The Buttery Limited

ABN 53 130 812 994

Financial Statements

For the Year Ended 30 June 2018

The Buttery Limited

ABN 53 130 812 994

Contents

For the Year Ended 30 June 2018

The Buttery Limited

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Directors' Report
30 June 2018

The Directors present their report on The Buttery Limited for the financial year ended 30 June 2018.

General information

Information on Directors

The names of each person who has been a Director during the year and to the date of this report are:

Dr Robert Weatherby	
Fr Matthew Smedley	
Joan Davies	Retired 16th October 2017
Tim Limbert	
Ian McKay	
John Mundy	Resigned 4th May 2018
Ian Murray	
Kara Susan Goodsell	
Andrew Alexander Lockhart	
Rosemary Warnock	
Jonathan Dunlop	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Objectives

The Buttery Limited is a not-for-profit, charitable rehab organisation located near Bangalow in Northern NSW, Australia. As a rehab, The Buttery Limited specialises in the treatment of alcohol and other drug misuse, problem gambling and mental health issues. It is guided by the philosophy - *Addiction is not a consequence of choice: rehabilitation is.*

The objective's of The Buttery Limited are:

- to pursue charitable purposes only and to apply its income in promoting those purposes;
- to promote and demonstrate that addiction is not a consequence of choice, but recovery is;
- to assist people to find their way out of active addition by discovering their own self worth, strengths and place in society;
- to foster community awareness, education and participation in the reduction of harm in society caused by addiction; and
- to promote purposes beneficial to the community through the provision of social and affordable social and associated services.

The Buttery Limited has developed various programs to assist in achieving the above objectives.

Principal activities

The principal activities of The Buttery Limited during the financial year were running residential and community programs helping people who have an addiction to drugs, alcohol or gambling.

No significant changes in the nature of the Company's activity occurred during the financial year.

The Buttery Limited

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Directors' Report
30 June 2018

General information

Performance measures

The Buttery Limited measures its fiduciary performance by reviewing income and expenditure statements and monitoring ongoing cash flow.

Members' guarantee

The Buttery Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to $10, subject to the provisions of the company's constitution.

At 30 June 2018 the collective liability of members was $ 120 (2017: $ 120).

Information on Directors

Dr Robert Weatherby	
Qualifications	Professor
Experience	The Buttery Limited Board Member 10 years
Special Responsibilities	Chairperson
Fr Matthew Smedley	
Qualifications	Rector Anglican Parish of Bangalow
Experience	The Buttery Limited Board Member 5 years
Special Responsibilities	Deputy Chairperson
Tim Limbert	
Qualifications	Accountant
Experience	The Buttery Limited Board Member 10 years
Special Responsibilities	Treasurer
Ian McKay	
Qualifications	Solicitor
Experience	The Buttery Limited Board Member 4 years
Ian Murray	
Qualifications	Retired Mental Health Worker
Experience	The Buttery Limited 6 Years
Kara Susan Goodsell	
Qualifications	Lawyer
Experience	The Buttery Limited Board Member 3 years
Andrew Alexander Lockhart	
Qualifications	Banker
Experience	The Buttery Limited Board Member 3 years

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Directors' Report

30 June 2018

Information on directors

Andrew Alexander Lockhart	
Qualifications	Banker
Experience	The Buttery Limited Board Member 3 years
Rosemary Warnock	
Qualifications	Business Consultant
Experience	The Buttery Limited Board Member 3 years
Jonathan Dunlop	
Qualifications	Business Consultant
Experience	The Buttery Limited Board Member 2 years

Meetings of directors

During the financial year, 14 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Dr Robert Weatherby	14	12
Fr Matthew Smedley	14	11
Joan Davies	3	-
Tim Limbert	14	12
Ian McKay	14	13
John Mundy	12	6
Ian Murray	14	12
Kara Susan Goodsell	14	11
Andrew Alexander Lockhart	14	13
Rosemary Warnock	14	11
Jonathan Dunlop	14	13

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 4 of the financial report.

