

**ASSOCIATION OF DRUG REFERRAL CENTRES LTD**

**FINANCIAL STATEMENTS**

**30 JUNE 2016**



**LBW & PARTNERS**

Chartered Accountants & Business Advisers

PO Box 276 Chatswood 2057

Telephone (02) 9411 4866 Fax (02) 9412 1143

Email [mail@lbw.com.au](mailto:mail@lbw.com.au)

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

## Contents

For the Year Ended 30 June 2016

	Page
<b>Financial Statements</b>	
Directors' Report	1
Auditor's Independence Declaration	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	22
Independent Audit Report	23
Additional Information	25

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

## Directors' Report

For the Year Ended 30 June 2016

The directors present their report on The Association of Drug Referral Centres Ltd (the Company) for the financial year ended 30 June 2016.

### 1. 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:

#### **Russell Wolfe**

Qualifications Masters of Management - Community Management  
Special responsibilities Chairperson

#### **Merrianne Sinclair**

Qualifications Bachelor of Social Work, Graduate Diploma in VET  
Special responsibilities Secretary

#### **Brian Phillips**

Resigned 25/11/2015  
Qualifications BSc  
Special responsibilities Treasurer

#### **Maria Page**

Resigned 25/11/2015  
Qualifications Psychologist/Gestalt Therapist  
Special responsibilities Board member

#### **Aileen Ogilvie**

Resigned 25/11/2015  
Qualifications Social Welfare Certificate  
Special responsibilities Board member

#### **Sarah Mercer**

Appointed 25/11/2015  
Qualifications BSc (Psychol) HONS MCLinPsych MAPS  
Special responsibilities Board member

#### **William Adames**

Appointed 24/02/2016  
Qualifications BSc (Hons) Environmental Engineering, Diploma of Government Management  
Special responsibilities Board member

#### **Paul Hogan**

Appointed 24/02/2016  
Qualifications BA Communication from the University of Technology, Sydney  
Special responsibilities Board member

#### **Nick Dillenbeck**

Appointed 28/06/2016  
Qualifications B. Commerce (Liberal Studies)  
Special responsibilities Board member

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

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

## Directors' Report

For the Year Ended 30 June 2016

### 1. General information continued

#### Principal activities

The principal activity of The Association of Drug Referral Centres Ltd during the financial year were alcohol and other drugs counselling.

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

#### The Company's objectives

The Company's goal is to empower young people, families and their community to minimise the harms associated with the problematic use of alcohol & other drugs.

The Company recognises that the problematic use of alcohol & other drugs occurs within a complex social and family environment and seriously impacts the health, life and potential of young people, their families and the community. Evidence shows that working holistically with young people and their families, and a harm-minimisation approach, improves results.

The Company's purpose is to be a centre of excellence that provides a model of evidence-based, outcome focussed counselling and support services for young people aged 14 to 25 years with problematic use of alcohol and other drugs, and their families. This model focuses on keeping the young people with whom we work safe, out of hospital, out of the criminal justice system, contributing to their community and achieving their potential.

#### Members guarantee

The Association of Drug Referral Centres Ltd 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 members and any person or association who ceased to be a member in the year prior to the winding up is limited to \$ 1 for all members, subject to the provisions of the company's constitution.

At 30 June 2016 the collective liability of members was \$ 14 (2015: \$ 6).

#### Operating results

The surplus of the Company for the financial year amounted to \$ 8,487 (2015: \$ 59,499).

**The Association of Drug Referral Centres Ltd**

ABN 71 554 039 749

**Directors' Report  
For the Year Ended 30 June 2016**

**Meetings of directors**

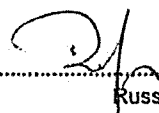
During the financial year, 6 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

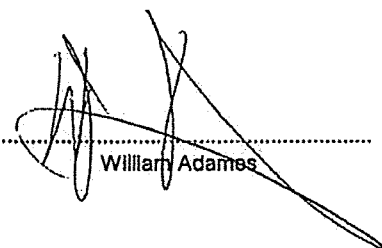
	Directors' Meetings	
	Number eligible to attend	Number attended
Russell Wolfe	6	6
Merrienne Sinclair	6	6
Brian Phillips	3	3
Maria Page	3	1
Aileen Ogilvie	3	2
Sarah Mercer	3	3
William Adames	3	3
Paul Hogan	3	2
Nick Dillenbeck	1	1

**Auditor's independence declaration**

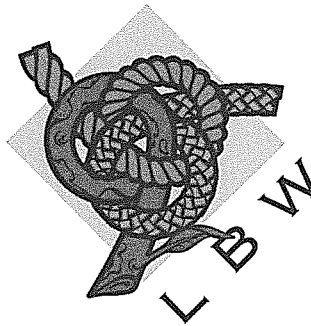
The auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* for the year ended 30 June 2016 can be found on page 4 of the financial report.

