

Kinfolk Enterprise

ACN 142 499 741

Financial report

For the year ended 30 June 2013

Pitcher Partners

Level 19

15 William Street

Melbourne VIC 3000

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KINFOLK ENTERPRISE

ACN 142449741

DIRECTORS REPORT

The Directors present their report together with the financial statements of Kinfolk Enterprise (**the Company**) for the year ended 30 June 2013. The financial statements have been prepared in accordance with Australian Accounting Standards.

1. Directors

The names of the directors in office at any time during the year are:

Emily Rose Briffa (ceased 14 March 2013)

Rebecca Villanti (ceased 14 March 2013)

Paul McConville

Grant David Levy (appointed 23 October 2012)

Christopher John Miller (appointed 14 March 2013)

As from March 2013, the Company has 3 independent directors with appropriate skills and qualifications to assist the Company as follows:

Name	Qualifications	Skills/Experience
Paul McConville	Diploma in Culinary Skills and Diploma in Accounting for Managers	Hospitality
Grant David Levy	Bachelor of Law and Bachelor of Economics	Legal
Christopher John Miller	Bachelor of Commerce, Masters of Management and Diploma in Stockbroking	Finance

2. Directors' Meetings

Six Directors' Meeting were held during the year.

Directors	Directors' Meetings	
	Number eligible to attend	Number attended
Emily Rose Briffa	5	3
Rebecca Villanti	5	3
Paul Conville	6	6
Grant David Levy	6	6
Christopher John Miller	2	2

3. **Objectives**

The Company's objective is to develop and maintain a viable social enterprise, not reliant on donations, that directs all of its profits to nominated charities depending on customer nominations. The Company's business model is supported by volunteers and their experience, and personal growth stories are crucial to the Company's success. The volunteer program focuses on empowering and up-skilling volunteers to deliver a wholesome service whilst developing friendships and support groups. Core to the Company's business model is a focus on conscious consumption which looks at the impact our purchasing choices have in the greater scheme of things.

The Company's conscious approach means that we ask ourselves the questions of where our produce comes from? How good is it for us? What farming methods are used? Is it sustainable? And then try to ensure that we make our choices with this in mind.

These core objectives help to ensure that the Company implements a holistic approach in achieving the necessary commercial realities.

4. **Principal activities**

The principal activity of the Company throughout the year was the operation of the Kinfolk café. There was no significant change in the nature of the activities of the Company during the year.

5. **Performance measurement**

Measurement of overall Company performance involves much more than financial performance detailed in section 6 below. The Company's performance involves consideration of the impact on, and relationships developed with, our volunteers, customers, staff, suppliers and charities. Examples of this impact are recorded in the Company's magazine, Kinzine.

For example, the Company's volunteer program flourished, with more than 25 volunteers assisting in operating the café each week and more than 70 people participating in the program at any one point in time.

6. **Review and results of operations**

In its third full year of operation, the café operation produced turnover of \$696,962, and surplus funds of \$25,072 (prior to distribution to our nominated charities).

All surplus funds will be distributed to our nominated charities. In November 2012, and as amended in March 2013, the Company implemented a distribution policy to ensure it maintained adequate cash reserves and also gave certainty to the nominated charities on the timing of payments to them. In accordance with that policy, the surplus funds of \$25,072 will be distributed in 3 instalments to the nominated charities during the financial year end 30 June 2014.

7. **Dividends**

The Company's constitution does not permit dividends to be paid.

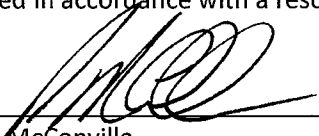
8. **Liability of members**

The liability of members is limited to contributing up to \$10.00 for payment of the company's debts and liabilities, and of the costs, charges and expenses of winding up and for adjustments of the rights of the contributions among themselves.

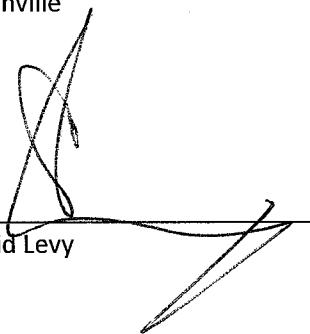
9. **Auditor's Independence Declaration**

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is attached to this report.