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

Director: .... Andrew Alexander Lockhart

Director: .... Tim Limbert

Dated 19 October 2018

REGISTERED COMPANY AUDITORS
TW Graham BBus, CA, FFin
GJ Smith BBus, LLB, CA, Dip. FP
SI Trustum BBus, CA, Dip. FP
TL Kirkland BBus, CA

SMSF AUDITORS
GJ Smith BBus, LLB, CA, Dip. FP
SI Trustum BBus, CA, Dip. FP
T Bazzana BBus, CA, Dip.FP, AFP®

19 October 2018

The Board of Directors
The Buttery Limited
PO Box 42
BANGALOW NSW 2479

AUDITOR'S INDEPENDENCE DECLARATION

This declaration is made in connection with our audit of the financial report of The Buttery Limited for the year ended 30 June 2018 and in accordance with the provisions of the Australian Charities and Not-for-profits Commission Act 2012.

We declare that, to the best of our knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to this audit; and

- No contraventions of any applicable Code of Professional Conduct in relation to this audit.

Yours faithfully,

wca audit & assurance services pty ltd
Authorised Audit Company

T. Kirkland

Tania L Kirkland
Director

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The Buttery Limited

ABN 53 130 812 994

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
Revenue and other income	4	**4,660,468**	3,990,102
Gain on sale of asset		**-**	9,890
Depreciation and amortisation expense		**(80,413)**	(99,388)
Employee benefits expense		**(3,687,248)**	(3,022,661)
Finance costs		**(6,800)**	(5,719)
Other operating expenses	5	**(1,070,661)**	(873,281)
Rental expense		**(232,498)**	(117,394)
Profit before income tax		**(417,153)**	(118,450)
Income tax expense		**-**	-
Profit for the year		**(417,153)**	(118,450)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Revaluation changes for property, plant and equipment		**783,462**	-
Other comprehensive income for the year, net of tax		**783,462**	-
Total comprehensive income for the year		**366,309**	(118,450)

The accompanying notes form part of these financial statements.

The Buttery Limited

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Statement of Financial Position

As At 30 June 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**3,018,967**	2,937,515
Trade and other receivables	7	**451**	11,900
Other assets	9	**59,095**	14,456
TOTAL CURRENT ASSETS		**3,078,513**	2,963,871
NON-CURRENT ASSETS			
Property, plant and equipment	8	**2,201,516**	1,412,583
TOTAL NON-CURRENT ASSETS		**2,201,516**	1,412,583
TOTAL ASSETS		**5,280,029**	4,376,454
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**245,760**	223,085
Employee benefits	12	**452,679**	379,240
Other liabilities	11	**570,232**	142,316
TOTAL CURRENT LIABILITIES		**1,268,671**	744,641
NON-CURRENT LIABILITIES			
Employee benefits	12	**62,631**	49,395
TOTAL NON-CURRENT LIABILITIES		**62,631**	49,395
TOTAL LIABILITIES		**1,331,302**	794,036
NET ASSETS		**3,948,727**	3,582,418
EQUITY			
Reserves		**818,953**	35,491
Retained earnings		**3,129,774**	3,546,927
		3,948,727	3,582,418
TOTAL EQUITY		**3,948,727**	3,582,418

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity
For the Year Ended 30 June 2018

2018

	Retained Earnings	Asset Revaluation Surplus	Total
	$	$	$
Balance at July 1, 2017	**3,546,927**	**35,491**	**3,582,418**
Profit/(loss) for the year	**(417,153)**	**-**	**(417,153)**
Revaluation increment (decrement)	**-**	**783,462**	**783,462**
Balance at 30 June 2018	**3,129,774**	**818,953**	**3,948,727**

2017

	Retained Earnings	Asset Revaluation Surplus	Total
	$	$	$
Balance at July 1, 2016	3,665,377	35,491	3,700,868
Profit/(loss) for the year	(118,450)	-	(118,450)
Revaluation increment (decrement)	-	-	-
Balance at 30 June 2017	3,546,927	35,491	3,582,418

The accompanying notes form part of these financial statements.

