



**Australian Business Volunteers Limited
as Trustee for the AESOP Foundation**

ABN 89 008 612 431

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2018

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Australian Business Volunteers Limited as Trustee for the AESOP Foundation
 ABN 89 008 612 431

**STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	554,821	766,682
Trade and other receivables	4	404,075	543,961
Other assets	5	60,175	41,409
TOTAL CURRENT ASSETS		<u>1,019,071</u>	<u>1,352,052</u>
NON CURRENT ASSETS			
Property, Plant and equipment	6	13,473	21,928
TOTAL NON CURRENT ASSETS		<u>13,473</u>	<u>21,928</u>
TOTAL ASSETS		<u>1,032,544</u>	<u>1,373,980</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	137,577	80,532
Unearned revenue	8	213,966	184,928
Provisions	9	56,681	137,220
TOTAL CURRENT LIABILITIES		<u>408,224</u>	<u>402,680</u>
NON CURRENT LIABILITIES			
Provisions	9	4,845	5,954
TOTAL NON CURRENT LIABILITIES		<u>4,845</u>	<u>5,954</u>
TOTAL LIABILITIES		<u>413,069</u>	<u>408,634</u>
NET ASSETS		<u>619,475</u>	<u>965,346</u>
EQUITY			
Settlement capital		10	10
Retained earnings		619,465	965,336
TOTAL EQUITY		<u>619,475</u>	<u>965,346</u>

At the end of the financial year, the Foundation had no balance in the following categories: Inventories, Assets held for sale, Other financial assets (current or non-current), Trade and other receivables (non-current), Investment property, Intangibles, Other non-current assets, Borrowings (current or non-current), Other financial liabilities (current or non-current), Other liabilities (non-current) and Reserves (general or restricted).

Australian Business Volunteers Limited as Trustee for the AESOP Foundation
 ABN 89 008 612 431

**STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
REVENUE		
Donations and gifts		
Non-monetary	20,082	11,832
Monetary	<u>142,525</u>	<u>-</u>
	162,607	11,832
Grants		
Department of Foreign Affairs and Trade	796,498	1,725,011
Other overseas	<u>933,535</u>	<u>1,442,139</u>
	1,730,033	3,167,150
Other Income		
Investment income (interest received)	3,364	4,831
Other income	55,034	41,739
Unrealised (loss) / gain on foreign exchange	<u>48,634</u>	<u>(27,224)</u>
	107,031	19,346
TOTAL REVENUE	<u><u>1,999,672</u></u>	<u><u>3,198,328</u></u>
EXPENDITURE		
International Aid and Development Program Expenditure		
International programs		
Funds to International programs (AVID)	651,830	1,059,448
Program support costs	<u>177,164</u>	<u>383,974</u>
	828,994	1,443,422
Accountability and administration		
Administrative expenses	452,658	419,593
Employee expenses	<u>1,043,809</u>	<u>1,376,662</u>
	1,496,467	1,796,255
Non-monetary expenditure	20,082	11,832
Total International Aid and Development Program Expenditure	<u>2,345,543</u>	<u>3,251,509</u>
TOTAL EXPENDITURE	<u><u>2,345,543</u></u>	<u><u>3,251,509</u></u>
Surplus / (Deficit) for the period	<u><u>(345,871)</u></u>	<u><u>(53,181)</u></u>
Other Comprehensive income	-	-
Total comprehensive (loss) income	<u><u>(345,871)</u></u>	<u><u>(53,181)</u></u>

During the financial year ended 30 June 2018, there were no amounts received or incurred by the Foundation for the following categories: Bequests and Legacies, Grants (Other Australian), Income or Expenditure for Commercial Activities, International Political or Religious Adherence Promotion Programs, International Programs (Community Education), Fundraising costs (Public costs or Government, multilateral and private) and Domestic programs expenditure.