Signed in accordance with a resolution of the directors.



Paul McConville
Director



Grant David Levy
Director



Christopher John Miller
Director

Dated at this 29th day of November 2013

KINFOLK ENTERPRISE
ACN 142 499 741

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Revenue			
Sales revenue		696,962	573,661
Other revenue		<u>6,894</u>	<u>4,549</u>
	2	<u>703,856</u>	<u>578,210</u>
Less: expenses			
Cost of sales	3	(167,689)	(138,429)
Depreciation expense	3	(1,892)	(1,406)
Donations		(25,072)	(28,758)
Employee benefits expense	3	(367,725)	(313,622)
Occupancy expense		(90,041)	(86,266)
Finance costs	3	-	(1,576)
Other expenses		<u>(51,437)</u>	<u>(8,153)</u>
		<u>(703,856)</u>	<u>(578,210)</u>
Profit before income tax expense		-	-
Income tax expense		<u>-</u>	<u>-</u>
Net profit from continuing operations		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

KINFOLK ENTERPRISE
ACN 142 499 741

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	4	<u>81,281</u>	<u>36,740</u>
Total current assets		<u>81,281</u>	<u>36,740</u>
Non-current assets			
Receivables	5	10,527	12,841
Plant and equipment	6	<u>9,833</u>	<u>8,537</u>
Total non-current assets		<u>20,360</u>	<u>21,378</u>
Total assets		<u>101,641</u>	<u>58,118</u>
Current liabilities			
Payables	7	55,354	37,274
Provisions	8	<u>46,287</u>	<u>20,844</u>
Total current liabilities		<u>101,641</u>	<u>58,118</u>
Total liabilities		<u>101,641</u>	<u>58,118</u>
Net assets		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

KINFOLK ENTERPRISE
ACN 142 499 741

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013	2012
		\$	\$
Cash flow from operating activities			
Receipts from customers		776,714	622,988
Payments to suppliers and employees		(729,051)	(664,130)
Interest received		66	448
Interest expense		<u>-</u>	<u>(1,576)</u>
Net cash provided by / (used in) operating activities		<u>47,729</u>	<u>(42,270)</u>
Cash flow from investing activities			
Payment for plant and equipment		<u>(3,188)</u>	<u>(5,382)</u>
Net cash used in investing activities		<u>(3,188)</u>	<u>(5,382)</u>
Reconciliation of cash			
Cash at beginning of the financial year		36,740	84,392
Net increase / (decrease) in cash held		<u>44,541</u>	<u>(47,652)</u>
Cash at end of financial year		<u><u>81,281</u></u>	<u><u>36,740</u></u>

The accompanying notes form part of these financial statements.

KINFOLK ENTERPRISE
ACN 142 499 741

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a special purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report was approved by the directors as at the date of the director's report.

The financial report is for the entity Kinfolk Enterprise as an individual entity. Kinfolk Enterprise is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared in accordance with all applicable Accounting Standards, with the exception of:

AASB 7:	Financial Instruments: Disclosures
AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 117:	Leases
AASB 132:	Financial Instruments: Presentation

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

(c) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

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

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

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

KINFOLK ENTERPRISE
ACN 142 499 741

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(f) Plant and equipment

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

Plant and equipment

Plant and equipment is measured on a cost basis.

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

KINFOLK ENTERPRISE
ACN 142 499 741

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Plant and equipment (Continued)

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of fixed asset is not depreciated.

Class of fixed asset	Depreciation rates	Depreciation basis
Plant and equipment at cost	15 - 20%	Straight line / diminishing value
Kitchen equipment at cost	15 - 20%	Straight line / diminishing value

(g) Provisions

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

(h) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

KINFOLK ENTERPRISE
ACN 142 499 741

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(j) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

	2013	2012
	\$	\$
NOTE 2: REVENUE		
Sales revenue		
Sale of goods	610,356	551,589
Function revenue	<u>86,606</u>	<u>22,072</u>
	<u>696,962</u>	<u>573,661</u>
Other revenue		
Interest income	66	448
Donations	667	-
Other revenue	<u>6,161</u>	<u>4,101</u>
	<u>6,894</u>	<u>4,549</u>
	<u>703,856</u>	<u>578,210</u>

