Baptist Village Baxter Limited

ABN 96 006 640 544

Annual report
for the year ended 30 June 2015

VILLAGE BAXTER

every person cared for, every person valued

Baptist Village Baxter Limited ABN 96 006 640 544
Annual report - 30 June 2015

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Directors' report

Your directors present their report on Baptist Village Baxter Limited ("the Company") for the year ended 30 June 2015.

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
Elizabeth Haworth

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 profit for the year of $461,706 in the current year compared to a total comprehensive loss of $6,619,419 in 2014.

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.

Interest totalling $341,684 (2014: $379,946) was earned on funds on deposit, while commissions and fees paid to financial institutions amounted to $49,912 (2014: $51,369) during the year.

Most Village units have been occupied at some time during the year, but 17 were vacant at June 2015 (2014: 18). There is a waiting list of 269 (2014: 280) 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 2015 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

The directors expect that the Company will continue to carry out its principal activities as detailed above. There are no other known or likely developments which the directors foresee which they wish to disclose at this time.

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 of 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.

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, E.B. Alley, R. Crosling, B. McWha, E. Haworth and the secretary, S. Shaw. Other officers covered by the policy include the General Manager, Sales Manager, Executive 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.

Information on directors

Edgar Boyne Alley *Chairman*
Experience and expertise
Retired Vice President World Vision International. Director since 24 February 2004.

Robin Milner Kirk *Deputy chairman*
Experience and expertise
Retired Manager Minenco P/L. 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.

Elizabeth Haworth
Experience and expertise
Retired Director of Nursing/Care Manager. Director since 28 August 2012.

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 2015, and the numbers of meetings attended by each director were:

	Full meetings of directors	
	A	B
Barry McWha	6	6
Robin Milner Kirk	4	6
Edgar Boyne Alley	6	6
Ronald Crosling	5	6
Elizabeth Haworth	5	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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 4.

Auditor

PricewaterhouseCoopers Australia 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

Frankston
25 August 2015

Auditor's Independence Declaration

As auditor for the audit of Baptist Village Baxter Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there has been no contravention 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.

Daniel Rosenberg
Partner
PricewaterhouseCoopers

Frankston
25 August 2015

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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 25 August 2015. The directors have the power to amend and reissue the financial statements.

	Notes	2015 $	2014 $
Revenue from continuing operations	4	**17,611,237**	16,637,706
Other income	5	**292,096**	51,212
Employee benefits expense		**(10,577,604)**	(9,867,771)
Depreciation and amortisation expense	6	**(362,246)**	(603,395)
Catering		**(1,540,883)**	(1,389,070)
Domestic supplies		**(860,484)**	(875,250)
Fuel and power		**(397,301)**	(467,771)
Repairs and maintenance		**(1,684,420)**	(1,834,637)
Impairment of available for sale financial assets		**(54,024)**	(23,350)
Other expenses		**(1,680,672)**	(1,699,184)
Finance costs	6	**(49,912)**	(51,369)
Operating profit/(loss) before fair value adjustment		695,787	(122,879)
Fair value adjustment of investment property assets	13	-	(3,670,976)
Fair value adjustment of property, plant and equipment		-	(1,447,400)
Profit/(loss) before income tax		695,787	(5,241,255)
Income tax expense		-	-
Profit/(loss) for the year		695,787	(5,241,255)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Changes in the fair value of available-for-sale financial assets	19(a)	**(234,081)**	370,532
Loss on revaluation of property, plant and equipment		-	(1,748,696)
Other comprehensive (loss) for the year, net of tax		**(234,081)**	(1,378,164)
Total comprehensive profit/(loss) for the year		**461,706**	(6,619,419)
Profit/(loss) is attributable to:			
Baptist Village Baxter Limited		**695,787**	(5,241,255)
Total comprehensive profit/(loss) for the year is attributable to:			
Baptist Village Baxter Limited		**461,706**	(6,619,419)