Australian Business Volunteers Limited as Trustee for the AESOP Foundation
 ABN 89 008 612 431

**STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2018**

	Retained Earnings \$	Settlement Capital \$	Total \$
Balance for 1 July 2016	<u>1,018,517</u>	<u>10</u>	<u>1,018,527</u>
Net surplus/ (deficit) for the year	(53,181)	-	(53,181)
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>(53,181)</u>	<u>-</u>	<u>(53,181)</u>
Balance for 1 July 2017	<u>965,336</u>	<u>10</u>	<u>965,346</u>
Net surplus/ (deficit) for the year	(345,871)	-	(345,871)
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>(345,871)</u>	<u>-</u>	<u>(345,871)</u>
Balance as at 30 June 2018	<u>619,465</u>	<u>10</u>	<u>619,475</u>

During the financial year ended 30 June 2018, there were no adjustments or changes in equity other than the surplus/ (deficit) for the year.

**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
OPERATING ACTIVITIES			
Government grants and other receipts		2,281,531	3,644,899
Payments to suppliers and employees		(2,494,846)	(3,495,639)
Interest received		3,364	4,831
Net cash generated (used)	11(a)	<u>(209,951)</u>	<u>154,091</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		<u>(1,910)</u>	<u>(9,045)</u>
Net cash generated (used)		<u>(1,910)</u>	<u>(9,045)</u>
Net movement in cash and cash equivalents		(211,861)	145,046
Cash and cash equivalents at beginning of year		766,682	621,636
Cash and cash equivalents at end of year	3	<u>554,821</u>	<u>766,682</u>

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Summary of significant accounting policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the ACFID Code of Conduct reporting requirements.

The financial report covers Australian Business Volunteers Limited as Trustee for the AESOP Foundation (the Foundation). The Foundation was established by a declaration of trust dated 14 February 1985. Australian Business Volunteers Limited (the Trustee Company) is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee.

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 these financial statements are presented below and have been consistently applied unless otherwise stated.

Any new Accounting Standards that have been issued but are not yet effective at balance date have not yet been applied in the preparation of these financial statements. The possible impacts of the initial application of the Standards have not been assessed.

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.

The following is a summary of significant accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Comparative figures

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

When an accounting policy is applied retrospectively, a retrospective restatement is made or items are reclassified in the financial statements, a statement of financial position as at the beginning of the earliest comparative period will be presented.

(c) 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.

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Property, plant and equipment that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets except leasehold improvements are depreciated on a straight line basis over the asset's useful life to the Foundation commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of fixed asset	Depreciation Rate
Furniture, Fixtures and Fittings	20%
Office Equipment	20%

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

The carrying amount of property, plant and equipment is reviewed annually by management to ensure it is not in excess of the recoverable amount from these assets.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Summary of significant accounting policies, continued

(d) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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 stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(e) Impairment

At each reporting date, the Trustee Company's directors review the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. As a not-for-profit entity, value in use, according to AASB 136 Impairment of Assets, is depreciated replacement cost. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(f) 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 which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

(g) Employee benefits

Short-term employee benefits

Provision is made for the Foundation's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 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 Foundation'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

The Foundation classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Foundation's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligations is recognised in profit or loss classified under employee benefits expense.

The Foundation's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Foundation does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Foundation receive defined contribution superannuation entitlements, for which the Foundation pays the fixed superannuation guarantee contribution (9.5% of the employee's average ordinary salary in 2018) to the employee's superannuation fund of choice. All contributions in respect of employee's defined contributions entitlements are recognised as an expense when they become payable. The Foundation's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Foundation's statement of financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Summary of significant accounting policies, continued

(h) Provisions

Provisions are recognised when the Foundation 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 are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of comprehensive income.

(i) 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 Foundation during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Revenue and other income

The Foundation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Foundation and specific criteria have been met for each of the Foundation's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Grant revenue

Grant revenue is recognised in the statement of comprehensive income when the Foundation obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the Foundation and the amount of the grant can be measured reliably.

When grant revenue is received whereby the Foundation 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 (unearned revenue) until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Monetary Donations

Donations and bequests are recognised as revenue when received.

Non monetary donations

The Foundation receives non monetary donations from host organisations throughout the year. These donations are valued based on their nature and value in the market place and are recorded as non monetary donation revenue and expenditure.

Interest revenue

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

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

(k) Trade and other receivables

Trade and other receivables include amounts from members as well as amounts receivable from funding organisations. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows 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.