NOTE 3: OPERATING PROFIT

Profit before income tax has been determined after:

Cost of sales		
- Purchases	166,835	137,952
- Other cost of goods sold	<u>854</u>	<u>477</u>
	167,689	138,429
Finance costs	-	1,576
Depreciation	1,892	1,406
Bad debts	3,130	-

KINFOLK ENTERPRISE
ACN 142 499 741

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
NOTE 3: OPERATING PROFIT (CONTINUED)		
Employee benefits	367,725	313,622
 NOTE 4: CASH		
Cash on hand	1,671	-
Cash at bank	<u>79,610</u>	<u>36,740</u>
	<u>81,281</u>	<u>36,740</u>
 NOTE 5: RECEIVABLES		
NON CURRENT		
Trade debtors	<u>10,527</u>	<u>12,841</u>
 NOTE 6: PLANT AND EQUIPMENT		
Plant and equipment		
Plant and equipment at cost	5,800	5,800
Accumulated depreciation	<u>(2,881)</u>	<u>(2,151)</u>
	2,919	3,649
Kitchen equipment at cost	8,570	5,382
Accumulated depreciation	<u>(1,656)</u>	<u>(494)</u>
	<u>6,914</u>	<u>4,888</u>
Total plant and equipment	<u>9,833</u>	<u>8,537</u>
 (a) Reconciliations		
<i>Plant and equipment</i>		
Opening carrying amount	3,649	4,561
Depreciation expense	<u>(730)</u>	<u>(912)</u>
Closing carrying amount	<u>2,919</u>	<u>3,649</u>
 <i>Kitchen equipment</i>		
Opening carrying amount	4,888	-
Additions	3,188	5,382
Depreciation expense	<u>(1,162)</u>	<u>(494)</u>
Closing carrying amount	<u>6,914</u>	<u>4,888</u>

KINFOLK ENTERPRISE
ACN 142 499 741

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
NOTE 7: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	8,401	19,320
GST credits	12,962	8,382
Other current liabilities	<u>33,991</u>	<u>9,572</u>
	<u>55,354</u>	<u>37,274</u>

NOTE 8: PROVISIONS

CURRENT		
Annual leave	17,346	-
Provisions	<u>28,941</u>	<u>20,844</u>
	<u>46,287</u>	<u>20,844</u>

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2013 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2013, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2013, of the company.

NOTE 10: COMPANY DETAILS

The registered office of the company is:

Kinfolk Enterprise
673 Bourke Street
Melbourne VIC 3000

**KINFOLK ENTERPRISE
ACN 142 499 741**

DIRECTORS' DECLARATION

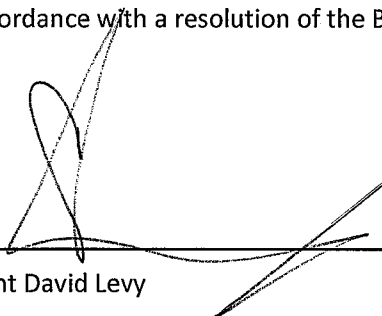
The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

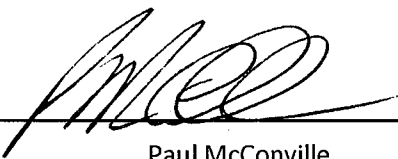
1. The financial statements and notes, as set out on pages 4 - 12 presents fairly the company's financial position as at 30 June 2013 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' 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: _____


Grant David Levy

Director: _____


Paul McConville

Dated this

29th day of

November

2013

**KINFOLK ENTERPRISE
ACN 142 499 741**

**REVIEW REPORT
TO THE MEMBERS OF KINFOLK ENTERPRISE**

We have reviewed the accompanying financial report of Kinfolk Enterprise, which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, 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 and the *Corporations Act 2001* and for such internal control as the directors determine is 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 a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2013 and its performance for the year ended on that date; and complying with the *Corporations Regulations 2001*. As the auditor of Kinfolk Enterprise, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**KINFOLK ENTERPRISE
ACN 142 499 741**

**REVIEW REPORT
TO THE MEMBERS OF KINFOLK ENTERPRISE**

Basis for Modification

Cash Sales

Sales of food and beverages are a significant source of revenue for the Kinfolk Enterprise. Kinfolk Enterprise do not have verifiable controls over the collection of all food and beverage cash sales prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our review procedures with respect to food and beverage sales had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether food and beverage sales of the Kinfolk Enterprise recorded are complete.

