

Devonfield Enterprises Inc.
Financial report

30 June 2017

Devonfield Enterprises Inc.

**Statement of financial position
30 June 2017**

| | Note | 2017 | 2016 |
|--------------------------------|-------------|------------------|------------------|
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 2 | 2,944,729 | 3,089,637 |
| Trade and other receivables | 3 | 574,039 | 611,846 |
| Inventories | 4 | 27,637 | 62,677 |
| Total current assets | | <u>3,546,404</u> | <u>3,764,160</u> |
| Non-current assets | | | |
| Financial assets | 5 | 231 | 231 |
| Property, plant and equipment | 6 | 3,318,691 | 3,486,293 |
| Total non-current assets | | <u>3,318,922</u> | <u>3,486,524</u> |
| Total assets | | <u>6,865,326</u> | <u>7,250,684</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 7 | 882,602 | 979,381 |
| Unexpended grants | 8 | 1,326,614 | - |
| Provisions | 9 | 836,848 | 790,765 |
| Total current liabilities | | <u>3,046,064</u> | <u>1,770,146</u> |
| Non-current liabilities | | | |
| Provisions | 9 | 220,469 | 83,549 |
| Total non-current assets | | <u>220,469</u> | <u>83,549</u> |
| Total liabilities | | <u>3,266,533</u> | <u>1,853,695</u> |
| Net assets | | <u>3,598,793</u> | <u>5,396,989</u> |
| Equity | | | |
| Retained earnings | | 2,840,097 | 4,638,293 |
| Reserves | 10 | 758,696 | 758,696 |
| Total equity | | <u>3,598,793</u> | <u>5,396,989</u> |

The accompanying notes form part of these financial statements.

Devonfield Enterprises Inc.
Statement of comprehensive income
Year ended 30 June 2017

| | 2017 | 2016 |
|-------------------------------------|------------------|----------------|
| | \$ | \$ |
| Operating income | | |
| Sales | 1,233,643 | 1,422,778 |
| Fees received | 2,422,144 | 2,908,343 |
| Operational subsidies and grants | 7,458,038 | 7,051,105 |
| Other income | 449,989 | 431,391 |
| Communication and computer expenses | (160,156) | (168,553) |
| Depreciation expense | (242,248) | (263,047) |
| Employment expenses | (9,596,813) | (8,865,971) |
| Insurance expenses | (105,376) | (112,913) |
| Materials and factory expenses | (737,329) | (889,712) |
| Occupancy expenses | (882,996) | (906,822) |
| Other expenses | (212,791) | (246,182) |
| Transport and vehicle expenses | (185,056) | (223,315) |
| | <u>(558,951)</u> | <u>137,102</u> |
| Non-operating income | | |
| Investment income | 73,432 | 78,897 |
| Bequests and donations | 13,937 | 92,864 |
| | <u>87,369</u> | <u>171,761</u> |
| Surplus for the year | <u>(471,582)</u> | <u>308,863</u> |

The accompanying notes form part of these financial statements.

Devonfield Enterprises Inc.

Statement of cashflows

Year ended 30 June 2017

| | Note | 2017 \$ | 2016 \$ |
|-----------------------------------------------------|-------|--------------|--------------|
| Cash flow from operating activities | | | |
| Receipts from customers | | 11,601,621 | 11,676,683 |
| Payments to suppliers and employees | | (11,715,212) | (10,943,691) |
| Net cash generated from operating activities | 15(b) | (113,591) | 731,385 |
| Cash flow from investing activities | | | |
| Interest received | | 36,407 | 50,241 |
| Proceeds from sale of property, plant and equipment | | 18,679 | 102,392 |
| Payment for property, plant and equipment | | (86,405) | (261,670) |
| Net cash used in investing activities | | (31,319) | (109,037) |
| Net (decrease) increase in cash held | | (144,910) | 622,348 |
| Cash at the beginning of the financial year | | 3,089,638 | 2,467,290 |
| Cash at the end of the financial year | 15(a) | 2,944,729 | 3,089,638 |

Devonfield Enterprises Inc.

Statement of changes in equity

Year ended 30 June 2017

| | Retained earnings | Asset revaluation reserve | Total |
|-----------------------------------|----------------------|------------------------------|-------------|
| | \$ | \$ | \$ |
| Balance as at 30 June 2015 | 4,329,430 | 758,696 | 5,088,126 |
| Profit for the year | 308,863 | | 308,863 |
| Balance as at 30 June 2016 | 4,638,293 | 758,696 | 5,396,989 |
| Unexpended grants | (1,326,614) | | (1,326,614) |
| Profit (loss) for the year | (471,582) | | (471,582) |
| Balance as at 30 June 2017 | 2,840,097 | 758,696 | 3,598,793 |

The accompanying notes form part of these financial statements.

Devonfield Enterprises Inc.

Notes to the financial statements

Year ended 30 June 2017

Note 1: Statement of significant accounting policies

In the Board's opinion, the Association is not a reporting entity since there are unlikely to exist users of the financial report who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies

a. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Grant revenue is recognised in the income statement when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the balance sheet as a liability until such conditions are met or services provided.

