

ARID RECOVERY TRUST

ABN: 57 587 995 265

**SPECIAL PURPOSE
FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2014**

ARID RECOVERY TRUST
ABN: 57 587 995 265

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BOARD REPORT

The Board of Arid Recovery Limited as Trustee for Arid Recovery Trust, hereby states that during the period 1 July 2013 to 30 June 2014:

- a) (i) no officer;
(ii) no firm of which the officer is a member;
(iii) no body corporate in which an officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate.
- b) no officer has received directly or indirectly any payment or any benefit of a pecuniary value.

This report is made in accordance with a resolution of the Board and signed by two members of the Board.

On behalf of the Board



Mark Priadko
Director



Robert Hill
Director

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
INCOME			
OTHER INCOME			
Interest Received		11,008	14,184
Sponsorship Contributions		400,000	400,000
Grants		82,996	51,315
Fundraising Income		17,568	17,986
Education + Consulting		33,606	73,271
Other Income		41,834	27,522
Donation income		365,000	-
		952,012	584,278
 EXPENDITURE			
Administration Fees		82,551	83,323
Depreciation		36,974	18,484
Program Expenses		60,571	109,620
Vehicle Expenses		33,457	31,333
Wages & Salaries		479,221	468,527
		692,774	711,287
Net Profit/ (Loss)		259,238	(127,009)
Other Comprehensive Income		-	-
Total comprehensive income/(loss) for the period attributable to Trust		259,238	(127,009)

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		192,934	270,776
Accounts receivable and other debtors	2	15,972	3,596
Inventories	3	18,781	22,150
TOTAL CURRENT ASSETS		<u>227,687</u>	<u>296,522</u>
NON-CURRENT ASSETS			
Property, plant and equipment	4	409,107	51,542
TOTAL NON-CURRENT ASSETS		<u>409,107</u>	<u>51,542</u>
TOTAL ASSETS		<u>636,794</u>	<u>348,064</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables		28,112	15,641
NAB - Credit Card		2,952	2,989
Employee benefits	5	40,831	23,773
TOTAL CURRENT LIABILITIES		<u>71,895</u>	<u>42,403</u>
TOTAL LIABILITIES		<u>71,895</u>	<u>42,403</u>
NET ASSETS		<u>564,899</u>	<u>305,661</u>
MEMBERS' FUNDS			
Retained earnings		564,899	305,661
TOTAL MEMBERS' FUNDS		<u>564,899</u>	<u>305,661</u>

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STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Retained earnings \$	Total \$
Balance at 1 July 2012		432,670	432,670
Profit attributable to the Board		(127,009)	(127,009)
Total Comprehensive Income for the year		(127,009)	(127,009)
Balance at 30 June 2013		305,661	305,661
Profit/ (Loss) attributable to the Board		259,238	259,238
Total Comprehensive Income for the year		259,238	259,238
Balance at 30 June 2014		564,899	564,899

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 Statement of Significant Accounting Policies

Basis of preparation

This special purpose financial report has been prepared for distribution to the members of Arid Recovery Limited to fulfil the Trustee's financial reporting requirements under its Constitution. The accounting policies used in the preparation of this financial report, as described below, are consistent with the financial reporting requirements of the Constitution and with previous years, and are, in the opinion of the directors' of the Trustee, appropriate to meet the needs of members of Arid Recovery Limited:

- a) The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.
- b) The requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to Arid Recovery Trust because it is not a "reporting entity". The directors' of the Trustee have, however, prepared the financial report in accordance with all Accounting Standards and other mandatory financial reporting requirements in Australia with the following exceptions:
 - i. AASB 1 *First time adoption of Australian Accounting Standards*
 - ii. AASB 7 *Financial Instruments: Disclosures*
 - iii. AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
 - iv. AASB 106 *Property, Plant and Equipment*
 - v. AASB 124 *Related Party Disclosures*

The financial report is presented in Australian dollars.

