Baptist Village Baxter Limited

ABN 96 006 640 544

Annual report
for the year ended 30 June 2012

Baptist Village Baxter Limited ABN 96 006 640 544
Annual report - 30 June 2012

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Directors' report

Your directors present their report on Baptist Village Baxter Limited ("the Company") for the year ended 30 June 2012.

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:

Robin Milner Kirk
Edgar Boyne Alley
Ronald Crosling
Barry McWha

Donald Ernest Valentine was a director from the beginning of the financial year until his resignation on 21 December 2011.

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 280 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 total comprehensive income for the year of $32,223 in the current year compared to a loss of $9,344,943 in 2011.

The total comprehensive loss for the prior year arises from the independent revaluation of the Company's assets which, whilst a non cash item, is required by accounting standards to be shown through the statement of comprehensive income.

This revaluation has affected the prior year result of the Company as follows:

- Impairment of investment properties have been written down by $6,611,418 (refer note 11) and
- Property plant and equipment have been written down by $2,586,106 (refer note 17(a)).

Interest totalling $562,065 (2011: $552,482) was earned on funds on deposit, while commissions and fees paid to the Bank amounted to $6,745 (2011: $5,729) during the year.

Most Village units have been occupied at some time during the year, but 22 were vacant at June 2012 (2011: 23). There is a waiting list of 250 potential residents. The vacant units have been set aside for refurbishment for resale.

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 2012 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.

Limited liability
The liability of Members is limited to an amount not exceeding ten dollars in the event of the Company being wound up whilst being a Member.

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

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

Donald Ernest Valentine (Resigned on 21 December 2011)
Experience and expertise
Baptist Church Pastor. Director since 1 July 2002.

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

Barry McWha
Experience and expertise
Retired Baptist Church Pastor. Director since 1 December 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 2012, and the numbers of meetings attended by each director were:

	Full meetings of directors	
	A	**B**
Barry McWha	5	5
Robin Milner Kirk	5	5
Donald Ernest Valentine (Resigned on 21 December 2011)	2	2
Edgar Boyne Alley	4	5
Ronald Crosling	4	5

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: R.M. Kirk, D.E. Valentine, E.B. Alley, R. Crosling, B. McWha and the secretary, S. Shaw. Other officers covered by the policy include the General Manager, Sales Manager, Operations Manager, Infrastructure Manager, Director of Nursing, Human Resources Manager, Community Care Manager and Accounts 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
PwC continues in office in accordance with section 327 of the *Corporations Act 2001.*

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

Robin Milner Kirk
Director

Edgar Boyne Alley
Director

Melbourne
Date: 28 August 2012

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Baptist Village Baxter Limited 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.

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

P R Lewis
Partner
PricewaterhouseCoopers

Melbourne
Date: 28 August 2012

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These financial statements cover Baptist Village Baxter Limited as an individual entity. The financial statements are 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 these financial statements.

These financial statements were authorised for issue by the directors on 28 August 2012. The directors have the power to amend and reissue the financial statements.

Baptist Village Baxter Limited
Statement of comprehensive income
For the year ended 30 June 2012

	Notes	**2012 $**	2011 $
Revenue from continuing operations	4	**15,437,414**	14,711,939
Other income	5	**551,390**	-
Employee benefits expense		**(9,368,379)**	(8,827,617)
Depreciation and amortisation expense	6	**(395,066)**	(662,442)
Catering		**(1,317,753)**	(1,255,389)
Domestic supplies		**(835,733)**	(810,413)
Fuel and power		**(397,251)**	(433,109)
Repairs and maintenance		**(1,919,346)**	(1,608,137)
Impairment of available for sale financial assets		**(104,126)**	(29,670)
Other expenses		**(1,471,968)**	(1,206,766)
Finance costs	6	**(6,745)**	(5,729)
Operating profit/(loss) before fair value adjustment		**172,437**	(127,333)
Fair value adjustment of investment property assets	11	**-**	(6,611,418)
Profit/(loss) before income tax		**172,437**	(6,738,751)
Income tax expense		**-**	-
Profit/(loss) for the year		**172,437**	(6,738,751)
Other comprehensive income			
Changes in fair value of available-for-sale financial assets	17(a)	**(140,214)**	(20,086)
Loss on revaluation of property, plant and equipment	17(a)	**-**	(2,586,106)
Other comprehensive (loss) for the year, net of tax		**(140,214)**	(2,606,192)
Total comprehensive income/(loss) for the year		**32,223**	(9,344,943)
Profit/(loss) is attributable to:			
Baptist Village Baxter Limited		**172,437**	(6,738,751)
Total comprehensive income/(loss) for the year is attributable to:			
Baptist Village Baxter Limited		**32,223**	(9,344,943)