(m) Income tax

The Trustee Company is exempt from income tax under division 50-B of the Income Tax Assessment Act 1997 and the Foundation has deductible gift recipient status under Subdivision 30-BA of the Income Tax Assessment Act 1997.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Summary of significant accounting policies, continued

(n) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

(o) Critical accounting estimates and judgments

The Trustee Company's directors evaluate 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 trust.

Key estimates :

The Trustee Company's directors assesses impairment at each reporting date by evaluating conditions specific to the Foundation that may lead to impairment of assets. Should an impairment exist, the determination of the recoverable amount of the asset may require incorporation of a number of key estimates. No impairment indicators were present at 30 June 2018.

Liability for long service leave

The liability for long service leave has been estimated using present value techniques. This takes into account expected salary increases, attrition and future discount rates.

(p) Imputed value of contributed services

The Foundation's services are performed by experienced volunteer advisors who receive no salary or other emoluments. The value of these contributed services is calculated at a notional salary cost based on a comparable market rate for similarly experienced consulting personnel. These costs are estimated at note 17 to the financial statements but are not recognised in the Foundation's statement of comprehensive income.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Note 2: Net result from ordinary activities			
Net result has been determined after:			
<i>(a) Expenses</i>			
Depreciation of non-current assets:			
- IT systems		718	718
- office equipment		9,649	10,818
Total depreciation		<u>10,367</u>	<u>11,536</u>
Rental expense on operating leases:			
- minimum lease payments		97,114	94,458
<i>(b) Auditor's remuneration</i>			
- auditing the financial report		18,287	23,250
- other services		4,000	1,500
		<u>22,287</u>	<u>24,750</u>

Note 3: Cash and Cash Equivalents

Cash on hand		363	847
Cash at bank - Papua New Guinean Kina		14,490	67,075
Deposit at call (encumbered)	11c	23,562	23,562
Cash at bank		516,406	675,198
		<u>554,821</u>	<u>766,682</u>

Code of Conduct Summary -

(a) Table of Cash Movements

	Cash available at the beginning of the year	Cash raised during the year	Cash disbursed during the year	Cash available at the end of the year
	\$	\$	\$	\$
AVID funding of overseas volunteer program	47,943	796,497	(844,440)	-
Total for other purposes	718,739	1,488,399	(1,652,317)	554,821
Total	<u>766,682</u>	<u>2,284,896</u>	<u>(2,496,757)</u>	<u>554,821</u>

Australian Business Volunteers Limited as Trustee for the AESOP Foundation
 ABN 89 008 612 431

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
Note 4: Trade and Other Receivables	\$	\$
Trade receivables	16,150	214,838
Receivable - Australian Business Volunteers Limited	<u>387,925</u>	<u>329,123</u>
	<u>404,075</u>	<u>543,961</u>
 Note 5: Other Assets		
CURRENT		
Prepayments	<u>60,175</u>	<u>41,409</u>
	<u>60,175</u>	<u>41,409</u>
 Note 6: Property, Plant & Equipment		
Furniture, fixtures and fittings - at cost	4,082	4,082
Accumulated depreciation	<u>(4,082)</u>	<u>(4,082)</u>
	<u>-</u>	<u>-</u>
Office equipment - at cost	110,570	108,657
Accumulated depreciation	<u>(97,096)</u>	<u>(86,729)</u>
	<u>13,473</u>	<u>21,928</u>
 Total Property, Plant & Equipment	<u>13,473</u>	<u>21,928</u>
 (a) Movements in carrying amounts		
Movement in the carrying amounts for each class of property, plant & equipment between the beginning and the end of the current financial year:		
<u>Office equipment - at cost</u>		
Opening balance	21,928	24,419
Additions	1,912	9,045
Depreciation expense	<u>(10,367)</u>	<u>(11,536)</u>
Closing balance	<u>13,473</u>	<u>21,928</u>
 Note 7: Trade and Other Payables		
CURRENT		
<i>Unsecured liabilities:</i>		
Trade and other payables	55,647	16,117
Accrued expenses	80,064	46,194
Current tax liability (overseas)	(3,626)	15,941
Other employee benefits payable	<u>5,492</u>	<u>2,280</u>
	<u>137,577</u>	<u>80,532</u>

