

Freehills Combination

Financial report
(Unaudited)
For the year ended 30 June 2014

**Pitcher Partners Advisors
Proprietary Limited**
Level 19
15 William Street
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FREEHILLS COMBINATION

**DETAILED PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
Income		
Fees billed	19,896,556	20,754,664
Soft disbursements	531,370	728,859
Hard disbursements (net)	145,494	(237,352)
Bad debts written off	(22,427)	(217,332)
Referral fee	200,000	200,000
WIP movement	(1,134,236)	1,325,504
Interest income	14,174	25,133
Other revenue	16,113	31,424
Foreign exchange gain / (loss)	<u>91,709</u>	<u>(230,036)</u>
Total income	19,738,753	22,380,864
 Less Expenses		
Administrative expenses	979,277	954,193
Amortisation and depreciation expenses	27,942	8,210
Business development & marketing	508,966	324,466
Finance costs	174,921	169,309
Human resources expenses	8,968,989	9,710,139
Occupancy expenses	<u>1,075,512</u>	<u>972,845</u>
Total expenses	<u>11,735,607</u>	<u>12,139,162</u>
 Net profit before tax	<u>8,003,146</u>	<u>10,241,702</u>

FREEHILLS COMBINATION
DETAILED PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
Schedule of Expenses		
Administrative expenses		
Accounting fees	12,810	20,000
Computer expenses	11,718	70,208
Debt collection	2,296	-
Donations	227	-
Entertainment expenses	60,780	42,202
Equipment rental	80,088	25,133
Fringe benefits tax	103,177	35,487
General expenses	32,577	80,490
Information technology	144,976	104,622
Insurance	293,164	312,756
Legal costs	4,241	16,219
Memberships and registrations	47,343	37,266
Parking	(17,259)	15,101
Postage	13,334	11,618
Printing and stationery	24,110	44,380
Provision for doubtful debts	(25,260)	52,625
Search fees	95,698	3,349
Storage fees	30,148	37,667
Subscriptions	12,841	8,425
Telephone	<u>52,268</u>	<u>36,645</u>
	<u>979,277</u>	<u>954,193</u>
Amortisation and depreciation expenses		
Depreciation	<u>27,942</u>	<u>8,210</u>
	<u>27,942</u>	<u>8,210</u>
Business development & marketing		
Sponsorship	8,803	2,670
Travel and conferences	407,385	241,408
Business development	<u>92,778</u>	<u>80,388</u>
	<u>508,966</u>	<u>324,466</u>
Finance costs		
Bank charges	68,416	85,803
Interest paid	<u>106,505</u>	<u>83,506</u>
	<u>174,921</u>	<u>169,309</u>

FREEHILLS COMBINATION
DETAILED PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
Schedule of Expenses (Continued)		
Human resources expenses		
HSF shares service expenses	1,656,485	1,578,750
Learning & Development	95,641	124,157
Payroll tax	300,104	340,428
Professional salaries	6,106,695	6,848,710
Staff amenities	34,282	35,932
Superannuation	544,348	550,828
Staff rewards	233	460
Staff recruitment	204,764	207,356
Workcover premiums	<u>26,437</u>	<u>23,518</u>
	<u>8,968,989</u>	<u>9,710,139</u>
Occupancy expenses		
Rent	<u>1,075,512</u>	<u>972,845</u>
	<u>1,075,512</u>	<u>972,845</u>

FREEHILLS COMBINATION

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
Revenue	19,738,753	22,380,864
Expenses	<u>(11,735,607)</u>	<u>(12,139,162)</u>
Profit before income tax expense	<u>8,003,146</u>	<u>10,241,702</u>
Total available for appropriation	8,003,146	10,241,702
Distributions to beneficiaries	<u>(8,003,146)</u>	<u>(10,241,702)</u>
Retained earnings at the end of the year	<u><u>-</u></u>	<u><u>-</u></u>