The Buttery Limited

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Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**5,427,424**	4,371,936
Payments to suppliers and employees		**(5,323,070)**	(4,212,064)
Interest received		**62,981**	46,004
Net cash provided by/(used in) operating activities	20	**167,335**	205,876
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**-**	12,728
Purchase of property, plant and equipment		**(85,883)**	(33,425)
Net cash provided by/(used in) investing activities		**(85,883)**	(20,697)
Net increase/(decrease) in cash and cash equivalents held		**81,452**	185,179
Cash and cash equivalents at beginning of year		**2,937,515**	2,752,336
Cash and cash equivalents at end of financial year	6	**3,018,967**	2,937,515

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2018

The financial report covers The Buttery Limited as an individual entity. The Buttery Limited is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of The Buttery Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 19 October 2018.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012.*

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997.*

(b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Interest revenue

Interest is recognised using the effective interest method.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment is measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

2 Summary of Significant Accounting Policies

(e) Property, plant and equipment

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	5% - 20%
Motor Vehicles	20% - 25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

2 Summary of Significant Accounting Policies

(f) Financial instruments

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

2 Summary of Significant Accounting Policies

(f) Financial instruments

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

2 Summary of Significant Accounting Policies

(j) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

(k) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2019	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.	The recognition requirements of AASB 15 are not expected to have any material impact to the timing and amount of revenue recorded in the Financial Statements.
AASB 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018	Introduces significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure: -the 12 month expected credit losses -the full lifetime expected credit losses	The classification and measurement requirements of financial instruments under AASB 9 are not expected to have a material impact on the reported financial position of the Company. The process for determining impairment on receivables is likely to change and impairment may be recognised on day one.

2 Summary of Significant Accounting Policies

(k) New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 Leases	Annual reporting periods beginning on or after 1 January 2019	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	Whilst the impact of AASB 16 has not yet been fully quantified, the Company currently has several operating leases which we anticipate will be brought onto the statement of financial position through the recognition of a right to use asset and associated lease liability. Interest and amortisation expense will increase and rental expense will decrease.

3 Critical Accounting Estimates and Judgments

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Notes to the Financial Statements

For the Year Ended 30 June 2018

4 Revenue and Other Income

	2018	2017
	$	$
Donations	416,329	445,627
Fees	887,888	558,943
Grant funding	3,192,259	2,858,692
Interest received	62,981	46,004
Other income	72,991	42,591
Rental income	28,020	38,245
Total revenue and other income	**4,660,468**	3,990,102

5 Other operating expenses

	2018	2017
	$	$
Advertising	84,458	42,740
Auditors' remuneration	20,430	21,545
Clinical consultants	40,805	36,792
Contractors	61,467	14,188
Food supplies	151,186	133,469
Gas & electricity	39,284	38,903
Insurance	101,023	100,557
Motor vehicle expenses	71,378	70,999
Other expenses	249,319	164,414
Printing and stationery	41,820	31,870
Repairs and maintenance	96,511	131,427
Telephone, computer & internet	112,980	86,377
Total other operating expenses	**1,070,661**	873,281

6 Cash and Cash Equivalents

	2018	2017
	$	$
Cash at bank and in hand	906,039	729,705
Short-term deposits	2,112,928	2,207,810
	3,018,967	2,937,515

7 Trade and Other Receivables

	2018	2017
	$	$
CURRENT		
Trade receivables	-	11,000
Other receivables	451	900
Total current trade and other receivables	**451**	11,900

Notes to the Financial Statements

For the Year Ended 30 June 2018

7 Trade and Other Receivables

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Property, plant and equipment

Land and buildings		
At independent valuation	**1,100,000**	300,000
At independent valuation	**1,000,000**	1,299,521
Accumulated depreciation	**(40,000)**	(282,984)
Total land and buildings	**2,060,000**	1,316,537
Furniture, fixtures and fittings		
At cost	**317,827**	295,502
Accumulated depreciation	**(257,313)**	(243,554)
Total furniture, fixtures and fittings	**60,514**	51,948
Motor vehicles		
At cost	**360,500**	360,500
Accumulated depreciation	**(360,164)**	(351,226)
Total motor vehicles	**336**	9,274
Computer equipment		
At cost	**200,490**	144,523
Accumulated depreciation	**(141,281)**	(129,704)
Total computer equipment	**59,209**	14,819
Leasehold Improvements		
At cost	**49,173**	41,583
Accumulated amortisation	**(27,717)**	(21,578)
Total leasehold improvements	**21,456**	20,005
Total property, plant and equipment	**2,201,516**	1,412,583