Australian Business Volunteers Limited as Trustee for the AESOP Foundation
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
Note 8: Unearned Revenue		
CURRENT		
Unexpended grants	-	47,943
Income in advance	213,966	136,985
	<u>213,966</u>	<u>184,928</u>
Note 9: Provisions		
CURRENT		
Annual leave	42,516	101,286
Long service leave (vested)	14,165	35,934
	<u>56,681</u>	<u>137,220</u>
NON-CURRENT		
Long service leave (non-vested)	4,845	5,954
	<u>4,845</u>	<u>5,954</u>

(a) Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Foundation does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Foundation does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave vesting is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(g).

Note 10: Leasing Commitments

(a) Operating Lease commitments

Operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- no later than one year	25,388	101,551
- later than one year but less than 5 years	-	25,388
	<u>25,388</u>	<u>126,939</u>

These amounts are inclusive of GST.

A lease for office premises was entered into in September 2013 operating for 5 years from 1 October 2013 to 30 September 2018 at an annual cost of \$101,065 from September 2015 with a CPI review each year on 1 October.

Note 11: Cash flow information

(a) Reconciliation of net cash relating to operating activities to operating result

Operating surplus / (deficit)	(345,871)	(53,181)
Non-cash flows in operating result:		
- Depreciation	10,367	11,536
Changes in assets and liabilities:		
- Trade and other receivables	139,884	192,988
- Other current assets	(18,765)	(23,876)
- Trade and other payables	57,046	(30,339)
- Unearned revenue	29,037	57,912
- Provisions	(81,649)	(949)
Net cash relating to operating activities	<u>(209,951)</u>	<u>154,091</u>

(b) Non-cash transactions

There were no transactions involving non-cash consideration during the financial year.

(c) Cash not available for use

A security deposit guarantee of \$23,562 is held over a term deposit to allow prompt payment of the lease at 33 Ainslie Avenue Canberra.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
Note 12: Interests of Key Management Personnel	\$	\$
Short-term employee benefits	426,634	641,757
	<u>426,634</u>	<u>641,757</u>

Note 13: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There were no related party transactions during the year.

Note 14: Events after the end of the Reporting Period

The financial report of the Foundation was authorised for issue on the date of signing of the Trustee Declaration.

Note 15: Economic Dependency

The continued operations of the Foundation rely substantially on the contracts with IBM and NAB for delivering social responsibility programs. These contracts have been signed for programs post balance date. Further contracts with new and existing clients for the supply of ABV services are being negotiated with respect to operations and funding from 1 July 2018.

Note 16: Foundation Details

The registered office of and principal place of business of the Foundation is:

Level 4, 33 Ainslie Ave
Canberra ACT 2601

Note 17: Imputed Value of Contributed Services

The following is a summary of the value of services contributed to projects:

	2018	2017
	\$	\$
Value of services donated by volunteers or clients	1,477,080	2,939,050

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 18: Going Concern

During 2017-18, the AVID funding agreement ceased, resulting in a significant decrease in grant revenue in future years. The Foundation has been actively developing new business and managing costs to maintain the ongoing financial viability of the Foundation.

As referred to in Note 15, contracts with IBM and NAB have been entered into for the delivery of programs in 2018-19 and further contracts with new and existing clients are being negotiated. The Foundation is also managing its budget under the close review of the Board, with a forecast deficit for \$68,000 for 2018-19 which would result in a net asset position of \$551,475 as at June 2019.

While there is uncertainty regarding the extent to which the business development activities will be successful, the Board are of the opinion that use of the going concern basis for the preparation of the financial statements is appropriate.

Note 19: Financial Risk Management

(a) Financial Risk Management Policies

The Foundation's principal financial instruments comprise cash at bank, receivables and accounts payable. These financial instruments arise from the operations of the Foundation.

The Foundation does not have any derivative instruments at 30 June 2018.

It is, and has been throughout the period under review, the Foundation's policy that no trading in financial instruments shall be undertaken.

Financial Risk Exposures and Management

The main risks arising from the Foundation financial instruments are interest rate risk, liquidity risk, credit risk and foreign exchange risk. The policies for managing each of these risks are summarised below.

