493,031
Government grants & subsidies	**5,832,890**	6,734,734
Independent Living Unit income	**1,771,910**	1,176,457
Other operating revenue	**537,061**	405,535
	14,286,987	14,809,757
Other revenue		
Accommodation charges	**88,148**	62,766
Accommodation bond retentions	**262,452**	447,271
Interest	**622,503**	1,000,477
Capital donations	**-**	7,321
Trust income	**178,815**	51,169
Dividend income	**140,479**	139,369
	1,292,397	1,708,373
	15,579,384	16,518,130

6 Other income

	2009 $	2008 $
Net gain on intangible assets	**3,130,000**	-
Net gain on sale of available-for-sale financial assets (note 10)	**-**	21,331
Fair value adjustment to investment property (note 12)	**-**	9,688,013
	3,130,000	9,709,344

7 Expenses

	2009 $	2008 $
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	**450,036**	373,338
Plant and equipment	**172,159**	184,179
Motor vehicles	**25,611**	20,517
Total depreciation	**647,806**	578,034
Finance costs		
Interest and finance charges paid/payable	**32,127**	8,228
Net loss on disposal of property, plant and equipment	**-**	15,085
Defined contribution superannuation expense	**697,827**	673,829
Loss on disposal of available for sale financial assets	**8,912**	-

8 Current assets - Cash and cash equivalents

	2009 $	2008 $
Cash at bank and on hand	**5,109,203**	788,865
Deposit and commercial bills	**8,941,907**	10,862,576
	14,051,110	11,651,441

(a) Cash at bank and on hand

The cash is bearing a floating interest rate between 0.25% pa and 1.25% pa (2008: 2% pa and 6.97% pa).

(b) Deposits and commercial bills

The deposits and commercial bills bear fixed interest rates between 3.5% pa and 4% pa (2008: 7.6% pa and 7.7% pa).

9 Current assets - Trade and other receivables

	2009 $	2008 $
Homecare debtors	**258,789**	138,584
Bank interest on commercial bills and deposits	**67,902**	67,902
Accommodation bonds	**17,741**	408,483
Franking credit receivable	**-**	41,088
Prepayments	**68,612**	66,533
Receivable on sale of bed licences	**1,180,000**	-
	1,593,044	722,590

9 Current assets - Trade and other receivables (continued)

(a) Impaired homecare debtors

As at 30 June 2009 current homecare debtors of the Company with a nominal value of $nil (2008 - $nil) were impaired.

(b) Past due but not impaired homecare debtors

As of 30 June 2009, homecare debtors of $nil (2008 - $nil) were past due but not impaired.

(c) Accommodation bonds

In accordance with Commonwealth legislation, the payment by residents of their accommodation bond balances may be deferred by the resident until they exit the Village. The balance owing is offset by the accommodation bond liability recognised in current liabilities. Interest is charged on the balance owing once it has been outstanding for greater than six months.

(d) Receivable on sale of bed licences

Under the terms of signed sale and purchase agreement, this balance is not due for repayment until 30 June 2010.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Company and the credit quality of the entity's trade receivables.

10 Current assets - Available for sale financial asset

	2009 **$**	2008 $
Listed securities		
Equity securities	**1,837,569**	2,274,501
Preference shares	**1,690,411**	1,424,654
	3,527,980	3,699,155
Unlisted securities		
Managed fund securities	**139,566**	414,223
Other securities	**51,124**	90,567
	190,690	504,790
	3,718,670	4,203,945

Impairment and risk exposure
Given the significant decline below cost of the fair value of the equity securities held by the Company, in the current year an impairment charge of $581,262 (2008: $994,485) has been recognised.

All available-for-sale financial assets are denominated in Australian currency. For an analysis of the sensitivity of available-for-sale financial assets to price risk, refer to note 2.

11 Non-current assets - Property, plant and equipment

	Freehold land $	Freehold buildings $	Plant and equipment $	Motor vehicles $	Total $
At 1 July 2007					
Cost	-	-	-	408,791	408,791
Valuation	2,250,000	7,662,613	1,322,379	-	11,234,992
Accumulated depreciation	-	-	-	(222,262)	(222,262)
Net book amount	2,250,000	7,662,613	1,322,379	186,529	11,421,521
Year 30 June 2008					
Opening net book amount	2,250,000	7,662,613	1,322,379	186,529	11,421,521
Revaluation increment	-	1,171,732	-	-	1,171,732
Additions	-	342,732	701,061	57,327	1,101,120
Disposals	-	-	-	(54,631)	(54,631)
Depreciation charge	-	(373,338)	(184,179)	(20,517)	(578,034)
Closing net book amount	2,250,000	8,803,739	1,839,261	168,708	13,061,708
At 30 June 2008					
Cost	-	-	-	411,488	411,488
Valuation	2,250,000	8,803,739	1,839,261	-	12,893,000
Accumulated depreciation	-	-	-	(242,780)	(242,780)
Net book amount	2,250,000	8,803,739	1,839,261	168,708	13,061,708
Year 30 June 2009					
Opening net book amount	2,250,000	8,803,739	1,839,261	168,708	13,061,708
Additions	-	197,032	199,054	-	396,086
Depreciation charge	-	(450,036)	(172,159)	(25,611)	(647,806)
Closing net book amount	2,250,000	8,550,735	1,866,156	143,097	12,809,988
At 30 June 2009					
Cost	-	-	-	411,488	411,488
Valuation	2,250,000	8,550,735	1,866,156	-	12,666,891
Accumulated depreciation	-	-	-	(268,391)	(268,391)
Net book amount	2,250,000	8,550,735	1,866,156	143,097	12,809,988