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

Director:  .....  
Russell Wolfe

Director:  .....  
William Adames

Dated this 4 day of October 2016



**LBW & PARTNERS**  
Chartered Accountants & Business Advisers  
ABN 80 618 803 443

Level 3, 845 Pacific Highway, Chatswood NSW 2067  
Postal Address PO Box 276 Chatswood 2057  
Telephone (02) 9411 4866 Fax (02) 9412 1143  
Email mail@lbw.com.au  
Web www.lbw.com.au

**PARTNERS**  
George P Rochios  
Mark W Willock  
Rupa Dharmasiri  
Alan M Perrott

## The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

### Auditor's Independence Declaration to the Directors of The Association of Drug Referral Centres Ltd

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as the auditor of The Association of Drug Referral Centres Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Rupaninga Dharmasiri

Partner

LBW & Partners

Chartered Accountants

Level 3, 845 Pacific Highway

CHATSWOOD NSW 2067

Dated 4<sup>th</sup> October 2016



Liability limited by a scheme approved  
under Professional Standards Legislation



ANALYSIS  
INTERPRETATION  
PLANNING

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

		2016	2015
	Note	\$	\$
Revenue	4	789,583	779,185
Employee benefits expense		(611,882)	(545,425)
Depreciation and amortisation expense		(28,566)	(4,550)
Advertising		(14,376)	(23,120)
Audit fees		(9,536)	(13,043)
Brokerage fees		(14,000)	(9,000)
Consultants/contractors		(17,308)	(6,522)
Events costs		(5,255)	(28,901)
Insurance		(6,670)	(10,003)
Motor vehicle expenses		(6,670)	(7,695)
Office supplies/equipment		(2,433)	(8,007)
Printing and stationery		(6,751)	(5,760)
Repairs & maintenance		(9,988)	(14,621)
Subscriptions		(7,478)	(7,302)
Supervision/mentoring		(10,318)	(8,597)
Telephone & IT expenses		(9,981)	(10,451)
Other expenses		(19,884)	(16,689)
<b>Surplus before income tax</b>		<b>8,487</b>	<b>59,499</b>
Income tax expense	2(b)	-	-
<b>Surplus for the year</b>		<b>8,487</b>	<b>59,499</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Gains on revaluation of land and buildings	8	-	800,000
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>800,000</b>
<b>Total comprehensive income for the year</b>		<b>8,487</b>	<b>859,499</b>

The accompanying notes form part of these financial statements.

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

## Statement of Financial Position

As At 30 June 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	84,055	122,683
Trade and other receivables	6	-	3,950
Financial assets	7	247,264	200,390
Prepayments		2,777	3,485
<b>TOTAL CURRENT ASSETS</b>		<b>334,096</b>	<b>330,508</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	2,495,466	2,511,891
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,495,466</b>	<b>2,511,891</b>
<b>TOTAL ASSETS</b>		<b>2,829,562</b>	<b>2,842,399</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	34,450	23,402
Provisions	11	25,448	46,236
Deferred income	10	5,523	35,838
<b>TOTAL CURRENT LIABILITIES</b>		<b>65,421</b>	<b>105,476</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	11	18,731	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>18,731</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>84,152</b>	<b>105,476</b>
<b>NET ASSETS</b>		<b>2,745,410</b>	<b>2,736,923</b>
<b>EQUITY</b>			
Reserves	12	2,426,431	2,426,431
Retained earnings		318,979	310,492
<b>TOTAL EQUITY</b>		<b>2,745,410</b>	<b>2,736,923</b>

The accompanying notes form part of these financial statements.

