



Peppercorn Services Inc. Annual Report 2017



Acknowledgement of Country

Peppercorn Services Inc. acknowledges the Darug nation as the traditional owners and custodians of the land on which our organisation operates. We pay our respect to Elders past, present and emerging. We acknowledge the spiritual, physical, emotional, mental and economic connections of Aboriginal and Torres Strait Islander people to the Land and Seas. We acknowledge that the dispossession of Country and the disruption to family relationships have resulted in a breakdown of social networks. Peppercorn Services Inc. is committed to working in ways that support and empower Aboriginal people and their families and communities.

Peppercorn Services Inc.

ABN: 34 611 224 255

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320 George Street
WINDSOR NSW 2756

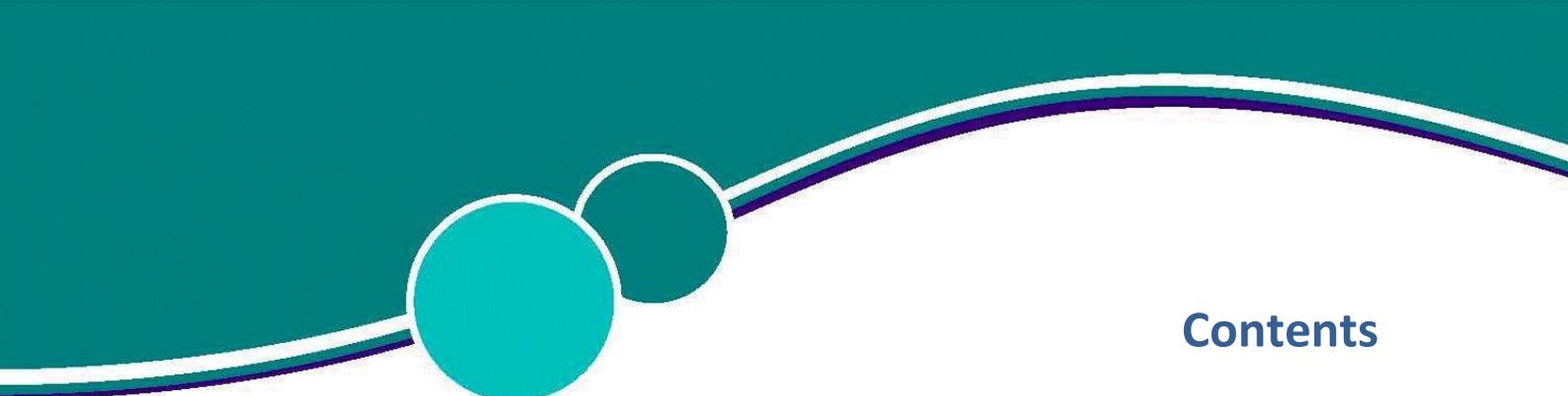
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Front Cover: Sunset over Yarramundi. Copyright © 2017 ifotozone.com



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Introduction

Founded in 2001 Peppercorn Services Inc. is a dynamic, multi-service organisation serving the Hawkesbury LGA and beyond. Peppercorn Services Inc. is registered as a Deductible Gift Recipient and Public Benevolent Institution with the Australian Charities and Not-for-profit Commission (ACNC).

Over 50 staff and volunteers deliver and provide community transport, early childhood education services, early intervention family support and parenting programs, community capacity building, and centre based meals, social support and yard maintenance for seniors.

Peppercorn Services Inc. has a strong community reputation and by partnering with other organisations to reach out to isolated communities, we contribute to the development of healthy, inclusive, sustainable and connected communities.

Our organisation is unique as we deliver community services on behalf of Hawkesbury City Council under a Memorandum of Terms of Delegation. Directly funded services extend our reach to communities across the broader Nepean and Blue Mountains region.

Governance is provided through a volunteer Board representing key stakeholders and all operational matters rest with the Executive Officer.

Grants are received from all three tiers of government, local, state and federal, with additional support received through corporate sponsorships, grants and donations.





Our Mission & Values

Peppercorn Services Inc. cares about people. We believe in working with individuals, groups and communities to enhance the wellbeing of all.

Our services and programs improve the lives of families and individuals by creating and supporting a sense of belonging within the local community.

We care for families and vulnerable children, people who are aged and those who experience disadvantage, vulnerability and isolation.

Our Mission

Connecting people to family and community.

Our Values

- **serve** the community
- **be responsive**, open and accountable in all our dealings with people
- **provide** innovation, flexibility and continued improvement in our organisation
- **improve** and inform our practice in response to identified need and evidence
- **seek** to create and strengthen relationships to work collaboratively
- **utilise** our network of services to maximise positive client outcomes
- **create** opportunities for cultural, social and economic participation

Our Strategic Intent

Supporting families and communities

- Understand and respond to community and customer needs.
- Deliver flexible and responsive community support services.

Working together

- Use our network of services to maximise positive customer outcomes.
- Create and strengthen collaborative partnerships.

Striving for excellence

- Invest in innovation and continuous improvement.
- Remain financially viable, with a strong financial base.