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the balance sheet.

Interest revenue from investments is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

b. Inventories

Inventories are measured at the lower of cost and current replacement cost.

c. Property, plant and equipment

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

Property

Freehold land and buildings are shown at their cost, less subsequent depreciation for buildings.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Devonfield Enterprises Inc.

Notes to the financial statements

Year ended 30 June 2017

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of fixed asset: | Depreciation rate: |
|--------------------------------------------------------|--------------------|
| Buildings, depending on age of building, straight line | 2.5% to 10% |
| Plant and equipment, diminishing value | 12.5% to 20% |
| Computer equipment, diminishing value | 40% to 60% |
| Motor vehicles, diminishing value | 20% to 30% |

The assets' residual values and useful lives are reviewed, and adjustment where appropriate made charged to depreciation.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d. **Impairment of assets**

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where the future economic benefits of the asset are not primarily dependent upon on the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

e. **Employee benefits**

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Other employee benefits payable later than one year have been measured at the net present value.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

f. **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Devonfield Enterprises Inc.

Notes to the financial statements

Year ended 30 June 2017

g. **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

h. **Unexpended grants**

The entity receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the entity to treat grants monies as unexpended grants in the balance sheet where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

i. **Contributions**

The company receives non-reciprocal contributions from the government and other parties for no or a nominal value. These contributions are recognised as income in the period in which they are intended to be acquitted.

j. **Income tax**

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

k. **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

l. **Comparative figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

m. **Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates — Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

n. **Economic dependence**

Devonfield Enterprises Inc is dependent on the Department of Health and Human Services, Department of Social Services and the National Disability Insurance Scheme for the majority of its revenue used to operate the business. At the date of this report the board of management has no reason to believe the departments will not continue to support Devonfield Enterprises Inc..

Devonfield Enterprises Inc.**Notes to the financial statements
Year ended 30 June 2017**

| | 2017 | 2016 |
|----------------------------------------------|------------------|------------------|
| | \$ | \$ |
| Note 2: Cash and cash equivalents | | |
| Cash at bank | 1,613,810 | 1,263,266 |
| Short term deposits | 1,319,619 | 1,815,571 |
| Cash on hand | 11,300 | 10,800 |
| | <u>2,944,729</u> | <u>3,089,637</u> |
| Note 3: Trade and other receivables | | |
| Trade receivables | 617,782 | 472,727 |
| Provision for impairment of receivables | (43,743) | (460) |
| | <u>574,039</u> | <u>472,267</u> |
| Other receivables | - | 139,579 |
| | <u>574,039</u> | <u>611,846</u> |
| Note 4: Inventories | | |
| Raw materials & stores | 21,392 | 54,029 |
| Finished goods | 6,245 | 8,649 |
| | <u>27,637</u> | <u>62,678</u> |
| Note 5: Financial assets | | |
| Term deposits | | |
| Shares in listed corporations, at cost | 231 | 231 |
| | <u>231</u> | <u>231</u> |
| Note 6: Property, plant and equipment | | |
| Land and buildings | | |
| Freehold land at cost | 823,483 | 823,483 |
| | <u>823,483</u> | <u>823,483</u> |
| Buildings at cost | 3,940,893 | 3,930,827 |
| Accumulated depreciation | (2,137,224) | (2,067,345) |
| | <u>1,803,669</u> | <u>1,863,482</u> |
| Plant and equipment | | |
| Plant and equipment at cost | 1,857,412 | 1,836,707 |
| Accumulated depreciation | (1,165,873) | (1,037,379) |
| | <u>691,539</u> | <u>799,328</u> |
| Total property, plant and equipment | <u>3,318,691</u> | <u>3,486,293</u> |

Devonfield Enterprises Inc.

Notes to the financial statements
Year ended 30 June 2017

Movements in carrying amounts

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 | Buildings | Plant and equipment | Total |
|--------------------------------------|----------------|------------------|------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at the beginning of the year | 823,483 | 1,935,432 | 822,945 | 3,581,860 |
| Additions at cost | | | 261,670 | 261,670 |
| Disposals | | | (119,181) | (119,181) |
| Depreciation expense | | (71,948) | (166,108) | (238,056) |
| Carrying amount at 30 June 2016 | <u>823,483</u> | <u>1,863,484</u> | <u>799,326</u> | <u>3,486,293</u> |
| Balance at the beginning of the year | 823,483 | 1,863,484 | 799,326 | 3,486,293 |
| Additions at cost | | 10,065 | 76,340 | 86,405 |
| Disposals | | | (17,934) | (17,934) |
| Depreciation expense | | (69,880) | (166,193) | (236,073) |
| Carrying amount at 30 June 2017 | <u>823,483</u> | <u>1,803,669</u> | <u>691,539</u> | <u>3,318,691</u> |

| | 2017 | 2016 |
|-----------------------------------------|----------------|----------------|
| | \$ | \$ |
| Note 7: Trade and other payables | | |
| Trade payables | 126,051 | 235,590 |
| Other current payables | 38,718 | 49,288 |
| Client funds | 73,645 | 157,466 |
| GST payable and PAYG Withholding tax | 263,612 | 243,841 |
| Employee benefits | 380,576 | 293,196 |
| | <u>882,602</u> | <u>979,381</u> |

Note 8: Unexpended grants

| | | |
|-------------------|------------------|----------|
| Unexpended grants | 1,326,614 | - |
| | <u>1,326,614</u> | <u>-</u> |

The is the maximum amount payable to the Department of Health and Human Services for unexpended grant funding under the contract which commenced in the 2014 financial year and ended on 30 June 2016.