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

	Notes	**2012** **$**	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**10,496,066**	8,978,442
Trade and other receivables	8	**968,767**	241,504
Available-for-sale financial asset	9	**4,024,611**	4,150,416
Total current assets		**15,489,444**	13,370,362
Non-current assets			
Property, plant and equipment	10	**9,771,569**	9,079,406
Investment properties	11	**49,666,549**	45,435,643
Intangible assets	12	**920,000**	920,000
Total non-current assets		**60,358,118**	55,435,049
Total assets		**75,847,562**	68,805,411
LIABILITIES			
Current liabilities			
Trade and other payables	13	**1,299,390**	1,548,580
Provisions	14	**2,166,722**	1,647,744
Other current liabilities	15	**61,267,049**	54,291,007
Total current liabilities		**64,733,161**	57,487,331
Non-current liabilities			
Provisions	16	**426,086**	661,988
Total non-current liabilities		**426,086**	661,988
Total liabilities		**65,159,247**	58,149,319
Net assets		**10,688,315**	10,656,092
EQUITY			
Reserves	17(a)	**1,926,735**	2,066,949
Retained earnings	17(b)	**8,761,580**	8,589,143
Total equity		**10,688,315**	10,656,092

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

	Notes	Reserves $	Retained earnings $	Total equity $
Balance at 1 July 2010		**4,673,141**	**15,327,894**	**20,001,035**
(Loss) for the year		-	(6,738,751)	(6,738,751)
Other comprehensive (loss)		(2,606,192)	-	(2,606,192)
Total comprehensive (loss) for the year		(2,606,192)	(6,738,751)	(9,344,943)
Balance at 30 June 2011		**2,066,949**	**8,589,143**	**10,656,092**
Balance at 1 July 2011		**2,066,949**	**8,589,143**	**10,656,092**
Profit for the year		-	172,437	172,437
Other comprehensive (loss)		(140,214)	-	(140,214)
Total comprehensive (loss)/income for the year		(140,214)	172,437	32,223
Balance at 30 June 2012		**1,926,735**	**8,761,580**	**10,688,315**

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

Baptist Village Baxter Limited
Statement of cash flows
For the year ended 30 June 2012

	Notes	2012 $	2011 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**12,336,119**	12,256,271
Payments to suppliers and employees (inclusive of goods and services tax)		**(11,791,851)**	(14,324,020)
		544,268	(2,067,749)
Proceeds from ingoing contributions by residents		**9,476,896**	6,897,117
Repayment of liabilities - departed residents		**(4,217,246)**	(4,386,515)
Interest received		**451,223**	685,064
Dividends received		**105,398**	182,403
Trust distributions received		**37,220**	54,837
Interest paid	6	**(6,745)**	(5,729)
Net cash inflow from operating activities	22	**6,391,014**	1,359,428
Cash flows from investing activities			
Payments for property, plant and equipment	10	**(1,087,229)**	(79,843)
Payments for investment properties		**(4,230,906)**	(2,435,872)
Payments for available-for-sale financial assets		**(640,260)**	(628,272)
Proceeds from sale of intangible assets		**420,000**	-
Proceeds from sale of property, plant and equipment		**2,000**	57,836
Proceeds from sale of available-for-sale financial assets		**663,005**	576,148
Net cash (outflow) from investing activities		**(4,873,390)**	(2,510,003)
Cash flows from financing activities			
Net cash inflow (outflow) from financing activities		**-**	-
Net increase (decrease) in cash and cash equivalents		**1,517,624**	(1,150,575)
Cash and cash equivalents at the beginning of the financial year		**8,978,442**	10,129,017
Cash and cash equivalents at end of year	7	**10,496,066**	8,978,442

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

Notes to the financial statements

1 Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements
The financial statements of Baptist Village Baxter Limited comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) 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.