Leading by example

- Have a healthy and strong workplace culture and sound corporate governance.
- Be widely regarded as an effective advocate for the Hawkesbury.



Volunteers create a magical garden at South Windsor

Peppercorn Children & Family Services was joined by 35 employees of Corporate Bodies International to create a sensory garden with fairy gardens, edible and flowering plants, dinosaur gardens, children's equipment and a scarecrow family.



Chairperson's Report

The recent introduction of NDIS along with significant structural reforms within our funding agencies over the past 12 months has been challenging for Peppercorn Services – our clients, our dedicated staff, our management team and our Board. The associated changes and reductions in funding have required us to carefully review and change how we traditionally operate. Change is always a challenge and demands focused leadership, innovative thinking and collaborative communication from Boards.

The appointment of our Executive Officer (Andrew Tuck) last November, provided us with a proven, very capable and experienced leader in the Community Services sector to lead Peppercorn Services through the uncharted waters that lie ahead of us. We are delighted that you chose to join us Andrew.

I'm pleased to report that we are making good progress, but have a way to go before we can confidently claim that we are fit for purpose as a leading community service provider in the Hawkesbury LGA and in this new-age community services environment. I'm confident that we are well placed to run this challenge down over the next 6 months.

I thank our hardworking volunteers and staff for your passion, your dedication and for embracing the changes being put in place to ensure that Peppercorn Services remains relevant and responsive to its customers.

I thank Andrew and our Management Team for accepting the need to and for your persistence at preparing our organisation to adapt and to be fit to be successful at providing the services that our community and customers need and seek.

Finally, I thank our Board Members for giving their time to share their experience and for their individual contributions to our Board Meetings. We are making good progress at re-setting our strategic approach and I thank each of you for your considered input.

Sadly, we say farewell to our long serving and valued Board Member, Bronwyn Reed, representing Hawkesbury Community Health Service. Bronwyn is stepping down at our AGM and her insights and contributions will be missed by all at Peppercorn Services. Thank You Bronwyn.

I'm greatly looking forward to again being a part of Peppercorn Services over the next 12 months and to helping ensure that Peppercorn Services not only remains a trusted and

respected community service provider, but also becomes regarded as an innovative and responsive community service leader.

**Rob Ewin,
Chairperson**

Board at 30 June 2016

Rob Ewin (Chairperson)	Joseph Litwin (Treasurer)
Kerry Spindler (Vice Chairperson)	Meagan Ang (Secretary & Public Officer)
Kaylene Kelland	Councillor Emma-Jane Garrow
Bronwyn Reed	Debra Dixon

Board Member	Meetings Held	Meetings Attended	Permitted Absences
Rob Ewin (Chairperson)	8	6	2
Kerry Spindler (Vice Chair)	8	4	4
Joseph Litwin (Treasurer)	8	5	3
Meagan Ang (Secretary & Public Officer)	8	7	1
Clr Emma-Jane	6	2	4
Kaylene Kelland	8	7	1
Bronwyn Reed	8	7	1
Debra Dixon	8	6	2
Shirley McDonald	3	2	1
Clr Kim Ford	3	2	1



Executive Officer's Report

It is my pleasure to present my first Executive Officer's Report for Peppercorn Services in this Annual Report for 2017. I am deeply grateful to Sharon Fisher who held the reigns as Acting Executive Officer for the first few months of the year until I started in November 2016, and has continued to share her organisational knowledge and wisdom as I have come to grips with everything Peppercorn Services offers to the Hawkesbury community.

Reforms across government services have continued to roll out. The services we have traditionally provided to people with a disability are now mostly covered by the NDIS. This meant that Peppercorn Services lost approximately 10% of revenue as these contracts concluded on 30 June 2017.

Services to children and families are being reshaped through the Targeted Earlier Intervention Reform process, and services to older residents (over 65 years) are now managed through the My Aged Care portal and the revised Commonwealth Home Support Program. Nevertheless, we are pleased that contracts have been renewed for most services until 2020, providing reasonable funding certainty as we reshape our services and activities for a market-oriented, consumer demand-driven environment.

Peppercorn Services has delivered a sound financial performance for 2016-2017 with revenues of \$2,559,040 (up 2.9%) and an end-of-year surplus of \$43,940 (up 278%). Peppercorn Services is more than just money: it is the sum of countless conversations and a myriad of services successfully provided to approximately 10,000 people in communities across the Hawkesbury.

The following pages detail the breadth of what Peppercorn's staff have achieved this year. More than just being busy, staff and volunteers have made a tremendous impact in connecting people to family and community. Thank you for your commitment to service every day.

Thank you to the Board for their leadership and governance, especially to Chairperson Rob Ewin. Thank you to Hawkesbury City Council staff, officers and Councillors for their continued support and encouragement. Together we can make a positive difference every day to this beautiful community.

