The Kevin Heinze Garden Centre Incorporated
ABN 63 073 435 291

Financial report
For the year ended 30 June 2022

Kevin Heinze Garden Centre Incorporated
ABN 63 073 435 291

COMMITTEE MEMBERS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Your committee members present this report on The Kevin Heinze Garden Centre Incorporated for the financial year ended 30 June 2022. In order to comply with the provisions of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), the committee members report as follows:

Committee members

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

Karen Scobell - Chair
Robert Curtain - Secretary
David Parncutt - Treasurer
Gary Ayre
Madeline Greenfield
Bruce Entwistle
Michael Loh (resigned on 16 May 2022)

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

Principal Activities

The principal activities of the association during the financial year were deliver services to people with a disability and/or mental health condition.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The net current year surplus of the association for the financial year ended 30 June 2022 amounted to $186,416 (2021: $260,767).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 2 of the financial report.

Signed in accordance with a resolution of the members of the committee.

Karen Scobell
Chairperson

David Parncutt
Treasurer

Dated this 26th day of September 2022

ASPARQ

AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE COMMITTEE MEMBERS OF KEVIN HEINZE GARDEN CENTRE INC

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Committee Members of Kevin Heinze Garden Centre Inc.

As the lead audit partner for the audit of the financial report of Kevin Heinze Garden Centre Inc for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i. the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Asparq Audit & Assurance Pty Ltd

Asparq Audit & Assurance Pty Ltd
ACN 163 796 147

Scott Phillips
Director

Signed in Melbourne this 29th day of September 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Revenue	2	2,478,814	2,411,435
Expenditure			
Advertising and promotion expenses		8,154	2,908
Bank charges		2,364	2,425
Cost of sales		18,013	24,091
Depreciation and amortisation expenses	3a	11,789	12,778
Interest expense		402	4
Portable long service leave expense		20,818	36,234
Salaries and wages		1,890,110	1,639,298
Superannuation expenses		185,995	159,924
Utilities expenses		17,058	15,390
Other administration expenses		157,695	257,616
Total Expenditures		2,312,398	2,150,668
Net Surplus	3	166,416	260,767
Other comprehensive income		-	-
Net Surplus attributable to members of the Association		166,416	260,767

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	716,338	647,992
Trade and other receivables	5	168,388	119,944
Inventory	6	74,810	73,723
TOTAL CURRENT ASSETS		959,536	841,659
NON-CURRENT ASSETS			
Plant and equipment	7	71,241	69,542
Right-of-use assets	8	24,611	-
TOTAL NON-CURRENT ASSETS		95,852	69,542
TOTAL ASSETS		1,055,388	911,201
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	91,016	119,024
Provisions	10	105,966	107,756
Borrowings	11	10,247	10,247
Lease liabilities		8,326	-
TOTAL CURRENT LIABILITIES		215,555	237,027
NON-CURRENT LIABILITIES			
Provisions	10	10,946	17,841
Borrowings	11	6,551	16,798
Lease liabilities		16,385	-
TOTAL NON-CURRENT LIABILITIES		33,882	34,639
TOTAL LIABILITIES		249,437	271,666
NET ASSETS		805,951	639,535
EQUITY			
Retained surplus		805,951	639,535
TOTAL EQUITY		805,951	639,535

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Retained Surplus $	Total $
Balance at 1 July 2020	378,768	378,768
Surplus for the year attributable to members	260,767	260,767
Balance at 30 June 2021	639,535	639,535
Surplus for the year attributable to members	166,416	166,416
Balance at 30 June 2022	805,951	805,951

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from government, sponsors, customers and donations		2,454,366	2,341,014
Payments to suppliers and employees		(2,363,260)	(2,026,673)
Interest received		1,277	1,874
Interest paid		(188)	-
Net cash provided by operating activities	12	92,195	316,215
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(12,040)	-
Net cash used in investing activities		(12,040)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(10,247)	(10,248)
Repayments of capital for right-of-use assets related lease liability		(1,562)	-
Net cash used in financing activities		(11,809)	(10,248)
Net increase in cash held		68,346	305,967
Cash at beginning of the financial year		647,992	342,025
Cash at end of the financial year	4	716,338	647,992

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover the association as an individual entity, incorporated and domiciled in Australia. The financial statements were authorised for issue on the same date as the Committee Member's Report signed by the committee members of the association.