(iii) Critical accounting estimates
The preparation of financial statements 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 2.

Positive statement on going concern
The statement of financial position of the Company reflects negative net current assets (equal to current assets less current liabilities) of $49,243,717 (2011: $44,116,969). The directors are satisfied that they will be able to pay debts as and when they fall due because:

(i) as noted in note 15 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 250 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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the board.

(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. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. 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 an asset 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.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

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

(iv) 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 the end of each reporting period.

(f) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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.

Collectability 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.

1 Summary of significant accounting policies (continued)

(h) Investments and other financial assets

Classification
The Company classifies its financials assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

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 statement of comprehensive income. 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 reclassified to statement of comprehensive income as gains and losses from investment securities.

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 statement of comprehensive income, 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 (and for unlisted securities), 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 the end of each reporting period 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 statement of comprehensive income as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through statement of comprehensive income.

(i) Property, plant and equipment

Land, buildings and plant and equipment (except for investment properties - refer to note 1(j)) 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.

1 Summary of significant accounting policies (continued)

(i) Property, plant and equipment (continued)

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

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the reserve in 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 profit or loss.

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 the end of each reporting period.

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 profit or loss. 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.

(j) Investment properties

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 profit or loss.

(k) 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.

(l) 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.

(m) 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 end of the reporting period.

1 Summary of significant accounting policies (continued)

(n) 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 end of the reporting period.

(o) 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.

(p) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(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 end of the reporting period are recognised in other payables and provision for employee benefits in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations
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 end of each reporting period 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 end of the reporting period on national Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(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 statement of financial position.

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.

2 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 (DMFs)
The DMFs have been calculated using the following assumptions:

- A 10 year average length of stay for Independent Living Units; and

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 statement of comprehensive income.

(ii) Estimates of fair value of investment properties
As referred to in note 1(j) and note 11, independent valuations of properties are prepared at least triannually. At the end of each reporting period 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 the end of the reporting period 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 15% (2011: 15%);
- Capital expenditure of $7,500 per turnover with $35,000 for one major refurbishment;
- Average rate of resales per year of 9.13% (2011: 9.13%); and
- Income growth rate of 3.56% (2011: 3.56%).

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

3 Segment information

(a) Description of segments

The Company operates predominantly in the retirement village industry. Management has determined the operating segments based on the reports reviewed by the board that are used to make decisions. The board considers the business from both an operation and a geographic perspective and has identified six reportable segments. The operating segments are Independent Living Units, a Hostel, a Manor, Day Centre, Homecare services and Administration.