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

## Statement of Changes in Equity

For the Year Ended 30 June 2016

2016

	Retained Earnings	Asset Revaluation Surplus	Capital Profits Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2015	310,492	2,397,379	29,052	2,736,923
Surplus for the year	8,487	-	-	8,487
Balance at 30 June 2016	318,979	2,397,379	29,052	2,745,410

2015

	Retained Earnings	Asset Revaluation Surplus	Capital Profits Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2014	250,993	1,597,379	29,052	1,877,424
Surplus for the year	59,499	-	-	59,499
Other comprehensive income for the year:				
- Gains on revaluation of land and buildings	-	800,000	-	800,000
Balance at 30 June 2015	310,492	2,397,379	29,052	2,736,923

The accompanying notes form part of these financial statements.

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

## Statement of Cash Flows For the Year Ended 30 June 2016

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	827,707	872,259
Payments to suppliers and employees	(817,173)	(810,835)
Interest received	9,853	9,895
Net cash provided by operating activities	16 <u>20,387</u>	<u>71,319</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(12,141)	(3,423)
Additions to held to maturity investments	(46,874)	(54,388)
Net cash used in investing activities	<u>(59,015)</u>	<u>(57,811)</u>
Net increase/(decrease) in cash and cash equivalents held	(38,628)	13,508
Cash and cash equivalents at beginning of year	122,683	109,175
Cash and cash equivalents at end of financial year	5 <u><u>84,055</u></u>	<u><u>122,683</u></u>

The accompanying notes form part of these financial statements.

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

## Notes to the Financial Statements

For the Year Ended 30 June 2016

The financial report covers The Association of Drug Referral Centres Ltd (the Company), trading as Manly Drug Education and Counselling Centre, as an individual entity. The Company is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia. The Company is registered with Australian Charities and Not-for-profits Commission as a charity.

The financial statements were authorised for issue on 4th October 2016 by the directors of the Company.

### 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 Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

### 2 Summary of significant accounting policies

#### (a) Comparative figures

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

#### (b) Income tax

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

#### (c) Revenue and other income

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and 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.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 2 Summary of significant accounting policies continued

#### (c) Revenue and other income continued

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).

#### (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.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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) 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### (f) Fair value of assets and liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 2 Summary of significant accounting policies continued

#### (g) 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.

##### Freehold property

Freehold land and buildings are shown at their fair value based on periodic, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

##### Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

##### Depreciation

The depreciable amount of all fixed assets, 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.

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Furniture and Fittings	33%
Office Equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 2 Summary of significant accounting policies continued

#### (h) Financial instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

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).

##### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

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.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

##### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

##### (ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

##### (iii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 2 Summary of significant accounting policies continued

#### (h) Financial instruments continued

##### Impairment

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. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

##### Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### (i) Impairment of assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

#### (j) Employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 2 Summary of significant accounting policies continued

#### (j) Employee benefits continued

##### Other long-term employee benefits

The Company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

#### (k) Economic dependence

The Association of Drug Referral Centres Ltd is dependent on the Commonwealth and NSW Department of Health for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the Commonwealth and NSW Department of Health will not continue to support The Association of Drug Referral Centres Ltd.

#### (l) New accounting standards for application in future periods

Accounting Standards issued by AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

**AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).**

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as nonmonetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standards is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods and services. To achieve this objective, AASB 15 provides the following five-step process:

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 2 Summary of significant accounting policies continued

#### (l) New accounting standards for application in future periods continued

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

#### **AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)**

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

### 3 Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial statements 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 company.

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 3 Critical accounting estimates and judgments continued

#### Key estimates

##### *Valuation of freehold land and buildings*

The freehold land and buildings were independently valued at 29 June 2015 by Australian Valuation Group Pty Ltd. The valuation was based on the fair value less cost of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of \$800,000 being recognised for the year ended 30 June 2015.

At 30 June 2016, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in 2015 and do not believe there has been a significant change in the assumptions at 30 June 2016. The directors therefore believe the carrying amount of the land correctly reflects the fair value less cost of disposal at 30 June 2016.