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

	Notes	2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**5,709,576**	9,355,034
Trade and other receivables	8	**308,797**	804,998
Available-for-sale financial assets	9	**5,067,033**	5,341,095
Held-to-maturity investments	10	**2,929,029**	-
Total current assets		**14,014,435**	15,501,127
Non-current assets			
Held-to-maturity investments	11	**3,797,407**	-
Property, plant and equipment	12	**10,332,379**	10,618,737
Investment properties	13	**51,272,884**	48,750,000
Intangible assets	14	**920,000**	920,000
Total non-current assets		**66,322,670**	60,288,737
Total assets		**80,337,105**	75,789,864
LIABILITIES			
Current liabilities			
Trade and other payables	15	**1,474,695**	1,616,956
Provisions	16	**2,884,153**	2,736,643
Other current liabilities	17	**69,777,354**	65,723,379
Total current liabilities		**74,136,202**	70,076,978
Non-current liabilities			
Provisions	18	**327,170**	300,859
Total non-current liabilities		**327,170**	300,859
Total liabilities		**74,463,372**	70,377,837
Net assets	3(b)	**5,873,733**	5,412,027
EQUITY			
Reserves	19(a)	**712,013**	946,094
Retained earnings	19(b)	**5,161,720**	4,465,933
Total equity		**5,873,733**	5,412,027

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

Baptist Village Baxter Limited
Statement of changes in equity
For the year ended 30 June 2015

	Reserves $	Retained earnings $	Total equity $
Balance at 1 July 2013	2,324,258	9,707,188	12,031,446
Profit/(loss) for the year	-	(5,241,255)	(5,241,255)
Other comprehensive (loss)	(1,378,164)	-	(1,378,164)
Total comprehensive (loss) for the year	**(1,378,164)**	**(5,241,255)**	**(6,619,419)**
Balance at 30 June 2014	**946,094**	**4,465,933**	**5,412,027**
Balance at 1 July 2014	946,094	4,465,933	5,412,027
Profit/(loss) for the year	-	695,787	695,787
Other comprehensive (loss)	(234,081)	-	(234,081)
Total comprehensive profit for the year	**(234,081)**	**695,787**	**461,706**
Balance at 30 June 2015	**712,013**	**5,161,720**	**5,873,733**

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

	Notes	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**15,288,982**	13,555,410
Payments to suppliers and employees (inclusive of goods and services tax)		**(14,003,912)**	(13,952,183)
		1,285,070	(396,773)
Proceeds from ingoing contributions by residents		**9,617,857**	6,890,866
Repayment of liabilities - departed residents		**(5,847,909)**	(5,208,046)
Interest received		**138,657**	200,018
Dividends received		**194,575**	119,618
Trust distributions received		**62,839**	60,606
Interest paid	6	**(49,912)**	(51,369)
Net cash inflow from operating activities	23	**5,401,177**	1,614,920
Cash flows from investing activities			
Payments for property, plant and equipment		**(75,888)**	(2,052,480)
Payments for investment properties		**(2,522,884)**	(566,862)
Payments for available-for-sale financial assets		**(405,909)**	(1,072,606)
Payments for held-to-maturity investments		**(6,726,436)**	-
Proceeds from sale of property, plant and equipment		**-**	2,900
Proceeds from sale of available-for-sale financial assets		**624,482**	738,799
Proceeds from sale of intangible assets		**60,000**	-
Net cash (outflow) from investing activities		**(9,046,635)**	(2,950,249)
Cash flows from financing activities			
Net cash inflow from financing activities		**-**	-
Net (decrease) in cash and cash equivalents		**(3,645,458)**	(1,335,329)
Cash and cash equivalents at the beginning of the financial year		**9,355,034**	10,690,363
Cash and cash equivalents at end of year	7	**5,709,576**	9,355,034

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

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Baptist Village Baxter Limited.

(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 *Australian Charities and Not-for-Profits Commission Act 2012*. Baptist Village Baxter Limited is a not for-profit entity for the purpose of preparing the financial statements.

(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) New and amended standards adopted by the Company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The Company has elected not to apply any pronouncements to the annual reporting period beginning 1 July 2014.

(iii) 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.