Andrew Tuck
Executive Officer

Peppercorn Community Transport

Peppercorn Community Transport provides transport to people across the Hawkesbury LGA who have no or limited access to private or Public Transport due to their location, when they need to travel, their financial resources, or their physical and cognitive capacities. We assist them to take part in activities that promote social inclusion and to obtain goods and services required for daily living such as groceries and clothing, medical appointments and other essential services.

Throughout 2016-2017 community transport was provided under four key funding programs: Commonwealth Home Support Program (CHSP) for people aged over 65; NSW Community Care Support Program (CCSP) for people with a disability under the age of 65; NSW Community Transport Program for other transport disadvantaged people not covered by CHSP or CCSP; and NSW Health supported transport to medical appointments, cancer care, and other hospital outpatient services.

Peppercorn Community Transport also received generous donations from the Hawkesbury Living Cancer Trust, the Hawkesbury Race Club and the Hawkesbury Turf Industry. This enabled the purchase and operation of a vehicle so that we could increase transport services for people attending cancer and other medical treatment (see picture below). Generous donations were also received from Specsavers Richmond and Officeworks Mulgrave.



Community Transport Services at a Glance

Peppercorn Community Transport

- ✓ Provided over 16,800 Trips
- ✓ Travelled more than 260,000 Kilometres
- ✓ In our fleet of 10 vehicles
- ✓ Supporting almost 1,000 clients
- ✓ Who come from 42 countries
- ✓ And speak 13 languages



Lawn and Garden Maintenance Services

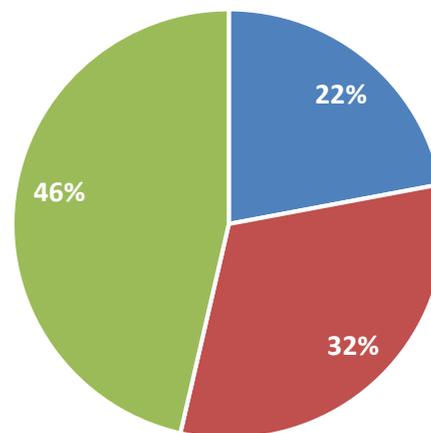
The **Peppercorn Lawn and Garden Maintenance Service** is funded by the Commonwealth Home Support Program (CHSP) and the NSW Community Care Support Program (CCSP) to provide entry-level support services to assist frail, older people and people with a disability aged under 65 to live independently at home and in the community.

Peppercorn's Lawn Maintenance Service focuses on maintenance of the yard or garden to improve safety, accessibility and independence within the home environment for the client, by minimising environmental health and safety hazards.

Services at a Glance

- ✓ **881 clients**
- ✓ **16,240 hours of service**
- ✓ **Across 3 LGAs**

Services by LGA



■ BlueMountains ■ Hawkesbury ■ Penrith



Seniors Meals & Social Support

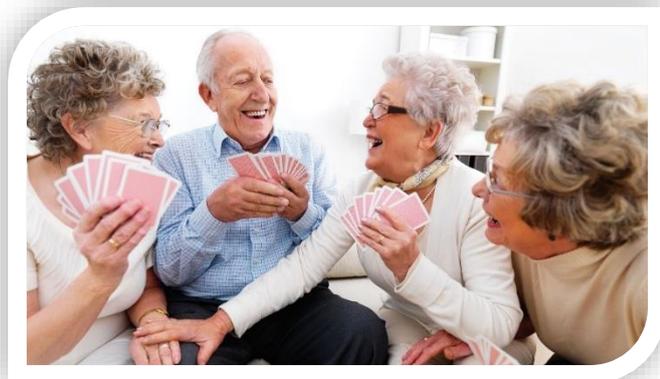
The **Peppercorn Services Multi-Service Outlet** is funded by the Commonwealth Home Support Program (CHSP) and the NSW Community Care Support Program (CCSP) to provide entry-level support services to assist frail, older people and people with a disability aged under 65 to live independently at home and in the community.

Providing meals to frail, older people at our centres and elsewhere assists in informal health monitoring of clients and supporting social participation. Meals have included two and three course lunches and dinners and complementary meal options such as snack packs.

Structured group-based activities are designed to develop, maintain and support social interaction and independent living. The social support groups can participate in tailored activities promoting physical activity, cognitive stimulation and emotional wellbeing, or excursions and day trips that encourage clients to interact and engage with their peers.

Services at a Glance

- ✓ **74 clients**
- ✓ **2,519 meals**
- ✓ **5,223 trips**
- ✓ **2,949 hours of social support**



The Hawkesbury Leisure and Learning Centre

The Hawkesbury Leisure and Learning Centre (HLLC) in Richmond facilitates service delivery for Peppercorn Services and connects individuals and groups into other community activities and resources. HLLC is directly supported and funded by Hawkesbury City Council. Over this year Macquarie Community College has become a cornerstone hirer at HLLC, running a variety of classes.