Comparatives

We were appointed as reviewers of Kinfolk Enterprise on 22 August 2013 and accordingly did not review the opening balances in the financial report.

Modified Conclusion

Based on our review, which is not an audit, nothing has come to our attention, except for the possible effects of the matters described in Basis for Modification paragraph, that causes us to believe that the financial report of Kinfolk Enterprise is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complying with the Corporations Regulations 2001.



M J HARRISON

Partner

~~3 December~~
November 2013



PITCHER PARTNERS

Melbourne

**KINFOLK ENTERPRISE
ACN 142 499 741**

**COMPILATION REPORT AND DISCLAIMER
TO KINFOLK ENTERPRISE**

We have compiled the accompanying additional financial data presented on pages 17 - 18 in accordance with the books and records of the company, which have been subjected to review procedures applied in our statutory review of the company for the year ended 30 June 2013.

Our statutory review 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 Kinfolk Enterprise) in respect of such data, including any errors or omissions therein however caused.

The responsibility of the directors

The directors of Kinfolk Enterprise are solely responsible for the additional financial data and have determined that it is appropriate to meet their needs.

Our responsibility

Our procedures use accounting expertise to collect, classify and summarise the financial information provided to us, to compile the additional financial data in accordance with APES 315 *Compilation of Financial Information*. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.


M J HARRISON

Partner


PITCHER PARTNERS

Melbourne

3 
November 2013

**KINFOLK ENTERPRISE
ACN 142 499 741**

**ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2013**

**PRIVATE INFORMATION FOR THE DIRECTORS
ON THE 2013 FINANCIAL STATEMENTS**

	2013	2012
	\$	\$
Income		
Sales income	696,962	573,661
Less cost of goods sold		
Purchases	166,835	137,952
Other cost of goods sold	<u>854</u>	<u>477</u>
Total cost of goods sold	<u>167,689</u>	<u>138,429</u>
Gross profit	<u>529,273</u>	<u>435,232</u>
Less expenses		
Accounting fees	16,698	200
Advertising	-	437
Bad debts	3,130	-
Bank charges	1,648	172
Cleaning	-	571
Leasehold improvements	-	1,355
Depreciation	1,892	1,406
Donations	25,072	28,758
Electricity	14,207	5,314
Insurance	6,301	3,037
Interest expense	-	1,576
Legal fees	-	42
Kitchen supplies	6,534	5,050
Newspapers	-	513
Office supplies	4,510	1,042
Function expenses	9,018	-
Rent	66,352	63,251
Repairs and maintenance	7,547	2,881
Salaries and wages	333,260	287,976
Hire of plant and equipment	1,725	273
Water	210	278
Subscriptions	1,793	2,511
Sundry expenses	1,690	-
Superannuation	28,251	25,646
Telephone	1,124	1,466
Travelling expenses	681	201

This statement should be read in conjunction with the attached disclaimer and compilation report.

KINFOLK ENTERPRISE
ACN 142 499 741

ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2013

PRIVATE INFORMATION FOR THE DIRECTORS
ON THE 2013 FINANCIAL STATEMENTS

	2013	2012
	\$	\$
Workcover	<u>4,524</u>	<u>5,825</u>
Total expenses	<u>536,167</u>	<u>439,781</u>
Net loss	<u>(6,894)</u>	<u>(4,549)</u>
Other operating income		
Interest income	66	448
Other revenue	6,161	4,101
Donations	<u>667</u>	<u>-</u>
Total other operating income	<u>6,894</u>	<u>4,549</u>
Operating profit from continuing activities before tax	-	-
Income tax expense	<u>-</u>	<u>-</u>
Operating profit from continuing activities after tax	<u>-</u>	<u>-</u>

This statement should be read in conjunction with the attached disclaimer and compilation report.