Financial Reporting Framework
The committee members have prepared the financial statements on the basis that the association is a non-reporting the association because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. the association is a not-for-profit the association for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the committee members have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

Statement of Compliance
The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012*, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101: *Presentation of Financial Statements*, AASB 107: *Cash Flow Statements*, AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1031: *Materiality,* AASB 124*: Related Party Disclosures,* AASB 1048*: Interpretation of Standards,* and AASB 1054: *Australian Additional Disclosures*.

The association has concluded that the requirements set out in AASB 10 and AASB 128 are not applicable as the initial assessment on its interests in other entities indicated that it does not have any subsidiaries, associates or joint ventures. Hence, the financial statements comply with all the recognition and measurement requirements in Australian Accounting Standards.

Basis of Preparation
The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies
a. **Revenue**
Revenue recognition
Operating grants, donations and bequests
When the association received operating grant revenue, donations and bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations.

When both these conditions are satisfied, the association identifies each performance obligation relating to the revenue, recognises a contract liability for its obligations under the agreement and recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the association:

- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the association recognises income in profit or loss when or as it satisfies its obligations under the contract.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. **Revenue (Continued)**

Revenue recognition (continued)

Income from sale of goods

The association sells small goods to the general public. Revenue is recognised when control of the products has transferred to the customer. For such transactions, this is when the products are delivered to the customers. Volume discounts could be provided with the sale of these items, depending on the volume of aggregate sales made to eligible customers. Revenue from these sales is based on the price stipulated in the contract, net of the estimated volume discounts. The volume discounts are estimated using historical experience and applying the expected value method. Revenue is then only recognised to the extent that there is a high probability that a significant reversal of revenue will not occur. Where there is expected volume discounts payable to the customers for sales made until the end of the reporting period, a contract liability is recognised.

A receivable will be recognised when the goods are delivered. The association's right to consideration is deemed unconditional at this time as only the passage of time is required before payment of that consideration is due. There is no significant financing component because sales (which include those with volume discounts) are made within a credit term of 30 to 45 days.

Customers have a right to return products within a reasonable period. At the point of sale, a refund liability is recognised based on an estimate of the products expected to be returned, with a corresponding adjustment to revenue for these products.

Consistent with the recognition of the refund liability, the association further has a right to recover the product when customers exercise their right of return so consequently the company recognises a right to returned goods asset and a corresponding adjustment is made to cost of sales.

Historical experience of product returns is used to estimate of the number of returns on a portfolio level, using the expected value method. It is considered highly probable that significant reversal in the cumulative revenue will not occur given the consistency in the rate of return presented in the historical information.

Capital grants

When the association receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The association recognises income in profit or loss when or as the association satisfies its obligations under the terms of the grant.

Interest income

Interest income is recognised using the effective interest method.

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

b. **Plant and Equipment**

Leasehold improvements, office furniture and equipment are measured on the cost basis less depreciation and any impairment losses.

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

Depreciation

The depreciable amount of all fixed assets including capitalised lease asset is depreciated on a straight-line basis over the asset's useful life to the association 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. **Plant and Equipment (Continued)**

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	2 - 20%
Plant equipment and motor vehicles	20 – 25%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each 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 or losses are recognised in profit or loss in the period in which they arise.

c. **Leases**

At inception of a contract, the association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the association where the association is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the association uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the association anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

d. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the association 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 (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: *Revenue from Contracts with Customers*.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. **Financial Instruments (Continued)**
Classification and subsequent measurement
Financial liabilities
Financial liabilities are subsequently measured at:
- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:
- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk to other comprehensive income enlarges or creates an accounting mismatch, these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets
Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. **Financial Instruments (Continued)**

Classification and subsequent measurement (continued)

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The association initially designates a financial instrument as measured at fair value through profit or loss if:

– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
– it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial measurement of financial instruments at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

– the right to receive cash flows from the asset has expired or been transferred;
– all risk and rewards of ownership of the asset have been substantially transferred; and
– the association no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity that the association elected to classify as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. **Financial Instruments (Continued)**

Impairment

the association recognises a loss allowance for expected credit losses on:

– financial assets that are measured at amortised cost or fair value through other comprehensive income;
– contract assets (eg amount due from customers under contracts);

Loss allowance is not recognised for:

– financial assets measured at fair value through profit or loss; or
– equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The association uses the simplified approach to impairment, as applicable under AASB 9: *Financial Instruments*.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

– trade receivables; and
– lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the association recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

e. **Impairment of Assets**

At the end of each reporting period, the association reviews the carrying amounts 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 amount less costs of disposal and value in use, is compared 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.