This year Peppercorn Services Inc has hosted 91 hirers and activities at HLLC including:

- Events such as the International Women's Day dinner, counselling, and courses such as aromatherapy and art therapy offered by The Women's Cottage
- Drug and Alcohol counselling offered by The Noffs Foundation
- Mental Health Forum and other consultations with Susan Templeman MP and local service providers
- Auslan training with The Deaf Society NSW
- Community consultation and education by the Australian Airforce and RAAF base
- Training days and Youthfest with Platform Youth Services
- Hawkesbury City Council community consultations.

Exciting courses for children and young people have been held such as:

- A week-long workshop on Drone certification
- Build-a-mind Lego workshops



The Forgotten Valley Preschools

The Forgotten Valley Mobile Preschool Resource Unit provides quality early childhood education and care for children 3-6 years of age and operates from South Maroota and Wisemans Ferry. As the only dedicated preschool in the area it is highly valued by the parents and grandparents of the children who attend. The Forgotten Valley Preschools are funded by the NSW Department of Education.

Children at South Maroota explored volcanoes and made a papier-mâché volcano using bi-carb soda, vinegar and food colouring and watched it explode. It was so exciting! Then afterwards the children watched real volcanos on the internet and some children reflected their learning in their drawings. Everyone was so involved in this learning experience, even the teachers!

Children have also had an opportunity to develop early woodworking skills, encouraging hand-eye coordination and fine motor skills. Children were given wood pieces, hammers, nails and bits and pieces such as bottle tops, paper circles, paddle pop sticks etc and created some amazing pieces for their parents.

The children at both preschools are very musical. They love to sing, dance, explore musical instruments and different movement types.

Services at a Glance

- ✓ **South Maroota supports
27 children**
- ✓ **Wisemans Ferry supports
21 children**



Children and Families South Windsor Family Centre

Peppercorn Services: Children and Families operates from South Windsor Family Centre providing soft-entry universal services for the wider community as well as targeted, intensive family support for vulnerable families and children. Vulnerable families may be experiencing:

- Lack of social or extended family supports;
- Parental difficulty in understanding and supporting children at key child development stages;
- Parental difficulty in managing children's behaviour or emotional issues;
- Financial difficulties or poverty that affects their ability to manage household budgets or apply for jobs;
- Illness including mental health issues such as mild depression, or sudden illness requiring social support;
- Cultural barriers such as new migrant families unable to access culturally appropriate supports and services;
- Homelessness including families needing referral for immediate housing and those with longer-term housing needs;
- Escape from violent relationships as women (and their children) seek assistance to access legal services, housing and other supports.

This year the Children and Families program delivered

- **supported playgroups** in South Windsor, Hobartville, South Maroota and Wisemans Ferry;
- **community capacity building** in South Windsor, Wisemans Ferry, St Albans and other rural and remote communities;
- **targeted, parenting skills development courses** including First Touch Infant Massage, Triple P, 1-2-3 Magic, Circle of Security, Healthy Living, Child Safety, Early Literacy and Numeracy, and Transition to School;
- **intensive child and family support** providing comprehensive information,



advice, support and guidance to families experiencing problems such as child's behaviour, family unemployment, financial difficulties, lack of day-to-day living skills;

- **community events** such as Craft in the Park and Family Fun Days.

Children and Families Services at a Glance

- ✓ **189 families brought children to 112 playgroup sessions**
- ✓ **3,220 families received information and advice**
- ✓ **1,310 families attended workshops and built their skills**
- ✓ **55 families received intensive family support**
- ✓ **380 people took part in 42 community consultations**
- ✓ **2,930 people (adults and children) came to 14 community events**