Notes to the Financial Statements

For the Year Ended 30 June 2018

8 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Leasehold Improvements	Total
	$	$	$	$	$	$
Year ended 30 June 2018						
Balance at the beginning of the year	**1,316,537**	**51,948**	**9,274**	**14,819**	**20,005**	**1,412,583**
Additions	**-**	**22,325**	**-**	**55,967**	**7,591**	**85,883**
Depreciation	**(40,000)**	**(13,759)**	**(8,938)**	**(11,578)**	**(6,138)**	**(80,413)**
Revaluation increase	**783,462**	**-**	**-**	**-**	**-**	**783,462**
Balance at the end of the year	**2,060,000**	**60,514**	**336**	**59,208**	**21,458**	**2,201,516**

	Land and buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Leasehold Improvements	Total
	$	$	$	$	$	$
Year ended 30 June 2017						
Balance at the beginning of the year	1,365,483	44,686	33,679	17,852	19,685	1,481,385
Additions	-	20,055	-	-	4,851	24,906
Disposals	-	-	(2,837)	(3,033)	(4,531)	(10,401)
Depreciation expense	(48,946)	(12,793)	(21,568)	-	-	(83,307)
Balance at the end of the year	1,316,537	51,948	9,274	14,819	20,005	1,412,583

(b) Asset revaluations

The freehold land and buildings were independently valued on 28 August 2017 by Taylor Byrne Pty Ltd. The valuation resulted in a revaluation increment of $783,462 being recognised in the revaluation surplus.

At 30 June 2018 the Directors reviewed the key assumptions made by the valuers at 28 August 2017. They have concluded that these assumptions remain materially unchanged, and are satisfied that the carrying amount does not exceed the recoverable amount of land and buildings at 30 June 2018.

Notes to the Financial Statements

For the Year Ended 30 June 2018

9 Other Assets

	2018 $	2017 $
CURRENT		
Prepayments	**59,095**	14,456

10 Trade and Other Payables

	2018 $	2017 $
Current		
Accrued expenses	**106,026**	121,629
GST payable	**62,289**	37,055
Other payables	**5,184**	8,617
PAYG payable	**37,532**	32,138
Superannuation payable	**27,491**	23,485
Trade payables	**7,239**	159
	245,761	223,083

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

11 Other Liabilities

	2018 $	2017 $
CURRENT		
Unexpended grants	**498,493**	123,930
Deferred income	**71,739**	18,386
Total	**570,232**	142,316

12 Employee Benefits

	2018 $	2017 $
Current liabilities		
Long service leave	**133,751**	96,730
Annual leave	**318,928**	282,510
	452,679	379,240

	2018 $	2017 $
Non-current liabilities		
Long service leave	**62,631**	49,395

13 Capital and Leasing Commitments

(a) Operating Leases

	2018	2017
	$	$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**171,694**	49,768
- between one year and five years	**86,667**	-
	258,361	49,768

Operating leases are in place for commercial and residential premises and normally have a term between 1 and 3 years. Lease payments are increased on an annual basis to reflect market rentals.

14 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables

14 Financial Risk Management

Objectives, policies and processes

The Directors have overall responsibility for the establishment of The Buttery Limited's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and The Buttery Limited's activities.

The day-to-day risk management is carried out by The Buttery Limited's finance function under policies and objectives which have been approved by the Directors. The Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies.

The Directors receive monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

The Company manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any financing facilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The Company's liabilities have contractual maturities which are summarised below:

	Not later than 1 month	
	2018	**2017**
	$	**$**
Trade payables	**245,761**	223,083

14 Financial Risk Management

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Directors receive monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Company's other customers.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Company is exposed to changes in market interest rates through its cash at bank, short term deposits and credit cards, which are subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2017: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

14 Financial Risk Management

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2018		2017	
	+1.00%	-1.00%	+1.00%	-1.00%
	$	$	$	$
Net results	**30,139**	**(30,139)**	29,284	(29,284)
Equity	**30,139**	**(30,139)**	29,284	(29,284)

15 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $ 10 each towards meeting any outstandings and obligations of the Company. At 30 June 2018 the number of members was 12 (2017: 12).