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

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

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. **Employee Benefits**

Short-term employee benefits

Provision is made for the association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 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 association's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of accounts payable and other payables in the statement of financial position.

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

Other long-term employee benefits

the association 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 association'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 high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

the association's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the association 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.

g. **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.

h. **Trade and Other Receivables**

Accounts receivable and other debtors include amounts due from donors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

i. **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 (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 statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

j. **Income Tax**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. **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.

l. **Trade and Other Payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

m. **Comparative Figures**

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

Where the association retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements must be presented.

n. **Critical Accounting Estimates and Judgements**

The association 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 association.

Key estimates

The association assesses impairment at the end of each reporting period by evaluating conditions and events specific to the association that may be indicative of impairment triggers.

Key judgement

Performance obligations for revenue recognition

To identify a performance obligation for revenue recognition, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

o. **Economic Dependence**

The association is dependent on NDIS fundings and client fees for the majority of its revenue used to operate its functions. At the date of this report the committee members have no reason to believe NDIS funding will not continue to fund the association.

NOTE 2: REVENUE

	2022 $	2021 $
Continued operations		
– Fees & services	2,366,686	1,845,103
– Grants (local) operating	61,484	178,103
– Donations received	49,367	52,855
– Government COVID-19 grants	-	333,500
– Interest received	1,277	1,874
Total revenue	2,478,814	2,411,435

NOTE 3: SURPLUS FOR THE YEAR

a. **Expenses**

	2022 $	2021 $
Depreciation and amortisation:		
– Plant and equipment	10,341	12,778
– Right-of-use assets	1,448	-

b. **Significant Revenue and Expenses**

The disclosures made in Note 2 and Note 3(a) above reflect significant revenue and expense items that are relevant in explaining the financial performance for the respective financial years.

NOTE 4: CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Cash on hand	-	3,259
Cash at bank	214,187	152,859
Term deposits	502,151	491,874
Total cash and cash equivalents	716,338	647,992

NOTE 5: TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Trade receivables	143,115	119,944
Other receivables – portable long service leave	25,273	-
	168,388	119,944

NOTE 6: INVENTORY

	2022 $	2021 $
Plants held for sale - at cost	74,810	73,723

NOTE 7: PLANT AND EQUIPMENT

	2022 $	2021 $
Motor vehicles		
At cost	80,099	80,099
Less accumulated depreciation	(60,983)	(54,611)
	19,116	25,488
Leasehold improvements		
At cost	114,821	167,672
Less accumulated depreciation	(85,219)	(137,217)
	29,602	30,455
Office equipment		
At cost	66,124	54,084
Less accumulated depreciation	(43,601)	(40,485)
	22,523	13,599
Total plant and equipment	71,241	69,542

NOTE 7: PLANT AND EQUIPMENT (CONTINUED)
Movements in Carrying Amounts
Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Motor vehicles $	Leasehold improvements $	Office equipment $	Total $
Balance at the beginning of the year	25,488	30,455	13,599	69,542
Addition	-	-	12,040	12,040
Depreciation expense	(6,372)	(853)	(3,116)	(10,341)
Carrying amount at the end of the year	19,116	29,602	22,523	71,241

NOTE 8: RIGHT OF USE ASSETS
The association's lease portfolio includes a motor vehicle. The lease has an average of 3 years as their lease term.

Options to extend or terminate:
The option to extend or terminate are contained in the leases agreement. These clauses provide the association opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the association.