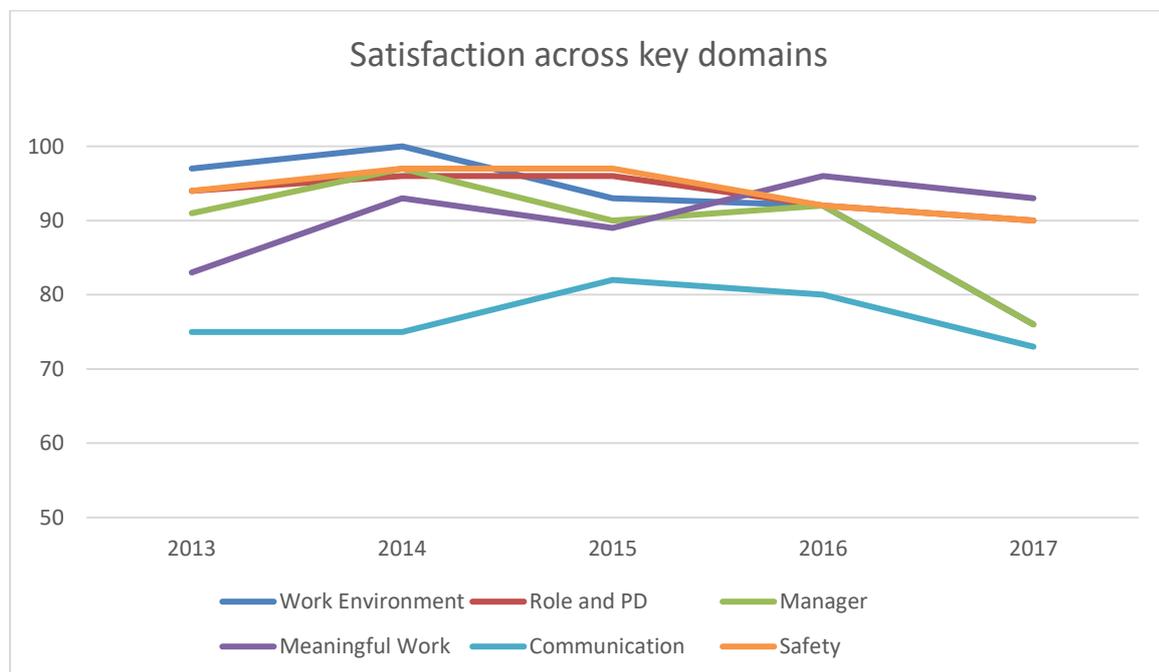


Our People

This year the strength, commitment and compassion of Peppercorn Services' staff have come to the fore as we work our way through Government reforms and organisational change. Thousands of people have connected with our services and have received the assistance and support they need to be active, engaged members of the Hawkesbury community.

So it is with deep appreciation that we say Thank You to each and every staff member including our volunteers.

The annual Team Member Satisfaction Survey was conducted and the result for key questions are shown below. The impact of the NDIS transition, continued uncertainty of funding and the pressure to redesign services to meet Sector Reform agendas, have all contributed to a reduction in employee satisfaction, particularly for Satisfaction with Manager and Satisfaction with Workplace Communication.



Our Funders

Funder		Service
NSW Family and Community Services	 Family & Community Services	Peppercorn Services: Children and Families
NSW Education & Communities	 Education & Communities	Forgotten Valley Mobile Preschools
NSW Family and Community Services	 Family & Community Services	Peppercorn Community Transport, Lawns and Gardens, Meals and Social Support – for people under 65 and/or with a disability
Commonwealth Department of Health	 Australian Government Department of Health	Peppercorn Community Transport, Lawns and Gardens, Meals and Social Support – for people over 65
NSW Health	 Health	Peppercorn Community Transport – health related transport
Transport for NSW	 Transport for NSW	Peppercorn Community Transport
Hawkesbury City Council	 Hawkesbury City Council	Peppercorn Place, HLLC, and other services

Funding for Peppercorn Services Inc. has been provided by the Australian Government, the NSW Government and Hawkesbury City Council. However, the material contained in this report does not necessarily represent the views or policies of the Australian or NSW Governments, or of Hawkesbury City Council.



Treasurer's Report

I am pleased to present the Audited Financial Statements for Peppercorn Services Inc. for the financial year 2016 - 2017.

Peppercorn's financial management systems operate in accordance with Australian Accounting Standards and meet the reporting requirements of our funding bodies. Our chart of accounts is based on the Australian Government Department of Finance National Standard Chart of Accounts for reporting by not-for-profit organisations and is compliant with the guidelines set down by the ACNC.

We undertake a strict financial auditing process utilising the expertise of HG Khouri & Associates, Certified Practising Accountants. The audit is conducted in accordance with Australian Auditing Standards, which require that the auditors comply with ethical requirements and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. The audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial report.

Procedures selected depend on the auditor's judgement and include the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. The audit also evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

Our audited financial reports are supplied to our funders and are lodged with the ACNC.

Joseph Litwin,
Treasurer



PEPPERCORN SERVICES INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2017

Peppercorn Services Inc.
ABN 34 611 224 255
Responsible Persons Declaration
for the Year Ended 30 June 2017

In the opinion of the responsible persons of the association:

1. The financial report presents a true and fair view of the financial position of Peppercorn Services Inc. as at 30 June 2017 and its performance for the year ended on that date;
2. At the date of this statement, there are reasonable grounds to believe that Peppercorn Services Inc. will be able to pay all of its debts as and when they become due and payable; and
3. The financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

This statement is made in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013 and is signed for and on behalf of the management committee by:



Joseph Litwin



Meagan Ang

Dated this 26..... day of OCTOBER 2017

Peppercorn Services Inc.
ABN 34 611 224 255
Statement of Comprehensive Income
for the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue	2	2,559,040	2,487,120
Employee expenses		(1,615,023)	(1,535,187)
Depreciation & impairment losses		(155,587)	(124,005)
Contractor expenses		(307,818)	(347,334)
Operating lease expense		(8,297)	(6,825)
Occupancy & Utilities		(89,792)	(70,662)
Insurance		(41,216)	(46,793)
Program expenses		(86,806)	(112,606)
Motor Vehicle		(83,634)	(79,937)
Communication & IT expenses		(93,051)	(58,317)
Other expenses		(33,876)	(93,844)
Profit (Loss) for the year	3	43,940	11,610
 Other comprehensive Income after Income tax:			
Other comprehensive Income for the year, net of tax		0	0
Total comprehensive Income for the year		43,940	11,610
Total comprehensive Income attributable to members of the entity		43,940	11,610

The accompanying notes form part of these financial statements.