3 Segment information (continued)

(b) Primary reporting format - business segments

2012	I. L. U. $	Hostel $	Manor $	Day Centre $	Homecare $	Admin/ Sales $	Total 2012 $
Segment revenue							
Resident fees	2,031,500	1,180,577	967,366	22,860	1,774,583	-	5,976,886
Government grants and subsidies	-	1,904,195	3,358,616	262,621	60,481	-	5,585,913
Tenancy sales income	2,085,833	-	-	-	-	-	2,085,833
Other income	91,302	10,165	11,219	-	-	589,682	702,368
	4,208,635	**3,094,937**	**4,337,201**	**285,481**	**1,835,064**	**589,682**	**14,351,000**
Expenditures							
Salaries	1,107,300	2,465,657	3,209,699	168,299	1,571,062	846,362	9,368,379
Food supplies	784	671,559	585,343	7,896	39,378	12,793	1,317,753
Domestic expenses	144,576	353,238	331,641	2,594	1,388	2,296	835,733
Fuel/power	24,587	86,597	58,340	642	-	227,085	397,251
Repairs/maintenance	481,729	174,174	126,273	7,422	400	20,737	810,735
Administration	550,019	455,763	407,686	59,309	129,599	(130,408)	1,471,968
Refurbishment costs	1,070,245	28,668	9,373	-	-	325	1,108,611
	3,379,240	**4,235,656**	**4,728,355**	**246,162**	**1,741,827**	**979,190**	**15,310,430**
Net profit/(loss)	**829,395**	**(1,140,719)**	**(391,154)**	**39,319**	**93,237**	**(389,508)**	**(959,430)**
Accommodation bond retentions/charges	-	170,457	211,274	-	-	-	381,731
Depreciation	7,362	224,192	160,177	2,924	353	58	395,066
Net profit/(loss)	**822,033**	**(1,194,454)**	**(340,057)**	**36,395**	**92,884**	**(389,566)**	**(972,765)**
Profit/(loss) on disposal of intangible assets	-	-	-	-	-	420,000	420,000
Profit/(loss) on disposal of property, plant and equipment	-	-	-	-	-	2,000	2,000
Interest income	-	-	-	-	-	562,065	562,065
Trust income	-	-	-	-	-	37,220	37,220
Dividend income					-	105,398	105,398
Bank commission & interest paid	-	-	-	-	-	(6,745)	(6,745)
Impairment of available for sale financial assets	-	-	-	-	-	(104,126)	(104,126)
Net gain/(loss) on sale of available for sale financial assets	-	-	-	-	-	129,390	129,390
Net operating profit/(loss)	**822,033**	**(1,194,454)**	**(340,057)**	**36,395**	**92,884**	**755,636**	**172,437**
Segment assets							
Current assets (see notes 7, 8, 9)	4,494,736	4,066,157	980,760	575	377,201	5,570,015	15,489,444
Non current assets (see notes 10, 11, 12)	50,101,448	4,595,680	4,564,349	143,913	952,728	-	60,358,118
Segment assets	**54,596,184**	**8,661,837**	**5,545,109**	**144,488**	**1,329,929**	**5,570,015**	**75,847,562**
Segment liabilities							
Current liabilities	126,639	232,211	400,717	26,410	86,189	1,426,268	2,298,434
Current LSL liabilities (see note 14)	122,868	271,590	245,447	26,702	120,095	380,976	1,167,678
Other current liabilities - Accommodation Bonds / ILU Liabilities (see note 15)	52,977,002	6,205,705	2,084,342	-	-	-	61,267,049
Non current LSL liabilities (see note 16)	86,593	120,222	116,204	3,865	82,186	17,016	426,086
Segment liabilities	**53,313,102**	**6,829,728**	**2,846,710**	**56,977**	**288,470**	**1,824,260**	**65,159,247**
Net assets	**1,283,082**	**1,832,109**	**2,698,399**	**87,511**	**1,041,459**	**3,745,755**	**10,688,315**
Other segment information							
Acquisitions of property, plant and equipment and other non-current segment assets	4,230,906	1,087,229	-	-	-	-	5,318,135