	2022 $	**2021** $
Amounts recognised in the statement of financial position		
Leased asset – motor vehicle	26,059	-
Accumulated depreciation	(1,448)	-
	24,611	-

NOTE 9: TRADE AND OTHER PAYABLES

Trade creditors	2,880	39,110
Superannuation payable	55,006	50,185
Amounts payable to Australian Taxation Office	24,296	23,039
Accrued wages	8,834	6,690
	91,016	119,024

NOTE 10: PROVISIONS

CURRENT		
Provision for annual leave	70,573	80,863
Provision for long service leave	10,120	26,893
Provision for portable long service leave	25,273	-
	105,966	107,756
NON-CURRENT		
Provision for long service leave	10,946	17,841

	Annual Leave $	Long Service Leave $	Portable Long Service Leave $	Total $
Analysis of total provisions				
Balance at the beginning of the year	80,863	44,734	-	125,597
Additional provisions raised during year	-	-	25,273	25,273
Amounts used	(10,290)	(23,668)	-	(33,958)
Carrying amount at the end of the year	70,573	21,066	25,273	116,912

NOTE 11: BORROWINGS

Equipment Loan		
Current	10,247	10,247
Non-current	6,551	16,798
	16,798	27,045

NOTE 12: CASH FLOW INFORMATION

	2022 $	2021 $
Reconciliation of cash flows from operating activities with net current year surplus		
Net current year surplus	166,416	260,767
Adjusted for:		
– Depreciation and amortisation	11,789	12,778
– Interest expense on lease	214	-
Movements in working capital:		
– (increase)/decrease in trade and other receivables	(48,444)	(68,547)
– (increase)/decrease in inventories	(1,087)	2,722
– increase/(decrease) in trade and other payables	(28,008)	53,517
– increase/(decrease) in provisions	(8,685)	54,978
	92,195	316,215

NOTE 13: AUDIT FEES

	2022 $	2021 $
– Audit of financial statements and other certificates	9,500	9,000

NOTE 14: RELATED PARTY TRANSACTIONS

a. **Key management personnel**
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including any committee members (whether executive or otherwise) of the association, is considered key management personnel.

b. **Other related parties**
Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their close family members.

c. **Key management personnel compensation:**

	2022 $	2021 $
employment benefits	-	-
	-	-

Other Related Parties:

	2022 $	2021 $
transactions with related parties	-	-
	-	-

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: SUBSEQUENT EVENTS
No other matters or circumstances have arisen between the end of the financial period, and the date of this report, which have directly, significantly affected or may significantly affect the operations of the association, the results of those operations or the state of affairs of the association in future financial years.

NOTE 16: THE ASSOCIATION DETAILS
The registered office and principal places of business of the association is:

39 Wetherby Road
Doncaster VIC 3108

Kevin Heinze Garden Centre Incorporated
ABN 63 073 435 291

COMMITTEE MEMBERS' DECLARATION

In accordance with a resolution of the committee members of The Kevin Heinze Garden Centre Incorporated, the committee declares that, in the committee members' opinion:

1. The financial statements and notes, as set out on pages 3 to 17, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012 (Vic)*; and:

   a. comply with Australian Accounting Standards applicable to the association; and

   b. give a true and fair view of the financial position of the association as at 30 June 2022 and of its performance for the year ended on that date.

2. There are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Karen Scobell
Chairperson

David Parncutt
Treasurer

Dated this 26th day of September 2022

ASPARQ

INDEPENDENT AUDITOR'S REPORT TO THE COMMITTEE MEMBERS OF KEVIN HEINZE GARDEN CENTRE INC

Opinion

We have audited the financial report of Kevin Heinze Garden Centre Inc (the "association"), which comprises the statement of financial position as at 30 June 2022, 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 to the financial statements, including a summary of significant accounting policies, and the committee members' declaration.

In our opinion, the accompanying financial report of Kevin Heinze Garden Centre Inc is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* ("ACNC Act"), including:

- giving a true and fair view of the association's financial position as at 30 June 2022 and of its performance for the year then ended; and
- complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the association in accordance with the ACNC Act, the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the association's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The committee members are responsible for the other information. The other information comprises the information included in the association 's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the committee member for the Financial Report

The committee members of the association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act and for such internal control as the committee members 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.

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

ASPARQ

INDEPENDENT AUDITOR'S REPORT TO THE COMMITTEE MEMBERS OF KEVIN HEINZE GARDEN CENTRE INC (CONT'D)

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities within the association to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion.

We communicate with the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Asparq Audit + Assurance Pty Ltd

Asparq Audit & Assurance Pty Ltd
ACN 163 796 147

Scott Phillips
Director

Signed in Melbourne this 29th day of September 2022