Peppercorn Services Inc.
ABN 34 611 224 255
Statement of Financial Position
for the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,315,296	1,427,069
Trade and other receivables	6	9,226	20,560
Deposits		377	61,991
TOTAL CURRENT ASSETS		1,324,899	1,509,620
NON-CURRENT ASSETS			
Property, plant and equipment	7	394,820	202,290
TOTAL NON-CURRENT ASSETS		394,820	202,290
TOTAL ASSETS		1,719,719	1,711,910
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	135,238	140,520
Employee benefits	9	64,072	75,674
Current tax liabilities	10	5,758	23,130
Unspent grant funds	11	79,708	74,741
TOTAL CURRENT LIABILITIES		284,776	314,065
NON-CURRENT LIABILITIES			
Employee Benefits	9	120,010	126,852
TOTAL NON-CURRENT LIABILITIES		120,010	126,852
TOTAL LIABILITIES		404,786	440,917
NET ASSETS		1,314,933	1,270,993
EQUITY			
General reserves	12	583,377	583,377
Retained earnings		731,556	687,616
TOTAL EQUITY		1,314,933	1,270,993

The accompanying notes form part of these financial statements.

Peppercorn Services Inc.
ABN 34 611 224 255
Statement of Changes In Equity
for the Year Ended 30 June 2017

	Retained Earnings \$	Financial Assets Reserve \$	General Reserves \$	Total \$
Balance at 30 June 2015	676,006		583,377	1,259,383
Comprehensive Income				
Profit (Loss) for the year	11,610			11,610
Other comprehensive Income for the year				
Total comprehensive Income	11,610			11,610
Transfers to Reserves				
Balance at 30 June 2016	687,616		583,377	1,270,993
Comprehensive Income				
Profit (Loss) for the year	43,940			43,940
Other comprehensive Income for the year				
Total comprehensive Income	43,940			43,940
Transfers to Reserves				
Balance at 30 June 2017	731,556		583,377	1,314,933

Peppercorn Services Inc.
ABN 34 611 224 255
Statement of Cash Flows
for the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in course of operations		2,477,537	2,363,630
Cash payments in course of operations		(2,338,997)	(2,468,214)
		138,540	(104,584)
Interest received		32,715	41,178
Net Cash generated from operating activities	13	171,255	(63,406)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(348,117)	(40,600)
Proceeds from sale of property, plant & equipment		65,089	35,455
		(283,028)	(5,145)
Net increase (decrease) in cash held		(111,773)	(68,551)
Cash at the beginning of the period		1,427,069	1,495,620
Cash at the end of the period	5	1,315,296	1,427,069
RECONCILIATION OF CASH			
Cash		1,343	1,310
Short term deposits		1,132,260	1,132,260
Cash at Bank		181,693	293,499
		1,315,296	1,427,069

The accompanying notes form part of these financial statements.

Peppercorn Services Inc.
ABN 34 611 224 255
Notes to the Financial Statements
for the Year Ended 30 June 2017

The financial statements cover Peppercorn Services Inc. as an individual entity. Peppercorn Services Inc. is an association Incorporated in New South Wales under the *Associations Incorporation Act 2009*.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Peppercorn Services Inc. applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Associations Incorporation Act 2009. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Income Tax

The Association is endorsed as in Income tax exempt charity under Subdivision 50-B of the Income Tax Assessment Act 1997. As such, the financial statements make no provision for Income tax.

(b) 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 is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

The cost of fixed assets constructed by the association Includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are Included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are Incurred.

Peppercorn Services Inc.
ABN 34 611 224 255
Notes to the Financial Statements
for the Year Ended 30 June 2017

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	5%
Motor Vehicles	7% - 20%
Leased plant and equipment	10% - 33%
Computer Equipment & Software	100%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains 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.

(c) Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, Including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease Incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) 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 (ie trade date accounting is adopted).

Financial instruments 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.

Peppercorn Services Inc.
ABN 34 611 224 255
Notes to the Financial Statements
for the Year Ended 30 June 2017

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value (ie gains and losses) recognised Included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive Income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive Income is reclassified into profit or loss.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

Impairment

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

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

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

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

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

(e) Impairment of Assets

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

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.

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 entity 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 an impairment loss on a revalued asset is identified, this is recognised 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 class of asset.

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

(f) Employee Provisions

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 a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' annual leave entitlements 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. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements of obligations for other long-term employee benefits for changes in assumptions 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 provisions 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 reporting date, in which case the obligations are presented as current provisions.

(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. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(h) Revenue and Other Income

Non-reciprocal grant revenue is recognised in profit or loss when the association obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the association and the amount of the grant can be measured reliably.

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

When grant revenue is received whereby the association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The association receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

(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) Comparative Figures

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

Where the association has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(k) Trade and Other Payables

Trade 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 that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) 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.

(m) Key Estimates

Impairment

The Association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which Incorporate various key assumptions.