3 Segment information (continued)

2011	I. L. U.	Hostel	Manor	Day Centre	Homecare	Admin/ Sales	Total 2011
	$	$	$	$	$	$	$
Segment revenue							
Resident fees	1,947,702	1,104,690	922,768	20,656	1,713,867	-	5,709,683
Government grants and subsidies	(75)	1,835,821	3,409,877	262,928	21,422	-	5,529,973
Tenancy sales income	1,722,525	-	-	-	-	-	-
Other operating revenue and meals	73,511	12,359	1,224	617	226	578,959	666,896
	3,743,663	**2,952,870**	**4,333,869**	**284,201**	**1,735,515**	**578,959**	**13,629,077**
Expenditures							
Salaries	1,014,476	2,275,678	2,974,689	156,381	1,577,841	828,552	8,827,617
Food supplies	-	664,495	547,002	6,927	29,024	7,941	1,255,389
Domestic expenses	124,828	340,723	339,879	2,127	1,067	1,789	810,413
Fuel/power	23,995	81,281	48,396	1,664	-	277,773	433,109
Repairs/maintenance	413,748	145,675	97,887	5,638	157	81,115	744,220
Administration	526,801	366,381	341,264	55,716	138,755	(298,814)	1,130,103
Refurbishment costs	843,071	12,369	5,352	-	-	3,125	863,917
	2,946,919	**3,886,602**	**4,354,469**	**228,453**	**1,746,844**	**901,481**	**14,064,768**
Net profit/(loss)	**796,744**	**(933,732)**	**(20,600)**	**55,748**	**(11,329)**	**(322,522)**	**(435,691)**
Accommodation bond retentions/charges	-	149,545	143,595	-	-	-	293,140
Depreciation	(63,153)	(370,132)	(213,919)	(5,289)	(285)	(9,664)	(662,442)
Net profit/(loss)	**733,591**	**(1,154,319)**	**(90,924)**	**50,459**	**(11,614)**	**(332,186)**	**(804,993)**
Profit/(loss) on disposal of intangible assets	-	-	-	-	-	-	-
Profit/(loss) on disposal of property, plant and equipment	-	-	-	-	-	(7,152)	(7,152)
Impairment of available for sale financial assets	-	-	-	-	-	(29,670)	(29,670)
Interest income	-	-	-	-	-	552,482	552,482
Trust income	-	-	-	-	-	54,837	54,837
Dividend income	-	-	-	-	-	182,403	182,403
Bank commission & interest paid	-	-	-	-	-	(5,729)	(5,729)
Fair value adjustment of investment property assets	(6,611,418)	-	-	-	-	-	(6,611,418)
Net gain/(loss) on sale of available for sale financial assets	-	-	-	-	-	(69,511)	(69,511)
(Loss)/profit before income tax	**(5,877,827)**	**(1,154,319)**	**(90,924)**	**50,459**	**(11,614)**	**345,474**	**(6,738,751)**
Segment assets and liabilities							
Current assets	38,784	-	-	-	18,990	13,312,588	13,370,362
Non current assets	45,435,643	3,516,344	5,053,656	250,000	1,100,000	79,406	55,435,049
Segment assets	**45,474,427**	**3,516,344**	**5,053,656**	**250,000**	**1,118,990**	**13,391,994**	**68,805,411**
Current liabilities	47,456,439	5,535,396	2,195,687	-	-	2,299,809	57,487,331
Non current liabilities	-	-	-	-	-	661,988	661,988
Segment liabilities	**47,456,439**	**5,535,396**	**2,195,687**	**-**	**-**	**2,961,797**	**58,149,319**
Net assets	**(1,982,012)**	**(2,019,052)**	**2,857,969**	**250,000**	**1,118,990**	**10,430,197**	**10,656,092**
Other segment information							
Acquisitions of property, plant and equipment and other non-current segment assets	2,435,872	79,843	-	-	-	-	2,515,715

4 Revenue

	2012 $	2011 $
From continuing operations		
Sales revenue		
Resident fees	**5,976,886**	5,709,683
Government grants & subsidies	**5,585,913**	5,529,973
Independent Living Unit income	**2,085,833**	1,722,525
Other operating revenue	**702,368**	666,896
	14,351,000	13,629,077
Other revenue		
Accommodation charges	**192,000**	112,479
Accommodation bond retentions	**189,731**	180,661
Interest	**562,065**	552,482
Trust income	**37,220**	54,837
Dividend income	**105,398**	182,403
	1,086,414	1,082,862
	15,437,414	14,711,939

5 Other income

	2012 $	2011 $
Net gain on sale of intangible assets	**420,000**	-
Net gain on disposal of property, plant and equipment	**2,000**	-
Net gain on sale of available-for-sale financial assets	**129,390**	-
	551,390	-

6 Expenses

	2012 $	2011 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Buildings	**378,459**	463,179
Plant and equipment	**5,816**	183,018
Motor vehicles	**10,791**	16,245
Total depreciation	**395,066**	662,442
Finance costs		
Interest and finance charges paid/payable	**6,745**	5,729
Defined contribution superannuation expense	**685,927**	634,735
Loss on disposal of property, plant and equipment (net gain in 2012, see note 5)	**-**	7,152
Net loss on sale of available-for-sale financial assets (net gain in 2012, see note 5)	**-**	69,511

7 Current assets - Cash and cash equivalents

	2012 $	2011 $
Cash at bank and on hand	**3,530,986**	1,067,243
Deposit and commercial bills	**6,965,080**	7,911,199
	10,496,066	8,978,442

The increase in the total cash and cash equivalents is primarily due to the sale of new units arising from the rebuilding program currently been undertaken. Refer to the statement of cash flows on page 9 for reconciliation of movement in cash.

(a) Cash at bank and on hand

The cash is bearing a floating interest rate between 0.35% pa and 2.00% pa (2011: 0.40% pa and 2.25% pa).

(b) Deposits and commercial bills

The deposits and commercial bills bear fixed interest rates between 4.30% pa and 4.55% pa (2011: 5.20% pa and 6.5% pa).