### 4 Revenue and other income

	2016	2015
	\$	\$
- Grants - NSW Health Department	379,800	370,500
- Grants - Department of Health and Ageing	355,543	325,048
- Grants - Other	18,604	24,087
- Donations	10,650	31,982
- Rental income	6,058	5,696
- Interest income	9,853	9,895
- Member subscriptions	200	90
- Workers compensation refund	-	7,325
- Other income	8,875	4,562
<b>Total Revenue</b>	<b>789,583</b>	<b>779,185</b>

### 5 Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank and in hand	84,055	122,683
	<b>84,055</b>	<b>122,683</b>

#### Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	84,055	122,683
<b>Balance as per statement of cash flows</b>	<b>84,055</b>	<b>122,683</b>

The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

Notes to the Financial Statements

For the Year Ended 30 June 2016

6 Trade and other receivables

	2016	2015
	\$	\$
CURRENT		
Trade receivables	-	3,950
<b>Total current trade and other receivables</b>	<b>-</b>	<b>3,950</b>

7 Financial assets

	2016	2015
	\$	\$
Held-to-maturity investments - Term deposit	247,264	200,390

8 Property, plant and equipment

	2016	2015
	\$	\$
LAND AND BUILDINGS		
Freehold land		
Freehold land at independent valuation	2,000,000	2,000,000
Total freehold land	2,000,000	2,000,000
Buildings		
Buildings at independent valuation	500,000	500,000
Accumulated depreciation	(12,500)	-
Total buildings	487,500	500,000
Total land and buildings	2,487,500	2,500,000
PLANT AND EQUIPMENT		
Furniture and fittings		
At cost	7,639	6,830
Accumulated depreciation	(6,263)	(4,776)
Total furniture and fittings	1,376	2,054
Office equipment		
At cost	29,608	18,276
Accumulated depreciation	(23,018)	(8,439)
Total office equipment	6,590	9,837
Total plant and equipment	7,966	11,891
<b>Total property, plant and equipment</b>	<b>2,495,466</b>	<b>2,511,891</b>

The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

Notes to the Financial Statements

For the Year Ended 30 June 2016

8 Property, plant and equipment continued

(a) 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:

	Freehold Land	Buildings	Furniture and Fittings	Office Equipment	Total
<b>2016</b>	\$	\$	\$	\$	\$
Balance at the beginning of year	2,000,000	500,000	2,054	9,837	2,511,891
Additions	-	-	809	11,332	12,141
Depreciation expense	-	(12,500)	(1,487)	(14,579)	(28,566)
<b>Balance at the end of the year</b>	<b>2,000,000</b>	<b>487,500</b>	<b>1,376</b>	<b>6,590</b>	<b>2,495,466</b>

(b) Asset revaluations

The freehold land and buildings were independently valued at 30 June 2015 by Australian Valuation Group Pty Ltd trading as Valuations NSW. The valuation resulted in a revaluation increment of \$800,000 being recognised in the revaluation surplus for the year ended 30 June 2015.

At 30 June 2016, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in 2015 and do not believe there has been a significant change in the assumptions at 30 June 2016. Refer to Note 17 for detailed disclosures regarding the fair value measurement of the Company's freehold land and buildings.

9 Trade and other payables

	2016	2015
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	887	2,723
GST payable	5,282	3,524
Sundry payables and accrued expenses	28,281	17,155
	<b>34,450</b>	<b>23,402</b>

10 Deferred income

	2016	2015
	\$	\$
Deferred grants	5,523	35,838

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 11 Provisions

	2016	2015
	\$	\$
Current liabilities		
Provision for annual leave	15,535	24,671
Provision for long service leave	9,913	21,565
	<u>25,448</u>	<u>46,236</u>
Non-current liabilities		
Provision for long service leave	18,731	-

### 12 Reserves

#### (a) Capital profits reserve

The capital profits reserve records funds set aside for future expansion of the Company.

#### (b) Asset revaluation reserve

The asset revaluation reserve records revaluation increments and decrements of land and buildings.

### 13 Financial risk management

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2016	2015
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	5 84,055	122,683
Held-to-maturity investments	7 247,264	200,390
Loans and receivables	6 -	3,950
<b>Total financial assets</b>	<u>331,319</u>	<u>327,023</u>
<b>Financial Liabilities</b>		
Trade and other payables	<u>34,450</u>	23,402
<b>Total financial liabilities</b>	<u>34,450</u>	<u>23,402</u>

### 14 Key management personnel disclosures

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company are considered key management personnel.

The total remuneration paid to key management personnel of the Company is \$ 123,682 (2015: \$ 125,423).