Employee benefits

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For the purpose of measurement, AASB 119: Employee Benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the association expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the association believes that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

(n) **Critical Accounting Estimates and Judgements**

The Board of Management evaluates estimates and judgements Incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

	2017	2016
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
Revenue:		
– Grants	1,926,300	2,007,197
– Sales	162,527	143,814
– Contributions from Hawkesbury City Council	144,431	152,955
– Fees received	125,311	91,259
	2,358,569	2,395,225
Other revenue:		
– Donations & Fundraising	80,197	606
– Costs recovered	3,348	5,227
– Interest received	32,715	41,177
– Profit on sale of non current assets	65,089	35,455
– Other Income	19,122	9,430
	200,471	91,895
Total revenue	2,559,040	2,487,120

NOTE 3: PROFIT FOR THE YEAR

Significant Expenses

– Occupancy & Utilities	89,792	70,662
– Insurance	41,216	46,793
– Program Expenses	86,806	112,606
– Consultancy & External Contractors	307,818	347,334
– Motor Vehicle Expenses	83,634	79,937
– Communication & IT Expenses	93,051	58,317

NOTE 4: AUDITORS' REMUNERATION

Remuneration of the auditor of the association for:

– auditing or reviewing the financial report	11,952	13,684
– other services	0	0
	11,952	13,684

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

	2017	2016
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	123,733	282,726
Short-term bank deposits	1,191,563	1,144,343
	<u>1,315,296</u>	<u>1,427,069</u>

The effective interest rate on short-term bank deposits was 2.61% (2016: 2.81%); these deposits have an average maturity of 180 days.

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	9,226	20,560
Total current trade and other receivables	<u>9,226</u>	<u>20,560</u>

Current trade receivables are non-interest bearing loans and are generally receivable within 30 days. A provision for impairment is recognised where there is objective evidence that an individual trade receivable is impaired. No impairment was required at 30 June 2017 (2016: No impairment).

Credit risk

The association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The balances of receivables that remain within initial terms (as detailed in the table) are considered to be of high credit quality.

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

	2017	2016
	\$	\$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Furniture & fittings, plant & equipment:		
At cost	274,417	245,381
Accumulated depreciation and provision for impairment	(274,417)	(245,381)
	0	0
Computer software		
At cost	0	3,686
Accumulated depreciation	0	(3,686)
	0	0
Leasehold improvements:		
At cost	73,359	73,359
Accumulated depreciation	(51,859)	(48,209)
	21,500	25,150
Motor Vehicles		
At Cost	690,173	617,307
Accumulated depreciation	(316,852)	(440,167)
Total Motor Vehicles	373,321	177,140
Total property, plant and equipment	394,821	202,290

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Furniture & fittings, plant & equipment	Computer Software	Leasehold Improvements	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2015	0	0	28,800	256,895	285,695
Additions	40,600	0	0	0	40,600
Disposals	0	0	0	0	0
Depreciation expense & impairment	(40,600)	0	(3,650)	(79,755)	(124,005)
Carrying amount at 30 June 2016	0	0	25,150	177,140	202,290
Additions	50,080	0	0	298,038	348,118
Disposals					
Depreciation expense & impairment	(50,080)	0	(3,650)	(101,857)	(155,587)
Carrying amount at 30 June 2017	0	0	21,500	373,321	394,821

2017
\$

2016
\$

NOTE 8: TRADE AND OTHER PAYABLES

CURRENT

Unsecured liabilities:

Trade Creditors	69,377	67,995
Other Creditors and Accruals	65,861	72,525
	<u>135,238</u>	<u>140,520</u>

NOTE 9: EMPLOYEE BENEFITS

CURRENT

Provision for leave (excluding long service leave)	64,072	75,674
Opening Balance at 1 July	75,674	75,541
Increase / (decrease) in provision during the year	(11,602)	133
Balance at 30 June	<u>64,072</u>	<u>75,674</u>

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

	2017	2016
	\$	\$
NON CURRENT		
Provision for long service leave	120,010	126,852
Opening Balance at 1 July	126,852	112,510
Increase / (decrease) in provision during the year	(6,842)	14,342
Balance at 30 June	120,010	126,852

NOTE 10: CURRENT TAX LIABILITIES

GST Payable	5,758	23,130
Total Current Tax Liabilities	5,758	23,130

NOTE 11: GRANTS RECEIVED IN ADVANCE / UNSPENT

HACC Funding – Multi Service Outlet		1,510
HACC Funding – Home Maintenance	44,708	71,941
ADHC Funding – NDIS Transition Assistance	35,000	0
DET Funding – Preschool Disability Support		1,290
Total unspent grant funds	79,708	74,741

Approval to carry forward surplus funds is required from the relevant department. Once approved, these funds must be carried forward and reported in the related expenditure for the following year. At the date of this report formal approval had not been received for the carry forward of unspent Funding – Home Maintenance.

NOTE 12: RESERVES

General reserve

The general reserve represents funds set aside for future asset replacement.