(b) Accommodation bonds definition

Accommodation Bonds have been recognised in accordance with the following legislative requirements:

• Entry contributions received under the Aged Care Act 1997 are determined based on an asset test in accordance with the legislation

• Entry contributions received under the Aged Care (Living Longer Living Better) Act 2013 are determined based on an asset and income test in accordance with the legislation. Based on the outcome of the test the resident has the following payment options:

- A Refundable Accommodation Deposit (RAD) or a Refundable Accommodation Charge (RAC), which is accounted for as an accommodation bond, or
- A Daily Accommodation Payment (DAP) or a Daily Accommodation Charge (DAC), which is accounted for as resident fee revenue, or
- A combination of both a RAD or RAC and DAP or DAC.

(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:

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

(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 and Manor (Nursing Home)

Hostel and Manor residents have signed residents' agreements which determines the accommodation bond amount based on the relevant legislation (see Note 1(b)). Retentions from bonds and interest on any unpaid bond balances are brought to account as income on a monthly basis.

The Daily Contribution fees charged to each resident are bought to account monthly, as are government subsidies received.

(iii) 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.

1 Summary of significant accounting policies (continued)

(g) Trade receivables (continued)

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

If collection of the receivable is expected in one year or less, it is classified as current assets. If not, it is presented as non-current assets.

(h) Investments and other financial assets

Classification
The Company classifies its financial 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.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

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 the 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
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

1 Summary of significant accounting policies (continued)

(h) Investments and other financial assets (continued)

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Company's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

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 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.

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 profit or loss during the reporting 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.

1 Summary of significant accounting policies (continued)

(i) Property, plant and equipment (continued)

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 any 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

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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(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 any retentions under the relevant legislation 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.

(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.

1 Summary of significant accounting policies (continued)

(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 the 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 after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 the 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.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(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 a 10 year average length of stay for Independent Living Units.

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 when a resident exits 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 13, independent valuations of properties are prepared at least tri-annually. At the end of each reporting period the directors update their assessment of the fair value of each investment 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 16% (2014: 16%);
- Capital expenditure of $4,750 per turnover with $23,500 for one major refurbishment;
- Average rate of resales per year of 8.56% (2014: 8.56%); and
- Income growth rate of 3.46% (2014: 3.46%).

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

2 Critical accounting estimates and judgements (continued)

(a) Critical accounting estimates and assumptions (continued)

(iii) 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 $60,121,767 (2014: $54,575,851). The directors are satisfied that they will be able to pay debts as and when they fall due because:

(i) as noted in note 17 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 269 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.

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 of Directors that are used to make decisions. The Board of Directors 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

