

# **The Buttery Limited**

ABN 53 130 812 994

## **Financial Statements**

For the Year Ended 30 June 2019

## **The Buttery Limited**

ABN 53 130 812 994

## **Directors' Report**

**30 June 2019**

The Directors present their report on The Buttery Limited for the financial year ended 30 June 2019.

### **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:

Andrew Alexander Lockhart

Fr Matthew Smedley

Tim Limbert

Ian McKay

Ian Murray

Kara Susan Goodsell

Rosemary Warnock

Jonathan Dunlop

Ray Houston

Appointed 11 October 2018

Dr Robert Weatherby

Resigned 22 October 2018

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 addiction 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 2019

### Information on Directors

Jonathan Dunlop

Qualifications

Business Consultant

Experience

The Buttery Limited Board Member 3 years

Ray Houston

Qualifications

Retired

Experience

The Buttery Limited Board Member 1 year

### Meetings of Directors

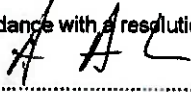
During the financial year, 11 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Andrew Alexander Lockhart	11	9
Fr Matthew Smedley	11	11
Tim Limbert	11	10
Ian McKay	11	10
Ian Murray	11	11
Kara Susan Goodsell	11	9
Rosemary Warnock	11	8
Jonathan Dunlop	11	10
Ray Houston	8	5
Dr Robert Weatherby	4	-

### Auditor's Independence declaration

The auditor's independence declaration for the year ended 30 June 2019 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:   
.....  
Jonathan Dunlop

Dated 28 October 2019

## The Buttery Limited

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### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
Revenue and other income	4 <b>6,647,751</b>	4,660,468
Depreciation and amortisation expense	<b>(97,814)</b>	(80,413)
Employee benefits expense	<b>(4,770,775)</b>	(3,687,248)
Other operating expenses	5 <b>(1,470,787)</b>	(1,077,461)
Rental expense	<b>(275,994)</b>	(232,498)
<b>Profit before income tax</b>	<b>32,382</b>	(417,153)
Income tax expense	-	-
<b>Profit for the year</b>	<b>32,382</b>	<b>(417,153)</b>
<b>Other comprehensive income, net of income tax</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Revaluation changes for property, plant and equipment	-	783,462
<b>Other comprehensive income for the year, net of tax</b>	-	<b>783,462</b>
<b>Total comprehensive income for the year</b>	<b>32,382</b>	<b>366,309</b>

The accompanying notes form part of these financial statements.

## The Buttery Limited

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### Statement of Changes in Equity For the Year Ended 30 June 2019

2019

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2018	3,129,774	818,953	3,948,727
Profit/(loss) for the year	32,382	-	32,382
<b>Balance at 30 June 2019</b>	<b>3,162,156</b>	<b>818,953</b>	<b>3,981,109</b>

2018

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 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
<b>Balance at 30 June 2018</b>	<b>3,129,774</b>	<b>818,953</b>	<b>3,948,727</b>

The accompanying notes form part of these financial statements.

## The Buttery Limited

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

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 28 October 2019.

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 Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 Company 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 Company 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.

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies

#### (e) Property, plant and equipment

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

<b>Fixed asset class</b>	<b>Depreciation rate</b>
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 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**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification*

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

#### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash

## The Buttery Limited

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

## 2 Summary of Significant Accounting Policies

### (f) Financial instruments

#### Financial assets

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

#### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

#### Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

### (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.



## The Buttery Limited

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

## 2 Summary of Significant Accounting Policies

### (k) New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018	<p>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.</p> <p>Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:</p> <ul style="list-style-type: none"><li>-the 12 month expected credit losses</li><li>-the full lifetime expected credit losses</li></ul> <p>The process for determining impairment on receivables is likely to change and impairment may be recognised on day one.</p>	<p>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.</p>
AASB 16 Leases	Annual reporting periods beginning on or after 1 January 2019	<p>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.</p> <p>The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments.</p> <p>A corresponding right to use asset will be recognised which will be amortised over the term of the lease.</p> <p>Rent expense for the leased assets will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.</p>	<p>Upon initial application of AASB 16 on 1 July 2019, the Company estimates that the modified retrospective approach will result in a right-of-use asset of \$308,688 and a lease liability of \$308,688 measured, at the present value of the remaining lease payments using each lessee's respective incremental borrowing rate. The Company also estimates that there will be an impact to retained earnings of \$nil.</p>