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

	2017	2016
	\$	\$
NOTE 13: CASH FLOW INFORMATION		
Reconciliation of net Cash Provided by Operating Activities to Operating Profit after Income tax		
Operating profit/(loss) after income tax	43,940	11,610
Depreciation & provision for impairment	155,587	124,005
Loss/(gain) on disposals	(65,089)	(35,455)
Change in assets and liabilities		
Decrease (increase) in debtors	11,334	(11,218)
Decrease (increase) in deposits	61,614	(61,815)
Increase (decrease) in creditors and accruals	(22,654)	(69,369)
Increase (decrease) in income in advance	4,967	(35,639)
Increase (decrease) in employee leave provisions	(18,444)	14,475
	171,255	(63,406)

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 its committee members, is considered key management personnel.

Key management personnel compensation

– short-term Benefits	148,710	135,123
– post-employment Benefits	0	0
	148,710	135,123

b. Other Related Parties

The following persons held the position of Board Member of the Association during the financial year.

Full year: Rob Ewin; Joseph Litwin; Bronwyn Reed; Kaylene Kelland; Meagan Ang; Kerry Spindler; Debra Dixon.

Part year: Shirley McDonald (Jul – Oct); Clr Kim Ford (Jul – Aug); Clr Emma-Jane Garrow (Oct – Jun).

Board Members provided their services to the Association at no cost.
There were no transactions with Board Members during the financial year.

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year, there are no events or transactions which could render any particulars included in the financial statements to be misleading or inaccurate.

NOTE 16: FINANCIAL RISK MANAGEMENT

The association's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and leases.

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

	Note	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	5	1,315,296	1,427,069
Receivables	6	9,226	20,560
Total financial assets		<u>1,324,522</u>	<u>1,447,629</u>
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	8	135,238	140,520
Total financial liabilities		<u>135,238</u>	<u>140,520</u>

Financial Risk Management Policies

The association's Treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the association. The Treasurer monitors the association's transactions and reviews the effectiveness of controls relating to credit risk, financial risk and interest rate risk. Discussions on monitoring and managing financial risk exposures are held bi-monthly and minuted by the committee of management.

The Treasurer's overall risk management strategy seeks to ensure that the association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

Specific Financial Risk Exposures and Management

The main risks the association is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the association securing trade and other receivables.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

The association has no significant concentrations of credit risk with any single counterparty or group of counterparties.

(b) Liquidity risk

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

(c) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market interest rates. The Association's interest-bearing financial assets and financial liabilities expose it to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

		2017 \$		2016 \$	
	Note	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
Financial assets					
Cash and cash equivalents	(i)	1,315,296	1,315,296	1,427,069	1,427,069
Trade and other receivables	(i)	9,226	9,226	20,560	20,560
Total financial assets		<u>1,324,522</u>	<u>1,324,522</u>	<u>1,447,629</u>	<u>1,447,629</u>
Financial liabilities					
Trade and other payables	(i)	135,238	135,238	140,520	140,520
Total financial liabilities		<u>135,238</u>	<u>135,238</u>	<u>140,520</u>	<u>140,520</u>

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave, which is outside the scope of AASB 139.

NOTE 17: CAPITAL COMMITMENTS

	2017 \$	2016 \$
- Motor Vehicles	0	183,881
- IT Infrastructure	52,000	0
	<u>52,000</u>	<u>183,881</u>

Capital commitments relate to assets ordered where funds have been committed but the assets not yet received.

NOTE 18: ASSOCIATION DETAILS

The registered office of the association is:

Peppercorn Services Inc.
320 George Street
Windsor NSW 2756

The principal places of business is:

Peppercorn Services Inc.
320 George Street
Windsor NSW 2756

Peppercorn Services Inc.
ABN 34 611 224 255
Notes to the Financial Statements
for the Year Ended 30 June 2017



H G KHOURI & ASSOCIATES

Accountants and Business Advisors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PEPPERCORN SERVICES INC.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Peppercorn Services Inc (the association), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position and performance of the association.

In our opinion, the accompanying financial report of Peppercorn Services Inc is in accordance with the *Associations Incorporation Act 2009*, including:

- (i) giving a true and fair view of the association's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) that the financial records kept by the association are such as to enable financial statements to be prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (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.

Peppercorn Services Inc.
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Notes to the Financial Statements
for the Year Ended 30 June 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PEPPERCORN SERVICES INC.

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

The committee of the association is responsible for the other information. The other information comprises the information included in the association's annual report for the year ended 30 June 2017, 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 for the Financial Report

The committee of the association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Act 2009* and for such internal control as the committee determines 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 is responsible for assessing the ability of the association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

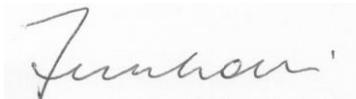
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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:

Peppercorn Services Inc.
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Notes to the Financial Statements
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- 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.
- Conclude on the appropriateness of the committee’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.

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.



Frank G Khouri B Bus. FCPA, CTA
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Dated this 17th day of October 2017



HG Khouri & Associates
is a CPA Practice

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