Note 9: Provisions

Current

| | | |
|------------------------------|----------------|----------------|
| Provision for employee leave | 836,848 | 790,765 |
| | <u>836,848</u> | <u>790,765</u> |

Non current

| | | |
|------------------------------|----------------|---------------|
| Provision for employee leave | 220,469 | 83,549 |
| | <u>220,469</u> | <u>83,549</u> |

| | | |
|------------------|------------------|----------------|
| Total provisions | <u>1,057,317</u> | <u>874,314</u> |
|------------------|------------------|----------------|

Devonfield Enterprises Inc.

Notes to the financial statements

Year ended 30 June 2017

Note 10: Reserves

| | | |
|---------------------------|---------|---------|
| Asset revaluation reserve | 758,696 | 758,696 |
|---------------------------|---------|---------|

This reserve records the revaluation of property, plant and equipment which occurred prior to the change in accounting standards.

Note 11: Capital and leasing commitments

The entity does not have any non-cancellable operating leases at balance date.

The entity has no capital commitments as at year end balance date.

Note 12: Contingent liabilities and assets

There are no events that have occurred after balance date which will influence the nature of future operations or affect the interpretation of the information in these financial statements

Note 13: Events after the balance date

There are no events that have occurred after balance date which will influence the nature of future operations or affect the interpretation of the information in these financial statements.

Note 14: Related party transactions

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

Note 15: Cash flow information

a. Reconciliation of cash

The following elements have been included in cash and cash equivalents for the purpose of the statement of cash flows.

| | 2017 | 2016 |
|---------------------|------------------|------------------|
| Cash at bank | 1,613,810 | 1,263,266 |
| Short term deposits | 1,319,619 | 1,815,571 |
| Cash on hand | 11,300 | 10,800 |
| | <u>2,944,729</u> | <u>3,089,637</u> |

Devonfield Enterprises Inc.

**Notes to the financial statements
Year ended 30 June 2017**

b. Reconciliation of cashflow from

| | | |
|--------------------------------------------------|------------------|----------------|
| Surplus from ordinary activities | (471,582) | 308,863 |
| Non cash flow items: | | |
| Depreciation and amortisation | 236,073 | 238,056 |
| Loss/(profit) on realisation of assets | (747) | 16,790 |
| Charges to provisions | 226,286 | 92,871 |
| Interest received | (36,407) | (50,241) |
| Changes in assets and liabilities: | | |
| Decrease/(increase) in trade & other receivables | (5,476) | (136,934) |
| Decrease/(increase) in inventories | 35,042 | (17,122) |
| Increase/(decrease) in trade and other payables | (96,779) | 279,102 |
| Cash flows provided by operating activities | <u>(113,591)</u> | <u>731,385</u> |

Note 16: Entity details

The registered office and principal place of business of the entity is:
133 Middle Road
Devonport Tasmania


Devonfield Enterprises Inc.

Responsible persons' declaration

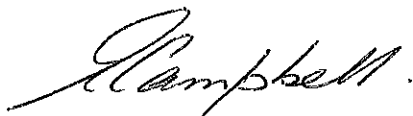
The responsible persons declare that in the responsible persons' opinion:

- 1 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
- 2 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-profits Commission Regulation 2013*.

Dated this  day of September 2017

E Campbell
Chairman



J Blyth
Treasurer





willing
associates

chartered
accountant

DC Willing FCA
M Peebles CPA
S Lucas BCom

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Independent Auditor's Report To the members of Devonfield Enterprises Inc.

Report on the financial report

We have audited the accompanying financial report being a special purpose financial report of Devonfield Enterprises Inc, which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by members of the Board.

Board's responsibility for the financial report

The Board of the entity is responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members.

The Board's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 about 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 judgment, 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the

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 Board, 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 APES 110 Code of Ethics for Professional Accountants.

Auditor's opinion

In our opinion:

- 1 the financial report presents fairly in accordance with the accounting policies described in Note 1 to the financial statements, the financial position of Devonfield Enterprises Inc. at 30 June 2017, and of its performance for the year then ended;
- 2 we obtained the information we required for the audit and Devonfield Enterprises Inc. kept proper accounting records and other books during the year ended 30 June 2017; and
- 3 the rules relating to the administration of the funds of Devonfield Enterprises Inc. have been observed.

Don Willing & Associates Pty Ltd
Chartered Accountant



DC Willing
Director
Devonport, 25 September 2017