2015	I.L.U. $	Hostel $	Manor $	Day Centre $	Homecare $	Admin/ Sales $	Total 2015 $
Segment revenue							
Residential fees	2,506,304	1,153,282	1,170,720	24,920	1,542,609	-	6,397,835
Government grants and subsidies	-	2,614,046	3,753,320	277,732	54,776	-	6,699,874
Tenancy sales income	2,465,490	-	-	-	-	-	2,465,490
Other operating revenue	98,234	4,908	260	1,120	-	813,120	917,642
	5,070,028	3,772,236	4,924,300	303,772	1,597,385	813,120	16,480,841
Expenditures							
Salaries	1,384,469	2,675,776	3,802,823	209,836	1,491,091	1,013,609	10,577,604
Food supplies	-	668,890	673,704	10,445	24,707	163,137	1,540,883
Domestic expenses	168,382	333,069	347,762	1,314	1,536	8,421	860,484
Fuel/power	40,300	63,870	56,775	834	-	235,522	397,301
Repairs/maintenance	445,350	56,904	115,144	8,345	650	37,488	663,881
Administration	699,717	441,183	565,051	77,593	117,318	(220,190)	1,680,672
Refurbishment costs	989,459	2,647	28,433	-	-	-	1,020,539
	3,727,677	4,242,339	5,589,692	308,367	1,635,302	1,237,987	16,741,364
Profit/(loss)	1,342,351	(470,103)	(665,392)	(4,595)	(37,917)	(424,867)	(260,523)
Accommodation and bond retentions/charges	-	164,254	367,044	-	-	-	531,298
Depreciation	(5,825)	(171,748)	(176,987)	(3,015)	(165)	(4,506)	(362,246)
Net profit/(loss)	1,336,526	(477,597)	(475,335)	(7,610)	(38,082)	(429,373)	(91,471)
Net gain on sale of intangible assets	-	-	-	-	-	60,000	60,000
Interest income	-	-	-	-	-	341,684	341,684
Trust income	-	-	-	-	-	62,839	62,839
Dividend income	-	-	-	-	-	194,575	194,575
Bank commission & interest paid	-	-	-	-	-	(49,912)	(49,912)
Impairment of available for sale financial assets	-	-	-	-	-	(54,024)	(54,024)
Net gain on sale of available for sale financial assets	-	-	-	-	-	232,096	232,096
Net operating profit/(loss)	1,336,526	(477,597)	(475,335)	(7,610)	(38,082)	357,885	695,787
Segment assets							
Current assets (see notes 7,8,9)	4,499,030	2,450,774	1,697,883	-	84,870	5,281,879	14,014,436
Non current assets (see notes 12,13,14)	55,199,837	4,156,401	5,648,434	451,007	831,084	35,907	66,322,670
Segment assets	59,698,867	6,607,175	7,346,317	451,007	915,954	5,317,786	80,337,106
Segment liabilities							
Current liabilities	768,256	223,512	307,892	19,409	132,180	1,285,224	2,736,473
Current LSL liabilities (see note 16)	126,806	342,248	365,999	44,465	182,948	559,909	1,622,375
Other current liabilities - Accommodation Bonds / ILU Liabilities (see note 17)	61,481,163	4,900,426	3,395,765	-	-	-	69,777,354
Non current LSL Liabilities (see note 18)	72,393	41,444	112,363	6,938	59,418	34,615	327,171
Segment liabilities	62,448,618	5,507,630	4,182,019	70,812	374,546	1,879,748	74,463,373
Net assets	(2,749,751)	1,099,545	3,164,298	380,195	541,408	3,438,038	5,873,733
Other segment information							
Acquisitions of property, plant and equipment and other non-current segment assets	2,561,257	10,450	26,105	10,724	-	9,690	2,618,226

3 Segment information (continued)

(b) Primary reporting format - business segments (continued)

2014	I.L.U. $	Hostel $	Manor $	Day Centre $	Homecare $	Admin/ Sales $	Total 2014 $
Segment revenue							
Residential fees	2,321,785	1,073,739	1,133,030	25,351	1,674,772	-	6,228,677
Government grants and subsidies	-	2,187,497	3,563,050	273,821	24,003	-	6,048,371
Tenancy sales income	2,605,952	-	-	-	-	-	2,605,952
Other operating revenue	87,879	19,163	4,017	215	23	651,127	762,424
	5,015,616	**3,280,399**	**4,700,097**	**299,387**	**1,698,798**	**651,127**	**15,645,424**
Expenditures							
Salaries	1,219,339	2,513,751	3,496,859	202,787	1,554,688	880,347	9,867,771
Food supplies	(270)	673,058	671,764	11,674	23,992	8,852	1,389,070
Domestic expenses	169,419	348,823	352,693	1,557	402	2,356	875,250
Fuel/power	25,365	92,543	68,069	729	-	281,065	467,771
Repairs/maintenance	506,506	191,402	123,391	8,279	-	36,621	866,199
Administration	663,227	443,494	491,244	61,327	130,768	90,876	1,880,936
Refurbishment costs	877,153	68,047	22,028	-	-	1,210	968,438
	3,460,739	**4,331,118**	**5,226,048**	**286,353**	**1,709,850**	**1,301,327**	**16,315,435**
Net profit/(loss)	1,554,877	(1,050,719)	(525,951)	13,034	(11,052)	(650,200)	(670,011)
Accommodation and bond retentions/charges	(340)	133,305	299,147	-	-	-	432,112
Depreciation	(11,203)	(416,849)	(169,464)	(2,943)	(320)	(2,616)	(603,395)
Net profit/(loss)	**1,543,334**	**(1,334,263)**	**(396,268)**	**10,091**	**(11,372)**	**(652,816)**	**(841,294)**
Interest income	-	-	-	-	-	379,946	379,946
Trust income	-	-	-	-	-	60,606	60,606
Dividend income	-	-	-	-	-	119,618	119,618
Bank commission & interest paid	-	-	-	-	-	(51,369)	(51,369)
Impairment of property, plant and equipment	-	(1,447,400)	-	-	-	-	(1,447,400)
Impairment of investment properties	(3,670,976)	-	-	-	-	-	(3,670,976)
Impairment of available for sale financial assets	-	-	-	-	-	(23,350)	(23,350)
Net gain on sale of available for sale financial assets	-	-	-	-	-	51,212	51,212
Net operating profit/(loss)	**(2,127,642)**	**(2,781,663)**	**(396,268)**	**10,091**	**(11,372)**	**(116,153)**	**(5,423,007)**
Segment assets							
Current assets (see notes 7, 8, 9)	6,099,938	3,306,712	223,302	-	76,142	5,795,033	15,501,127
Non-current assets (see notes 12, 13, 14)	48,750,000	4,505,000	5,880,000	280,000	785,000	88,737	60,288,737
Segment assets	**54,849,938**	**7,811,712**	**6,103,302**	**280,000**	**861,142**	**5,883,770**	**75,789,864**
Segment liabilities							
Current liabilities	706,631	240,695	289,356	26,701	155,248	1,365,334	2,783,965
Current LSL liabilities (see note 16)	174,623	323,736	389,185	35,914	208,809	437,367	1,569,634
Other current liabilities - Accommodation Bonds / ILU Liabilities (see note 17)	58,280,243	5,509,733	1,933,403	-	-	-	65,723,379
Non-current LSL Liabilities (see note 18)	33,471	62,052	74,597	6,884	40,023	83,832	300,859
Segment liabilities	**59,194,968**	**6,136,216**	**2,686,541**	**69,499**	**404,080**	**1,886,533**	**70,377,837**
Net assets	**(4,345,030)**	**1,675,496**	**3,416,761**	**210,501**	**457,062**	**3,997,237**	**5,412,027**
Other segment information							
Acquisitions of property, plant and equipment and other non-current segment assets	500,348	1,971,336	74,344	-	-	6,800	2,552,828