Interest rate risk

The Foundation's exposure to market risk for changes in interest rates relates primarily to the Foundation's holdings of cash and cash equivalents.

The Foundation's policy is to manage its interest income through regularly reviewing the interest rate being received on cash and cash equivalents and comparing this return to the market.

Credit risk

The Foundation does not provide credit.

With respect to credit risk arising from the other financial assets of the Foundation, which comprise cash and cash equivalents, the Foundation's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Foundation does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Foundation. The Foundation manages credit risk by maintaining cash deposits with established financial institutions.

Liquidity risk

The Foundation has no external funding or facilities in place. The Foundation manages its cash balance to ensure that it has sufficient cash and cash equivalent holdings to meet all short, medium and long term requirements.

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value of future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Foundation holds financial instruments which are other than the AUD functional currency of the Foundation

The Foundation also receives foreign currency through a bank account held by the Trustee, ABV Ltd, holding Papua New Guinean Kina (PGK) \$35,963 valued at AUD \$14,491 as at balance date all of which was held on behalf of the Foundation.

(b) Net Fair Values

The net fair value of financial assets and liabilities approximates the values shown in the statement of financial position and the notes thereto.

Australian Business Volunteers Limited as Trustee for the AESOP Foundation
 ABN 89 008 612 431

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

19 (c) Financial Instrument Composition and Maturity Analysis

	Weighted average effective interest rate		Variable interest rate		Fixed interest rate, maturing within 1 year		Non-interest bearing		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets:										
Cash at Bank	0.57%	1.26%	472,316	518,192	43,562	43,562	38,581	204,081	554,459	765,835
Receivables	n/a	n/a	-	-	-	-	404,075	543,961	404,075	543,961
Total financial assets			<u>472,316</u>	<u>518,192</u>	<u>43,562</u>	<u>43,562</u>	<u>442,656</u>	<u>748,042</u>	<u>958,534</u>	<u>1,309,796</u>
Financial liabilities:										
Payables	n/a	n/a	-	-	-	-	137,577	80,532	137,577	80,532
Total financial liabilities			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,577</u>	<u>80,532</u>	<u>137,577</u>	<u>80,532</u>

Australian Business Volunteers Limited as Trustee for the AESOP Foundation

ABN 89 008 612 431

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Australian Business Volunteers Limited, the Trustee Company for the AESOP Foundation, the Directors declare that:

1. The financial statements and notes present fairly the Foundation's financial position as at 30 June 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards and the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
2. In the directors' opinion, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

For and on behalf of the board of Australian Business Volunteers Limited

30 JUNE 2018



Director

Mark Epper

30 October 2018



Director

John Field



INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF THE AESOP FOUNDATION

ABN 89 008 612 431

Opinion

We have audited the financial report of Australian Business Volunteers Limited as trustee for the AESOP Foundation (the Foundation), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2018, notes comprising a summary of significant accounting policies and other explanatory information, and the trustee company's directors' declaration.

In our opinion the financial report of Australian Business Volunteers Limited as trustee for AESOP Foundation gives a true and fair view of the Foundation's financial position as at 30 June 2018 and of its performance for the year ended on that date in accordance with Australian Accounting Standards, the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* the ACFID Code of Conduct, and the trust deed.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 18: 'Going Concern' in the financial report, which contains details of the cessation of AVID grant funding during the current financial year and the actions taken by the Foundation to maintain its ongoing financial viability and that the Board are of the opinion that use of the going concern basis for the preparation of the financial statements is appropriate

As described in Note 18, there is a material uncertainty regarding the extent to which business development activities will be successful which casts significant doubt on the Foundation's ability to continue as a going concern.

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 foundation 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.

Trustee's Responsibility for the Financial Report

The trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* the ACFID Code of Conduct, and the trust deed and for such internal control as the trustee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

▼ SYNERGY GROUP AUDIT PTY LTD

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In preparing the financial report, the trustee is responsible for assessing the ability of the Foundation to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the trustee company either intend to liquidate the foundation 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.

A further description of our responsibilities for the audit of the financial report is located at The *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

Eric Hummer

Audit Director

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31 October 2018