New Accounting standards and interpretations

Certain new accounting standards have been issued during the 30 June 2014 reporting period that are not yet effective for the reporting period. The Trustee is of the opinion that these standards will not impact on the preparation of the special purpose financial report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in first-out basis.

Property, Plant and Equipment

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

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.

In the event the carrying value of plant and equipment is greater than the estimated recoverable amount, the carrying value is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation

The depreciation method and useful life used for items of property, plant and equipment (excluding freehold land) reflects the pattern in which their future economic benefits are expected to be consumed by the association. Depreciation commences 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 method and useful life of assets is reviewed annually to ensure they are still appropriate.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 association commits itself to either purchase or sell the asset (i.e. trade date accounting 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 expensed to profit or loss immediately.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are immediately recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Impairment of Assets

At the end of each reporting period, the association 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 recognised immediately in the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Employee Benefits

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

Provisions

Provisions are recognised when the association 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.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 borrowings in current liabilities on the statement of financial position.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

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

Grants and donation assistance received are considered to be a contribution i.e. the receiving of an asset without having to give equal value to the other party. Financial assistance in the form of grants provided by Government or other funding bodies is recognised in the year it was received. Donation revenue in the form of cash or assets is recognised in the year it was received when the amount of revenue can be reliably measured.

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

Accounts Payable and Other Payables

Accounts payable and other payables represent the liabilities at the end of the reporting period for goods and services received by the association that remain unpaid.

Accounts payable are recognised at their transaction price. Accounts payable are obligations on the basis of normal credit terms.

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 Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

		2014	2013
		\$	\$
2	Accounts Receivable and Other Debtors		
	Current		
	Trade Debtors	13,670	200
	Net GST Payable/ (Refundable)	<u>2,302</u>	<u>3,396</u>
		<u>15,972</u>	<u>3,596</u>
	The association does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.		
3	Inventories		
	Current		
	Stock on Hand - Merchandise	6,933	1,410
	Stock on Hand - Fencing	<u>11,848</u>	<u>20,740</u>
		<u>18,781</u>	<u>22,150</u>
4	Property, Plant and Equipment		
	Property	365,000	-
	Plant & Equipment	104,359	93,306
	Less: Accumulated Depreciation	<u>(60,252)</u>	<u>(41,764)</u>
		<u>409,107</u>	<u>51,542</u>
	Total Plant and Equipment	<u>409,107</u>	<u>51,542</u>
	Total Property, Plant and Equipment	<u>409,107</u>	<u>51,542</u>
5	Employee Benefits		
	Current		
	Employee related accruals	17,000	-
	Provision for TOIL	1,343	-
	Provision for Annual Leave	<u>22,488</u>	<u>23,773</u>
		<u>40,831</u>	<u>23,773</u>



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Independent auditor's report to the members of Arid Recovery Limited as Trustee of Arid Recovery Trust

We have audited the accompanying special purpose financial report of Arid Recovery Trust, which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in trust funds for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Statement by the Board.

Trustee's Responsibility for the Financial Report

The Trustee 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 Trustee and is appropriate to meet the needs of the Trustee. The Trustee is also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our 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, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

Basis for Qualified Opinion

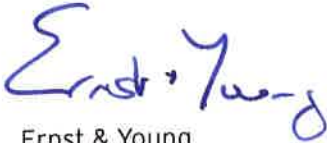
Fundraising is a significant income source of revenue for Arid Recovery Trust. The Trust has determined that is impracticable to establish control over the collection of various types of donations prior to entry in its financial records. Accordingly, as the evidence available to us regarding the revenue source was limited, our audit procedures with respect to donations had to be restricted to the amounts recorded in the financial records. We are therefore unable to express an opinion whether the donations obtained by the Trust are complete.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial report presents fairly, in all material respects, the financial position of Arid Recovery Trust as of 30 June 2014 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report is prepared to assist the Trustee to meet the requirements of under its Constitution. As a result the financial report may not be suitable for another purpose.



Ernst & Young
Adelaide
19 December 2014