4 Revenue

	2015	2014
	$	$
From continuing operations		
Sales revenue		
Resident fees	**6,397,835**	6,228,677
Government grants & subsidies	**6,699,874**	6,048,371
Independent Living Unit income	**2,465,490**	2,605,952
Other operating revenue	**917,642**	762,424
	16,480,841	15,645,424
Other revenue		
Accommodation charges	**362,628**	276,524
Accommodation bond retentions	**168,670**	155,588
Interest	**341,684**	379,946
Trust income	**62,839**	60,606
Dividend income	**194,575**	119,618
	1,130,396	992,282
	17,611,237	16,637,706

5 Other income

	2015	2014
	$	$
Net gain on sale of intangible assets	**60,000**	-
Net gain on sale of available-for-sale financial assets	**232,096**	51,212
	292,096	51,212

6 Expenses

	2015 $	2014 $
(Loss) before income tax includes the following specific expenses:		
Depreciation		
Buildings	**290,078**	541,799
Plant and equipment	**66,550**	53,739
Motor vehicles	**5,618**	7,857
Total depreciation	**362,246**	603,395
Finance costs		
Interest and finance charges paid/payable	**49,912**	51,369
Defined contribution superannuation expense	**815,297**	737,763
Net loss on disposal of property, plant and equipment	**-**	3,687

7 Current assets - Cash and cash equivalents

	2015 $	2014 $
Cash at bank and on hand	**5,642,454**	3,020,503
Deposits and commercial bills	**67,122**	6,334,531
	5,709,576	9,355,034

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 0.01% pa and 1% pa (2014: 0.01% pa and 1.00% pa).

(b) Deposits and commercial bills

The deposits and commercial bills bear fixed interest rates between 1.90% pa and 4.30% pa (2014: 2.40% pa and 4.35% pa).