(a) Valuations of land, buildings and plant and equipment

The basis of the valuation of land, buildings and plant and equipment (excluding motor vehicles) is fair value being the amounts for which the assets could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and condition. These valuations have been made by the directors. The directors have based their valuations on independent assessments. The last independent assessment by Colliers International Consultancy and Valuation Pty Limited was at 30 June 2008. This valuation was for the entire Village (incorporating the Retirement Village and Aged care facilities) and therefore included a market value for bed licences and the Independent Living Units.

12 Non-current assets - Investment properties

	2009 $	2008 $
At fair value		
Opening balance at 1 July - Independent Living Units	**40,040,000**	26,441,649
Additions	**6,562,170**	3,910,338
Net gain from fair value adjustment	**-**	9,688,013
Closing balance at 30 June - Independent Living Units	**46,602,170**	40,040,000

(a) Valuation basis

The Independent Living Units are carried at fair value. The directors have based their valuations on independent assessments. The last independent assessment by Colliers International Consultancy and Valuation Pty Limited was at 30 June 2008. The valuations are calculated on a discounted cash flow basis being the amounts for which the assets could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and condition. However, the present value of existing resident liabilities has been removed from this valuation as required under AIFRS.

13 Non-current assets - Intangible assets

	Bed licences $	Total $
At 1 July 2007		
Cost	1,420,000	1,420,000
Net book amount	1,420,000	1,420,000
Year 30 June 2008		
Opening net book amount	1,420,000	1,420,000
Closing net book amount	1,420,000	1,420,000
At 30 June 2008		
Cost	1,420,000	1,420,000
Net book amount	1,420,000	1,420,000
Year 30 June 2009		
Opening net book amount	1,420,000	1,420,000
Disposals	(500,000)	(500,000)
Closing net book amount	920,000	920,000
At 30 June 2009		
Cost	920,000	920,000
Net book amount	920,000	920,000

As per the accounting policy note 1(l), bed licences are recorded at cost and not revalued. The Village receives bed licences under Government grants at no cost. Recognition of these bed licences takes place at fair value. The directors attached a fair value of $920,000 at the date of recognition to bed licences acquired under Government grants. Revaluations of intangible assets, such as bed licences, can be made only by reference to the fair value determined in an active market as per AASB 138 paragraph 75 *Intangible Assets.* The directors' view as per AASB 138 *Intangible Assets,* is that currently an active market does not exist for bed licences and therefore they are not revalued.

However, the directors' are of the view that, based on current sales evidence, the valuation of bed licences at market value at the 30 June 2009 amounts to $9,800,000 (2008: $12,800,000), including 136 low care bed licences (2008: 196) and 60 high care licences (2008: 60).

14 Current liabilities - Trade and other payables

	2009 $	2008 $
Trade payables	**911,587**	1,161,579
Accrued audit fees	**40,000**	55,000
Waiting list deposits - potential residents	**508,500**	591,500
Resident payouts due	**501,700**	70,000
Other payables	**(6,397)**	244,653
	1,955,390	2,122,732

15 Current liabilities - Provisions

	2009 $	2008 $
Employee benefits - annual leave	**863,398**	778,778
Employee benefits - long service leave	**631,208**	400,000
	1,494,606	1,178,778

16 Current liabilities - Other current liabilities

	2009 $	2008 $
Hostel residents' payouts - pre 1997 scheme	**131,175**	404,095
Accommodation bonds	**11,581,989**	12,462,630
Independent Living Unit - resident liabilities	**36,079,960**	30,669,410
Independent Living Unit - deferred income	**9,208,425**	7,097,535
	57,001,549	50,633,670

(a) Accommodation Bonds

(i) All residents' bond balances required to be paid during the year were repaid in accordance with the *Aged Care Act.*
(ii) The Baptist Village Baxter has the capacity to repay all outstanding bond balances that can be expected to fall within the next financial year, and
(iii) Throughout the year, insurance coverage of $5,000,000 has been maintained to cover losses arising from fraud, loss of earnings, fire, flood, or other reasonably insurable events that may impact upon the Company's ability to refund bond balances.