## 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.

## The Buttery Limited

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### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 6 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and in hand	773,401	906,039
Short-term deposits	2,125,994	2,112,928
	<u>2,899,395</u>	<u>3,018,967</u>

#### 7 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Grant funding receivable	261,104	-
Other receivables	1,537	451
<b>Total current trade and other receivables</b>	<u>262,641</u>	<u>451</u>

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		
Land at independent valuation	1,100,000	1,100,000
Buildings at independent valuation	1,000,000	1,000,000
Accumulated depreciation	(80,000)	(40,000)
<b>Total land and buildings</b>	<u>2,020,000</u>	<u>2,060,000</u>
Furniture, fixtures and fittings		
At cost	341,585	317,827
Accumulated depreciation	(272,729)	(257,313)
<b>Total furniture, fixtures and fittings</b>	<u>68,856</u>	<u>60,514</u>
Motor vehicles		
At cost	360,500	360,500
Accumulated depreciation	(360,418)	(360,164)
<b>Total motor vehicles</b>	<u>82</u>	<u>336</u>
Computer equipment		
At cost	282,522	200,490
Accumulated depreciation	(165,461)	(141,281)
<b>Total computer equipment</b>	<u>117,061</u>	<u>59,209</u>

## The Buttery Limited

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### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 8 Property, plant and equipment

##### (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 2019 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 2019.

#### 9 Other Assets

	2019	2018
	\$	\$
CURRENT		
Prepayments	76,785	59,095

#### 10 Trade and Other Payables

	2019	2018
	\$	\$
Current		
Accrued expenses	126,978	106,026
GST payable	52,415	62,289
Other payables	6,262	5,184
PAYG payable	47,408	37,532
Superannuation payable	34,765	27,491
Trade payables	56,943	7,239
	<u>324,768</u>	<u>245,761</u>

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

	2019	2018
	\$	\$
CURRENT		
Unexpended grants	438,319	498,493
Deferred income	39,200	71,739
Total	<u>477,519</u>	<u>570,232</u>

## The Buttery Limited

ABN 53 130 812 994

# Notes to the Financial Statements

## For the Year Ended 30 June 2019

### 14 Financial Risk Management

#### Financial instruments used

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

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

#### 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 Buttery Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 17 Auditors' Remuneration

	2019	2018
	\$	\$
Remuneration of the auditor WCA Audit & Assurance Services Pty Ltd, for:		
- Auditors' remuneration	20,745	20,430

### 18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018: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:

	2019	2018
	\$	\$
Profit/(loss) for the year	32,382	(417,153)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	97,814	80,413
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(262,190)	11,449
- (increase)/decrease in other assets	(17,689)	(44,639)
- increase/(decrease) in other liabilities	(92,716)	427,916
- increase/(decrease) in trade and other payables	79,010	22,676
- increase/(decrease) in employee benefits	163,221	86,673
Cashflows from operations	<u>(168)</u>	<u>167,335</u>

**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 .....



Jonathan Dunlop

Dated 28 October 2019

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
THE BUTTERY LIMITED  
ABN 53 130 812 994

Opinion

We have audited the financial report of The Buttery Limited (the Company), which comprises the statement of financial position as at 30 June 2019, 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 2019 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.

REGISTERED  
COMPANY  
AUDITORS

GJ Smith  
BBus, LLB, CA, DipFP  
SI Trustum  
BBus, CA, DipFP  
TL Kirkland  
BBus, CA

SMSF  
AUDITORS

GJ Smith  
BBus, LLB, CA, DipFP  
SI Trustum  
BBus, CA, DipFP  
T Bazzana  
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