8 Current assets - Trade and other receivables

	2015 $	2014 $
Homecare debtors	**84,870**	76,142
Bank interest on commercial bills and deposits	**53,007**	251,403
Accommodation bonds	**9,081**	296,005
Franking credit receivable	**55,160**	48,076
Prepayments	**106,679**	133,372
	308,797	804,998

9 Current assets - Available-for-sale financial asset

	2015 $	2014 $
Listed securities		
Equity securities	**2,652,638**	2,980,178
Debentures	**2,218,342**	2,359,210
	4,870,980	5,339,388
Unlisted securities		
Managed fund securities	**196,053**	1,707
	196,053	1,707
	5,067,033	5,341,095

10 Current assets - Held-to-maturity investments

	2015 $	2014 $
Term deposits	**2,929,029**	-

(a) Deposits and commercial bills

The deposits and commercial bills bear fixed interest rates between 1.90% pa and 4.30% pa (2014: 2.40% pa and 4.35% pa).

11 Non-current assets - Held-to-maturity investments

	2015 $	2014 $
Term deposits	3,797,407	-

(a) Deposits and commercial bills

The deposits and commercial bills bear fixed interest rates between 1.90% pa and 4.30% pa (2014: 2.40% pa and 4.35% pa).

12 Non-current assets - Property, plant and equipment

	Freehold land $	Freehold buildings $	Plant and equipment $	Motor vehicles $	Total $
At 30 June 2014					
Cost	2,250,000	7,639,550	640,450	147,630	10,677,630
Accumulated depreciation	-	-	-	(58,893)	(58,893)
Net book amount	2,250,000	7,639,550	640,450	88,737	10,618,737
Year ended 30 June 2015					
Opening net book amount	2,250,000	7,639,550	640,450	88,737	10,618,737
Additions	-	-	59,864	16,024	75,888
Depreciation charge	-	(290,078)	(66,550)	(5,618)	(362,246)
Closing net book amount	2,250,000	7,349,472	633,764	99,143	10,332,379
At 30 June 2015					
Cost	2,250,000	7,639,550	700,314	163,654	10,753,518
Accumulated depreciation	-	(290,078)	(66,550)	(64,511)	(421,139)
Net book amount	2,250,000	7,349,472	633,764	99,143	10,332,379

(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. 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 2014. 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. However, as per accounting standards bed licences continue to be recognised at cost as an intangible asset (Note 14).

13 Non-current assets - Investment properties

	2015 $	2014 $
At fair value		
Opening balance at 1 July - Independent Living Units	**48,750,000**	51,920,628
Additions	**2,522,884**	500,348
Net gain/(loss) from fair value adjustment	**-**	(3,670,976)
Closing balance at 30 June - Independent Living Units	**51,272,884**	48,750,000

(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 2014. 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.

14 Non-current assets - Intangible assets

	Bed licences $	**Total** $
At 30 June 2014		
Cost	920,000	920,000
Accumulated amortisation and impairment	-	-
Net book amount	920,000	920,000
Year ended 30 June 2015		
Opening net book amount	920,000	920,000
Closing net book amount	920,000	920,000
At 30 June 2015		
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.

14 Non-current assets - Intangible assets (continued)

However, the directors are of the view that, based on an independent assessment by Colliers International Consultancy and Valuation Pty Ltd in the 2014 financial year, the valuation of bed licences was $3,450,000. This includes 94 low care bed licences (2014: 96), 60 high care licences (2014: 60) and 13 community aged packages (2014: 13).

15 Current liabilities - Trade and other payables

	2015	2014
	$	$
Trade payables	**505,934**	703,441
Accrued audit fees	**6,610**	29,030
Waiting list deposits - potential residents	**508,500**	524,800
Resident payouts due	**118,000**	52,000
Other payables	**335,651**	307,685
	1,474,695	1,616,956

16 Current liabilities - Provisions

	2015	2014
	$	$
Employee benefits - annual leave	**1,261,777**	1,167,009
Employee benefits - long service leave	**1,622,376**	1,569,634
	2,884,153	2,736,643

17 Current liabilities - Other current liabilities

	2015	2014
	$	$
Hostel residents' payouts - pre 1997 scheme	**17,000**	17,000
Accommodation bonds (a)	**8,279,191**	7,426,136
Independent Living Unit - resident liabilities	**49,710,415**	47,095,485
Independent Living Unit - deferred income	**11,770,748**	11,184,758
	69,777,354	65,723,379

(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 $1,000,000 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.

17 Current liabilities - Other current liabilities (continued)

(a) Accommodation Bonds (continued)

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 $5.5 million is paid out during a financial year to the residents.