8 Current assets - Trade and other receivables

	2012 $	2011 $
Homecare debtors	**105,775**	18,990
Bank interest on commercial bills and deposits	**176,880**	66,038
Accommodation bonds	**613,506**	38,784
Franking credit receivable	**39,322**	65,828
Prepayments	**33,284**	51,864
	968,767	241,504

(a) 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.

9 Current assets - Available for sale financial asset

	2012 $	2011 $
Listed securities		
Equity securities	**2,061,762**	2,144,041
Preference shares	**1,955,228**	1,902,082
	4,016,990	4,046,123
Unlisted securities		
Managed fund securities	**7,621**	35,730
Other securities	**-**	68,563
	7,621	104,293
	4,024,611	4,150,416

10 Non-current assets - Property, plant and equipment

	Freehold land $	**Freehold buildings $**	**Plant and equipment $**	**Motor vehicles $**	**Total $**
At 30 June 2011					
Cost	-	-	-	151,322	151,322
Valuation	2,250,000	6,744,940	5,060	-	9,000,000
Accumulated depreciation	-	-	-	(71,916)	(71,916)
Net book amount	2,250,000	6,744,940	5,060	79,406	9,079,406
Year ended 30 June 2012					
Opening net book amount	2,250,000	6,744,940	5,060	79,406	9,079,406
Additions	-	891,683	177,870	17,676	1,087,229
Depreciation charge	-	(378,459)	(5,816)	(10,791)	(395,066)
Closing net book amount	2,250,000	7,258,164	177,114	86,291	9,771,569
At 30 June 2012					
Cost	-	-	-	159,799	159,799
Valuation	2,250,000	7,636,623	182,930	-	10,069,553
Accumulated depreciation	-	(378,459)	(5,816)	(73,508)	(457,783)
Net book amount	2,250,000	7,258,164	177,114	86,291	9,771,569

(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 arm's 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 2011. 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.

11 Non-current assets - Investment properties

	2012 $	2011 $
At fair value		
Opening balance at 1 July - Independent Living Units	**45,435,643**	48,981,410
Additions	**4,230,906**	2,435,872
Transfers	**-**	629,779
Net gain/(loss) from fair value adjustment	**-**	(6,611,418)
Disposals	**-**	-
Closing balance at 30 June - Independent Living Units	**49,666,549**	45,435,643

(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 2011. 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 arm's 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.

12 Non-current assets - Intangible assets

	Bed licences $	Total $
At 30 June 2011		
Cost	920,000	920,000
Accumulated amortisation and impairment	-	-
Net book amount	920,000	920,000
Year ended 30 June 2012		
Opening net book amount	920,000	920,000
Closing net book amount	920,000	920,000
At 30 June 2012		
Cost	920,000	920,000
Accumulated amortisation and impairment	-	-
Net book amount	920,000	920,000

As per the accounting policy note 1(k), 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 2012 amounts to $3,485,284 (2011: $3,810,000), including 88 low care bed licences (2011: 111), 60 high care licences (2011: 60) and 13 community aged packages (2011: 5).

13 Current liabilities - Trade and other payables

	2012 $	2011 $
Trade payables	**498,464**	632,377
Accrued audit fees	**30,520**	35,160
Waiting list deposits - potential residents	**490,000**	474,000
Resident payouts due	**83,800**	179,804
Other payables	**196,606**	227,239
	1,299,390	1,548,580

14 Current liabilities - Provisions

	2012 $	2011 $
Employee benefits - annual leave	**999,044**	903,365
Employee benefits - long service leave	**1,167,678**	744,379
	2,166,722	1,647,744

15 Current liabilities - Other current liabilities

	2012 $	2011 $
Hostel residents' payouts - pre 1997 scheme	**17,986**	75,476
Accommodation bonds	**8,272,061**	7,412,896
Independent Living Unit - resident liabilities	**42,365,895**	37,865,675
Independent Living Unit - deferred income	**10,611,107**	8,936,960
	61,267,049	54,291,007

(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 end of the reporting period. 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 $4.1 million is paid out during a financial year to the residents.