16 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of The Buttery Limited during the year are as follows:

	2018	2017
	$	$
Short-term employee benefits	**316,230**	230,056
Post-employment benefits	**22,440**	21,637
	338,670	251,693

17 Auditors' Remuneration

	2018	2017
	$	$
Remuneration of the auditor WCA Audit & Assurance Services Pty Ltd, for:		
- Auditors' remuneration	**20,430**	21,545

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (30 June 2017:None).

19 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 16.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

20 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2018 $	2017 $
Profit for the year	**(417,153)**	(118,450)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**80,413**	99,388
- net gain on disposal of property, plant and equipment	**-**	(9,890)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**11,449**	3,340
- (increase)/decrease in other assets	**(44,639)**	(2,504)
- increase/(decrease) in other liabilities	**427,916**	125,925
- increase/(decrease) in trade and other payables	**22,676**	56,978
- increase/(decrease) in employee benefits	**86,673**	51,089
Cashflows from operations	**167,335**	205,876

21 Events after the end of the Reporting Period

The financial report was authorised for issue on 19 October 2018 by the Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Notes to the Financial Statements
For the Year Ended 30 June 2018

22 Statutory Information

The registered office and principal place of business of the company is:

The Buttery Limited
346 Lismore Road
BINNA BURRA NSW 2479

23 Charitable fundraising activities

(a) Fundraising income and expenditure

	2018 $	2017 $
Gross proceeds from fundraising	**416,329**	340,860
Total costs of fundraising	**(157,237)**	(97,476)
Net surplus from fundraising	**259,092**	243,384

(b) Key fundraising ratios

	2018 $	2017 $
Total cost of fundraising (A)	157,327	97,476
Gross proceeds from fundraising (B)	416,329	340,860
(A) divided by (B)	37.8%	28.6%
Net surplus from fundraising (A)	259,092	243,384
Gross proceeds from fundraising (B)	416,329	340,860
(A) divided by (B)	62.2%	71.4%
Total cost of services provided (A)	157,327	97,476
Total expenditure (B)	5,077,621	4,118,442
(A) divided by (B)	3.0%	2.4%
Total cost of services provided (A)	157,327	97,476
Total income received (B)	4,660,468	3,999,992
(A) divided by (B)	3.4%	2.4%

The Buttery Limited

ABN 53 130 812 994

Directors' Declaration

The Directors declare that in the Directors' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and

- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012.*

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013.*

Director ....
Andrew Alexander Lockhart

Director ....
Tim Limbert

Dated 19 October 2018

Declaration by Directors under the Charitable Fundraising Act 1991

The Directors declare that in the Directors' opinion:

(a) The accounts of The Buttery Limited give a true and fair view of all income and expenditure with respect to fundraising appeals for the year ended 30 June 2018; and

(b) The statement of financial position of The Buttery Limited gives a true and fair view of the state of affairs of the company with respect to fundraising appeals, and

(c) The provisions of the Charitable Fundraising Act 1991, the regulations under that Act, and the conditions attached to the authority to fundraise have been complied with; and

(d) The internal controls exercised by the company are appropriate and effective in accounting for all income received.

Dated 19 October 2018

Director	Director ....
Andrew Alexander Lockhart	Tim Limbert

audit & assurance services

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

THE BUTTERY LIMITED

ABN 53 130 812 994

REGISTERED COMPANY AUDITORS

TW Graham BBus, CA, FFin

GJ Smith BBus, LLB, CA, Dip. FP

SI Trustum BBus, CA, Dip. FP

TL Kirkland BBus, CA

SMSF AUDITORS

GJ Smith BBus, LLB, CA, Dip. FP

SI Trustum BBus, CA, Dip. FP

T Bazzana BBus, CA, Dip.FP, AFP®

Opinion

We have audited the financial report of The Buttery Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of The Buttery Limited, is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Australian Charities and Not-for-profits Commission Act 2012, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors 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 and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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audit & assurance services

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

THE BUTTERY LIMITED

ABN 53 130 812 994

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

Report on Requirements of Charitable Fundraising Act

The requirements of the Charitable Fundraising Act and the regulations regarding the proper keeping of accounts and associated records and the accounting for an application of money received as a result of fundraising appeals conducted during the year have been complied with.

wca audit & assurance services pty ltd
Authorised Audit Company

T. Kirkland

Tania L Kirkland
Director

DATE: 19 October 2018

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