18 Non-current liabilities - Provisions

	2015 **$**	2014 $
Employee benefits - long service leave	**327,170**	300,859

19 Reserves and retained earnings

(a) Reserves

	2015 **$**	2014 $
Available-for-sale investments revaluation reserve	**712,013**	946,094
Movements:		
Available-for-sale investments revaluation reserve		
Balance 1 July	**946,094**	575,562
Revaluation (decrement)/increment	**(234,081)**	370,532
Balance 30 June	**712,013**	946,094

(b) Retained earnings

Movements in retained earnings were as follows:

	2015 **$**	2014 $
Balance 1 July	**4,465,933**	9,707,188
Profit/(loss) for the year	**695,787**	(5,241,255)
Balance 30 June	**5,161,720**	4,465,933

19 Reserves and retained earnings (continued)

(c) Nature and purpose of other reserves

(i) 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.

20 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:

	2015 **$**	2014 $
PwC Australia		
Audit and other assurance services		
Audit and review of financial statements	**41,800**	41,800
Other assurance services		
Audit of Independent Living Units' special purpose report and Prudential Compliance Statement	**6,150**	6,150
Additional audit procedures required in respect of the revaluation of the Village	**-**	3,800
Compilation of financial statements	**6,150**	6,150
Total remuneration for audit and other assurance services	**54,100**	57,900
Total remuneration of PwC Australia	**54,100**	57,900

21 Commitments

Capital commitments

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

	2015 **$**	2014 $
Property, plant & equipment		
Payable within one year	**523,680**	-
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
	523,680	-

22 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
Edgar Boyne Alley
Ronald Crosling
Barry McWha
Elizabeth Haworth

(b) Key management personnel compensation

Key management personnel compensation, which includes the directors' allowances, for the years ended 30 June 2015 and 2014 is set out below.

	Short-term benefits	Post-employment benefits	Total
	$	$	$
2015	338,238	33,251	371,489
2014	294,538	26,720	321,258

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

	2015	2014
	$	$
Profit/(loss) for the year	**695,787**	(5,241,255)
Depreciation	**362,246**	603,395
Net loss on sale of property, plant and equipment	**-**	3,687
Net (gain) on sale of available-for-sale financial assets	**(232,096)**	(51,212)
Impairment of investment assets	**-**	3,670,976
Impairment of property, plant and equipment	**-**	1,447,400
Impairment of available-for-sale financial assets	**54,024**	23,350
Net gain on sale of intangible assets	**(60,000)**	-
Change in operating assets and liabilities:		
Decrease (increase) in trade debtors and other receivables	**496,201**	(378,012)
(Decrease) increase in trade creditors	**(198,028)**	1,316
Decrease (increase) in resident payouts due	**66,000**	(107,450)
Decrease in accommodation bonds	**853,055**	975,119
Increase in Independent Living Units liabilities	**3,200,920**	400,338
Increase in provision for annual leave and long service leave	**173,821**	274,124
(Decrease) in other provisions	**(10,753)**	(6,856)
Net cash inflow from operating activities	**5,401,177**	1,614,920

24 Events occurring after the reporting period

No matter or circumstance has arisen since 30 June 2015, 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 2015.

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 29 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  (i) complying with Accounting Standards - Reduced Disclosure Requirements, and
  (ii) giving a true and fair view of the Company's financial position as at 30 June 2015 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 directors.

Robin Milner Kirk
Director

Edgar Boyne Alley
Director

Frankston
25 August 2015

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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 statement of financial position as at 30 June 2015, 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 *Australian Charities and Not-for-profits Commission Act (ACNC) 2012* 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. Those 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.

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 Australian Charities and Not-for-profits Commission Act (ACNC) 2012.

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

Auditor's opinion

In our opinion, the financial report of Baptist Village Baxter Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act (ACNC) 2012,* including:

(a) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and *Australian Charities and Not-for-profits Commission Act (ACNC) 2012*

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Baptist Village Baxter Limited (the company) for the year ended 30 June 2015 included on Baptist Village Baxter Limited's web site. The company's directors are responsible for the integrity of Baptist Village Baxter Limited's 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 and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration 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 and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

Daniel Rosenberg
Partner

Frankston
25 August 2015