16 Non-current liabilities - Provisions

	2012 $	2011 $
Employee benefits - long service leave	**426,086**	661,988

17 Reserves and retained earnings

	2012 $	2011 $
(a) Reserves		
Asset revaluation reserve	**1,748,696**	1,748,696
Available-for-sale investments revaluation reserve	**178,039**	318,253
	1,926,735	2,066,949

Movements:

	2012 $	2011 $
Asset revaluation reserve		
Balance 1 July	**1,748,696**	4,334,802
Revaluation increment/(decrement) (note 10)	**-**	(2,586,106)
Balance 30 June	**1,748,696**	1,748,696

Movements:

	2012 $	2011 $
Available-for-sale investments revaluation reserve		
Balance 1 July	**318,253**	338,339
Revaluation increment/(decrement)	**(140,214)**	(20,086)
Balance 30 June	**178,039**	318,253

(b) Retained earnings

Movements in retained earnings were as follows:

	2012 $	2011 $
Balance 1 July	**8,589,143**	15,327,894
Profit/(loss) for the year	**172,437**	(6,738,751)
Balance 30 June	**8,761,580**	8,589,143

(c) Nature and purpose of other 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(i).

(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 recognised in other comprehensive income, as described in note 1(h) and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

18 Key management personnel disclosures

Key management personnel compensation

	2012 $	2011 $
Short-term employee benefits	**281,119**	290,787
Post-employment benefits	**20,835**	25,137
	301,954	315,924

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:

	2012 $	2011 $
PwC Australia		
Audit and other assurance services		
Audit and review of financial statements	**39,900**	43,400
Other assurance services		
Audit of Independent Living Units' special purpose report and Prudential Compliance Statement	**6,000**	6,000
Audit of CACP Program Annual Statement	**2,100**	2,100
Compilation of financial statements	**6,000**	6,000
Total remuneration for audit and other assurance services	**54,000**	57,500
Total remuneration of PwC Australia	**54,000**	57,500

20 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2012 $	2011 $
Property, plant and equipment		
Payable:		
Within one year	**3,700,000**	1,200,000
	3,700,000	1,200,000

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:

Robin Milner Kirk
Donald Ernest Valentine
Edgar Boyne Alley
Ronald Crosling
Barry McWha

(b) Key management personnel

Key management personnel compensation, which includes the directors' allowances, for the years ended 30 June 2012 and 2011 is set out below.

	Short-term benefits $	Post-employment benefits $	Total $
2012	281,119	20,835	301,954
2011	290,787	25,137	315,924

22 Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	2012 **$**	2011 $
Profit/(loss) for the year	**172,437**	(6,738,751)
Depreciation	**395,066**	662,442
Impairment of available for sale financial assets	**104,126**	29,670
Fair value adjustment of investment property assets	**-**	6,611,418
Net (gain) on sale of intangible assets	**(420,000)**	-
Net (gain) loss on sale of property, plant and equipment	**(2,000)**	7,152
Net (gain) loss on sale of available-for-sale financial assets	**(129,390)**	69,511
Change in operating assets and liabilities		
(Increase) decrease in trade debtors	**(727,263)**	256,413
(Decrease) in trade creditors	**(133,913)**	(43,062)
(Increase) decrease in resident payouts due	**(96,004)**	48,554
Decrease (increase) in accommodation bonds	**859,165**	(303,056)
(Increase) decrease in hostel entry contributions	**(57,490)**	48,554
Increase in Independent Living Units liabilities	**6,174,367**	819,264
Increase in provision for annual leave and long service leave	**283,076**	267,253
(Decrease) in other payables and accruals	**-**	(375,934)
(Decrease) increase other in provisions	**(31,163)**	-
Net cash inflow from operating activities	**6,391,014**	1,359,428

23 Events occurring after the end of the reporting period

No matter or circumstance has arisen since 30 June 2012, 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 2012.

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 26 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 2012 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.

Robin Milner Kirk
Director

Edgar Boyne Alley
Director

Melbourne
Date: 28 August 2012

pwc

Independent auditor's report to the members of 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 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

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*.

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Auditor's opinion

In our opinion the financial report of Baptist Village Baxter Limited is in accordance with the *Corporations Act 2001*, including:

(a) 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 – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Baptist Village Baxter (the Company) for the year ended 30 June 2012 included on Baptist Village Baxter Limited 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 financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. 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.

PricewaterhouseCoopers

Paul Lewis
Partner

Melbourne
28 August 2012