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 15 Auditors' remuneration

	2016	2015
	\$	\$
Remuneration of the auditor of the company for:		
<b>Auditing the financial statements</b>		
- Current year	6,000	3,500
- Prior years	3,536	6,123
- Other services	-	3,420
<b>Total</b>	<b>9,536</b>	<b>13,043</b>

### 16 Cash flow information

#### Reconciliation of result for the year to cash flows from operating activities

	2016	2015
	\$	\$
Surplus for the year	8,487	59,499
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in surplus:		
- depreciation	28,566	4,550
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	3,950	-
- (increase)/decrease in other assets	708	(3,869)
- increase/(decrease) in deferred income	(30,315)	6,344
- increase/(decrease) in trade and other payables	11,048	(1,318)
- increase/(decrease) in provisions	(2,057)	6,113
Cash flow from operations	<b>20,387</b>	<b>71,319</b>

### 17 Fair value measurement

The Company measures the following assets at fair value on a recurring basis after their initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

#### Recurring fair value measurements

##### *Property, plant and equipment*

	2016	2015
	\$	\$
Freehold land	2,000,000	2,000,000
Freehold buildings	487,500	500,000
	<b>2,487,500</b>	<b>2,500,000</b>

## The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

### Notes to the Financial Statements

For the Year Ended 30 June 2016

#### 17 Fair value measurement continued

The fair values of freehold land and buildings are based on a directors' valuation taking into account an external independent valuation performed in the previous year, which used comparable market data for similar properties.

#### 18 Members' guarantee

The Company is incorporated under the *Corporations Act 2001* 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 \$ 1 each towards meeting any outstandings and obligations of the Company. At 30 June 2016 the number of members was 14 (2015: 6).

#### 19 Company details

The registered office and principal place of business of the company is:  
The Association of Drug Referral Centres Ltd  
91 Pittwater Road  
MANLY NSW 2095

**The Association of Drug Referral Centres Ltd**

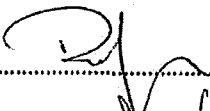
ABN 71 554 038 748

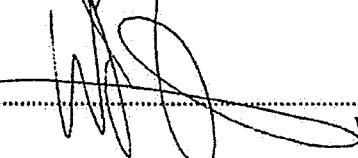
**Directors' Declaration**

The directors of The Association of Drug Referral Centres Ltd (the Company) declare that:

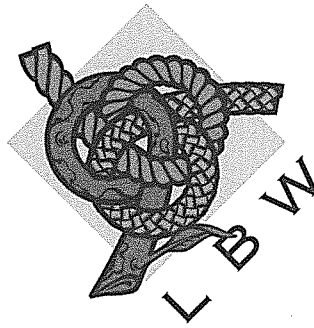
1. The financial statements and notes, as set out on pages 5 to 21, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Act 2012*; and
  - b. give a true and fair view of the financial position as at 30 June 2016 and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....  
  
Russell Wolfe

Director .....  
  
William Adames

Dated this 14 day of October, 2016



**LBW & PARTNERS**  
Chartered Accountants & Business Advisers  
ABN 80 618 803 443

Level 3, 845 Pacific Highway, Chatswood NSW 2067  
Postal Address PO Box 276 Chatswood 2057  
Telephone (02) 9411 4866 Fax (02) 9412 1143  
Email [mail@lbw.com.au](mailto:mail@lbw.com.au)  
Web [www.lbw.com.au](http://www.lbw.com.au)

**PARTNERS**  
George P Rochios  
Mark W Willock  
Rupa Dharmasiri  
Alan M Perrott

## The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

# Independent Audit Report to the Members of The Association of Drug Referral Centres Ltd

### *Report on the Financial Report*

We have audited the accompanying financial report of The Association of Drug Referral Centres Ltd, which comprises the statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### *Directors' Responsibility for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 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.

### *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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

### *Independence*

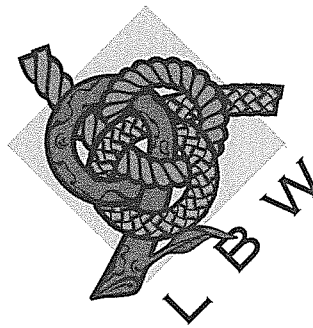
In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and any applicable code of professional conduct in relation to the audit.