FREEHILLS COMBINATION

**BALANCE SHEET
AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	2	1,362,573	946,420
Receivables	3	5,250,353	5,801,040
Inventories	4	822,257	1,956,493
Other assets	5	<u>291,390</u>	<u>121,693</u>
Total current assets		<u>7,726,573</u>	<u>8,825,646</u>
Non-current assets			
Property, plant and equipment	6	72,780	24,109
Intangible assets	7	<u>47,182</u>	<u>12,182</u>
Total non-current assets		<u>119,962</u>	<u>36,291</u>
Total assets		<u>7,846,535</u>	<u>8,861,937</u>
Current liabilities			
Payables	8	1,669,305	1,225,617
Borrowings	9	3,000,000	2,002,271
Provisions	10	465,952	368,278
Beneficiary entitlements (Sub trusts)		<u>387,648</u>	<u>400,782</u>
Total current liabilities		<u>5,522,905</u>	<u>3,996,948</u>
Non-current liabilities			
Provisions	10	<u>346,205</u>	<u>379,185</u>
Total non-current liabilities		<u>346,205</u>	<u>379,185</u>
Total liabilities		<u>5,869,110</u>	<u>4,376,133</u>
Net assets		<u>1,977,425</u>	<u>4,485,804</u>
Equity			
Contributed capital		20	20
Current accounts		<u>1,977,405</u>	<u>4,485,784</u>
Total equity		<u>1,977,425</u>	<u>4,485,804</u>

FREEHILLS COMBINATION

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The director has determined that the company is not a reporting entity.

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

	2014	2013
	\$	\$
NOTE 2: CASH AND CASH EQUIVALENTS		
Cash on hand	2,000	2,000
Cash at bank	<u>1,360,573</u>	<u>944,420</u>
	<u>1,362,573</u>	<u>946,420</u>
 NOTE 3: RECEIVABLES		
CURRENT		
Trade debtors	5,334,162	5,938,663
Less provision for doubtful debts	<u>(177,797)</u>	<u>(203,057)</u>
	5,156,365	5,735,606
 Other receivables		
- GST refundable	87,877	54,129
- Sundry debtors	<u>6,111</u>	<u>11,305</u>
	<u>93,988</u>	<u>65,434</u>
	<u>5,250,353</u>	<u>5,801,040</u>
 NOTE 4: INVENTORIES		
CURRENT		
<i>At cost</i>		
Work in progress	789,123	1,856,525
Unbilled disbursements	127,894	327,311
Less: provision for WIP and unbilled disbursements	<u>(94,760)</u>	<u>(227,343)</u>
	<u>822,257</u>	<u>1,956,493</u>
 NOTE 5: OTHER ASSETS		
CURRENT		
Prepayments	<u>291,390</u>	<u>121,693</u>

FREEHILLS COMBINATION

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

	2014	2013
	\$	\$
 NOTE 6: PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment		
Office equipment		
At cost	71,316	23,891
Less accumulated depreciation	<u>(21,480)</u>	<u>(5,644)</u>
	49,836	18,247
 Furniture, fixtures and fittings		
At cost	25,516	6,348
Less accumulated depreciation	<u>(2,572)</u>	<u>(486)</u>
	<u>22,944</u>	<u>5,862</u>
Total property, plant and equipment	<u><u>72,780</u></u>	<u><u>24,109</u></u>
 NOTE 7: INTANGIBLE ASSETS		
Software licences at cost	59,282	14,262
Less accumulated amortisation	<u>(12,100)</u>	<u>(2,080)</u>
	<u>47,182</u>	<u>12,182</u>
 NOTE 8: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	748,995	636,770
Sundry creditors and accruals		
- Accrued expenses	298,920	(11,954)
- FBT payable	21,431	-
- General	20,302	74,202
- GST payable	144,518	95,993
- IPA credit cards	285,095	248,736
- PAYG withheld	65,226	-
- Payroll tax	15,596	48,926
- Prepaid income	<u>69,222</u>	<u>132,944</u>
	<u>920,310</u>	<u>588,847</u>
	<u><u>1,669,305</u></u>	<u><u>1,225,617</u></u>

FREEHILLS COMBINATION

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

	2014	2013
	\$	\$
NOTE 9: BORROWINGS		
CURRENT		
<i>Secured liabilities</i>		
Bank overdraft		
- ANZ bank account	-	2,271
Bank loans		
- ANZ Working Capital Facility	2,000,000	1,000,000
- ANZ Partner Capital Contribution Facility	<u>1,000,000</u>	<u>1,000,000</u>
	<u>3,000,000</u>	<u>2,002,271</u>
NOTE 10: PROVISIONS		
CURRENT		
Employee benefits		
- Annual leave	381,660	287,129
- Long service leave	<u>84,292</u>	<u>81,149</u>
	<u>465,952</u>	<u>368,278</u>
NON CURRENT		
Employee benefits		
- Annual leave	-	79,658
- Long service leave	<u>346,205</u>	<u>299,527</u>
	<u>346,205</u>	<u>379,185</u>