Accommodation Bonds and Independent Living Unit resident liabilities

Under AIFRS, as per AASB 139 *Financial Instruments: Recognition and Measurement,* accommodation bonds and Independent Living Units resident liabilities have been classified as a current liability due to the Village not having unconditional rights to defer settlement for at least 12 months after the Balance Sheet date. However, the directors have undertaken a review of past payment history patterns over the last 20 years of these liabilities. This review indicates that on average an amount less than $4 million is paid out during a financial year to the residents.

17 Non-current liabilities - Provisions

	2009 $	2008 $
Employee benefits - long service leave	**509,592**	608,961

18 Reserves and retained profits

	2009 **$**	2008 $
(a) Reserves		
Asset revaluation reserve	**4,334,802**	4,334,802
Available-for-sale investments revaluation reserve	**49,587**	-
	4,384,389	4,334,802
Movements:		
Asset revaluation reserve		
Balance 1 July	**4,334,802**	3,163,070
Revaluation increment (note 11)	**-**	1,171,732
Balance 30 June	**4,334,802**	4,334,802
Movements:		
Available-for-sale investments revaluation reserve		
Balance 1 July	**-**	-
Revaluation increment	**49,587**	-
Balance 30 June	**49,587**	-

(b) Retained profits

Movements in retained profits were as follows:

	2009 **$**	2008 $
Balance 1 July	**12,220,741**	2,369,704
Profit for the year	**2,128,715**	9,851,037
Balance 30 June	**14,349,456**	12,220,741

(c) Nature and purpose of reserves

(i) Asset revaluation reserve
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 1(j).

(ii) Available-for-sale investments revaluation reserve
Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 1(i). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

19 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2009 **$**	2008 $
(a) Audit services		
PricewaterhouseCoopers Australian firm		
Audit of financial reports under the *Corporations Act 2001*	**36,900**	41,900
Total remuneration for audit services	**36,900**	41,900
Audit-related services		
PricewaterhouseCoopers Australian firm		
Compilation of financial statements	**6,000**	6,000
Audit of compliance forms	**7,300**	6,750
Total remuneration for audit-related services	**13,300**	12,750
	50,200	54,650

20 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2009 **$**	2008 $
Property, plant and equipment		
Payable:		
Within one year	**1,364,573**	5,717,134
	1,364,573	5,717,134

21 Related party transactions

(a) Directors

The names of persons who were directors of the Company at any time during the financial year are as follows:

Edward Lawrence Bearn

William Charles McFarlane

Robin Milner Kirk

Donald Ernest Valentine

Edgar Boyne Alley

Phillip Edward McCallum

Ronald Crosling

21 Related party transactions (continued)

(b) Key management and personnel compensation

Key management personnel compensation, which includes the directors' allowances, for the years ended 30 June 2009 and 2008 is set out below.

	Short-term benefits $	Post-employment benefits $	Total $
2009	**293,826**	**25,106**	**318,932**
2008	317,673	25,308	342,981

22 Events occurring after the balance sheet date

No matter or circumstance has arisen since 30 June 2009, which has 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 the financial years subsequent to 30 June 2009.

23 Reconciliation of profit after income tax to net cash inflow from operating activities

	2009 **$**	2008 $
Profit for the year	**2,128,715**	9,851,037
Depreciation	**647,806**	578,034
Impairment of available-for-sale financial assets	**581,262**	994,485
Net loss on sale of property, plant and equipment	**-**	15,085
Net (gain) on sale of intangible assets	**(3,130,000)**	-
Fair value adjustment to investment property	**-**	(9,688,013)
Net loss/(gain) on sale of available-for-sale financial assets	**8,913**	(21,331)
Change in operating assets and liabilities		
Decrease (increase) in trade debtors	**309,546**	(271,770)
(Decrease) increase in trade creditors	**148,715**	98,373
Decrease (increase) in resident payouts due	**431,700**	(33,900)
Decrease (increase) in accommodation bonds	**(880,641)**	(1,901,418)
Decrease (increase) in hostel entry contributions	**(272,920)**	(27,900)
(Decrease) increase in Independent Living Units liabilities	**7,521,440**	1,122,909
(Decrease) increase in provision for annual leave and long service leave	**216,459**	97,918
(Decrease) increase in other payables and accruals	**(349,051)**	2,392
Net cash inflow from operating activities	**7,361,944**	815,901

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 29 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and

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

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

Edward Lawrence Bearn
Director

Robin Milner Kirk
Director

Melbourne
25 August 2009

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the members Baptist Village Baxter Limited

Report on the financial report

We have audited the accompanying financial report of Baptist Village Baxter Limited (the Company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility 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 (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independent auditor's report to the members Baptist Village Baxter Limited (continued)

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Baptist Village Baxter Limited (the Company) for the year ended 30 June 2009 included on Baptist Village Baxter Limited's web site. The Company's directors are responsible for the integrity of the Baptist Village Baxter Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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 Baptist Village Baxter Limited 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 2009 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* and

PricewaterhouseCoopers

P R Lewis
Partner

Melbourne
25 August 2009