Liability limited by a scheme approved under Professional Standards Legislation



ANALYSIS  
INTERPRETATION  
PLANNING



**LBW & PARTNERS**  
Chartered Accountants & Business Advisers  
ABN 80 618 803 443

Level 3, 845 Pacific Highway, Chatswood NSW 2067  
Postal Address PO Box 276 Chatswood 2057  
Telephone (02) 9411 4866 Fax (02) 9412 1143  
Email mail@lbw.com.au  
Web www.lbw.com.au

**PARTNERS**  
George P Rochios  
Mark W Willock  
Rupa Dharmasiri  
Alan M Perrott

## The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

# Independent Audit Report to the Members of The Association of Drug Referral Centres Ltd

### Opinion

In our opinion, the financial report of The Association of Drug Referral Centres Ltd 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 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

### Comparative figures

Comparative figures were audited by another firm of chartered accountants whose report dated 20th October 2015 expressed an unqualified audit opinion.

Rupaninga Dharmasiri

Partner

LBW & Partners  
Chartered Accountants  
Level 3, 845 Pacific Highway  
CHATSWOOD NSW 2067

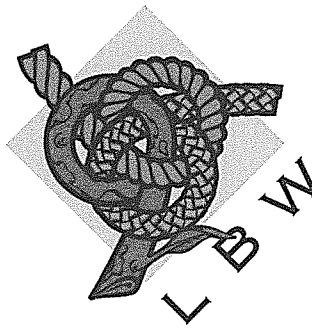
Dated this 7<sup>th</sup> day of October 2016



Liability limited by a scheme approved under Professional Standards Legislation



ANALYSIS  
INTERPRETATION  
PLANNING



**LBW & PARTNERS**  
Chartered Accountants & Business Advisers  
ABN 80 618 803 443

Level 3, 845 Pacific Highway, Chatswood NSW 2067  
Postal Address PO Box 276 Chatswood 2057  
Telephone (02) 9411 4866 Fax (02) 9412 1143  
Email mail@lbw.com.au  
Web www.lbw.com.au

**PARTNERS**  
George P Rochios  
Mark W Willock  
Rupa Dharmasiri  
Alan M Perrott

## The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

For the Year Ended 30 June 2016

### Disclaimer

The additional financial data presented on page 26 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 30 June 2016. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than The Association of Drug Referral Centres Ltd) in respect of such data, including any errors of omissions therein however caused.

Rupaninga Dharmasiri

Partner

LBW & Partners  
Chartered Accountants  
Level 3, 845 Pacific Highway  
CHATSWOOD NSW 2067

Dated this 7<sup>th</sup> day of October 2016



Liability limited by a scheme approved  
under Professional Standards Legislation



ANALYSIS  
INTERPRETATION  
PLANNING

# The Association of Drug Referral Centres Ltd

ABN 71 554 039 749

For the Year Ended 30 June 2016

## Detailed Profit and Loss Account

	2016	2015
	\$	\$
<b>Income</b>		
Interest income	9,853	9,895
Rental income	6,058	5,696
Member subscriptions	200	90
Grants - NSW Health Department	379,800	370,500
Grants - Department of Health and Ageing	355,543	325,048
Grants - Other	18,604	24,087
Donations	10,650	31,982
Workers compensation refund	-	7,325
Other revenue	8,875	4,562
<b>Total income</b>	<b>789,583</b>	<b>779,185</b>
<b>Less: Expenses</b>		
Accounting fees	5,942	2,130
Advertising	14,376	23,120
Audit fees	9,536	13,043
Bank charges	62	292
Brokerage fees	14,000	9,000
Cleaning	2,688	2,400
Consultants/contractors	17,308	6,522
Criminal record check	127	195
Depreciation	28,566	4,550
Education resources	1,265	1,268
Electricity and water	3,818	4,268
Equipment < \$1000	1,077	1,027
Events costs	5,255	28,901
Insurance	6,670	10,003
Leave pay	3,825	2,294
Motor vehicle expenses	6,670	7,695
Office supplies/equipment	2,433	8,007
Postage	-	138
Printing and stationery	6,751	5,760
Rates	799	693
Repairs & maintenance	9,988	14,621
Salaries	549,301	480,080
Staff amenities	2,508	2,192
Staff training	8,781	15,491
Subscriptions	7,478	7,302
Superannuation contributions	44,086	38,857
Supervision/mentoring	10,318	8,597
Telephone & IT expenses	9,981	10,451
Travel	1,598	2,086
Workers compensation insurance	5,889	8,703
<b>Total expenses</b>	<b>781,096</b>	<b>719,686</b>
<b>Surplus for the year</b>	<b>8,487</b>	<b>59,499</b>

This statement should be read in conjunction with attached disclaimer of LBW & Partners.