

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

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

ABN 89 008 612 431

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

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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 30 2019

	Note	2019	2018
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	120,437	554,821
Trade and other receivables	4	31,624	404,075
Other assets	5	11,506	60,175
TOTAL CURRENT ASSETS		163,567	1,019,071
NON CURRENT ASSETS			
Property, Plant and equipment	6	7,274	13,473
TOTAL NON CURRENT ASSETS		7,274	13,473
TOTAL ASSETS		170,841	1,032,544
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	38,930	137,577
Unearned revenue	8	38,523	213,966
Provisions	9	71,052	56,681
TOTAL CURRENT LIABILITIES		148,505	408,224
NON CURRENT LIABILITIES			
Provisions	9	6,780	4,845
TOTAL NON CURRENT LIABILITIES		6,780	4,845
TOTAL LIABILITIES		155,285	413,069
NET ASSETS		15,556	619,475
EQUITY			
Settlement capital		10	10
Retained earnings		15,546	619,465
TOTAL EQUITY		15,556	619,475

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

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**STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$	\$
REVENUE		
Contributions		
Non-monetary	0	20,082
Monetary	155,107	142,525
Service Fees	634,828	0
	<u>789,935</u>	<u>162,607</u>
Grants		
Department of Foreign Affairs & Trade (AVID)	0	796,498
Department of Foreign Affairs & Trade	41,680	0
Other overseas Grants	0	933,535
	<u>41,680</u>	<u>1,730,033</u>
Other income		
Investment income (interest received)	1,186	3,364
Other income	40,698	55,034
Unrealised (loss)/gain on foreign exchange	44,035	48,634
	<u>85,919</u>	<u>107,032</u>
TOTAL REVENUE	<u>917,534</u>	<u>1,999,672</u>
EXPENDITURE		
Funds to International Programs (AVID)		
Program Support costs	173,231	177,164
	<u>173,231</u>	<u>828,994</u>
Accountability and administration		
Administrative expenses	491,838	452,658
Employee expenses	856,384	1,043,809
	<u>1,348,222</u>	<u>1,496,467</u>
Non-monetary expenditure	0	20,082
	<u>1,521,453</u>	<u>2,345,543</u>

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	2019	2018
	\$	\$
Surplus/(Deficit) for the period	<u>(603,919)</u>	<u>(345,871)</u>
Other comprehensive income		
Total comprehensive (loss) Income	<u>(603,919)</u>	<u>(345,871)</u>

During the financial year ended 30 June 2019, 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) and Fundraising Costs (Public costs or Government, multilateral and private)

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained Earnings \$	Settlement Capital \$	Total \$
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>(345,871)</u>
Balance for 1 July 2018	<u>619,465</u>	<u>10</u>	<u>619,475</u>
Net surplus/ (deficit) for the year	<u>(603,919)</u>		<u>(603,919)</u>
Other comprehensive income			
Total comprehensive income for the year	<u>(603,919)</u>		<u>(603,919)</u>
Balance for 30 June 2019	<u>15,546</u>	<u>10</u>	<u>15,556</u>

During the financial year ended 30 June 2019, there were no adjustments or changes in equity other than the surplus/ (deficit) for the year.

The accompanying notes form part of these financial statement.

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

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Receipts	1,113,356	2,281,531
Payments to suppliers and employees	(1,542,858)	(2,494,846)
Interest received	<u>1,186</u>	<u>3,364</u>
Net cash generated (used)	(428,316)	(209,951)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(6,068)</u>	<u>(1,910)</u>
Net cash generated (used)	(6,068)	(1,910)
Net movement in cash and cash equivalents	(434,384)	(211,861)
Cash and cash equivalents at beginning of year	<u>554,821</u>	<u>766,682</u>
Cash and cash equivalents at end of year	120,437	554,821

Australian Business Volunteers Limited as Trustee for the AESOP

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

(i) New and amended standards adopted by the Foundation

• AASB 9 *Financial Instruments*

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 resulted in changes in accounting policies for the financial assets of the Foundation. The introduction of this standard does not have an impact on the classification of assets, as all financial assets are held at amortised cost, therefore, no financial assets were required to be revalued to market value at the reporting date.

Under AASB 9, at the date of initial application, any change in carrying amount from 30 June 2019 would be recognised directly in opening retained earnings. The changes in accounting policy has not significantly impacted the amounts recognised in prior periods and therefore no adjustment has been made.

(iii) New and amended standards not yet adopted by the Foundation

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Foundation. The Foundation's assessment of the impact of these new standards and interpretations is set out below:

• AASB 15 *Revenue from Contracts with Customers* (initial adoption for year ending 30 June 2020)

AASB 15 establishes new principles for reporting information to users of financial statements about the nature, timing, amount and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of AASB 15 is that an entity recognises revenue when control of the goods or services is transferred to the customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The possible impacts of the initial application of the Standard have not yet been assessed by the Foundation.

• AASB 16 *Leases* (initial adoption for year ending 30 June 2020)

AASB 16 removes the classification of leases as either operating leases or finance leases, for the lessee, effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of low value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. The possible impacts of the initial application of the Standard have not yet been assessed by the Foundation.

• AASB 1058 *Income for Not-for-Profit Entities* (initial adoption for year ending 30 June 2020).

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AASB 1058 replaces the income recognition requirements relating to private sector not-for-profit entities previously reflected in AASB 1004 Contributions. The possible impacts of the initial application of the Standard have not yet been assessed by the Foundation.

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 recognized at the fair value of the asset at the date it is acquired.

(d) 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.

(e) Financial Instruments

Australian Business Volunteers Limited as Trustee for the AESOP

Recognition and de-recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Subsequent to initial recognition these instruments are measured as set out below.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transactions costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI); and
- Equity Instruments at FVTOCI

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income and finance expenses, except for impairment of trade receivables which is presented within other expenses.

Impairment of financial assets

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

(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

Australian Business Volunteers Limited as Trustee for the AESOP

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 recognized 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 recognized 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 2019) to the employee's superannuation fund of choice. All contributions in respect of employee's defined contributions entitlements are recognized 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.

(h) Provisions

Provisions are recognized 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.

Australian Business Volunteers Limited as Trustee for the AESOP

(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 recognized as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Revenue and other income

The Foundation recognizes 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 recognized and the amount ultimately received is interest revenue.

(j) Grant revenue

Grant revenue is recognized 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 recognized in the statement of financial position as a liability (unearned revenue) until the service has been delivered to the contributor, otherwise the grant is recognized as income on receipt.

(k) Monetary Donations

Donations and bequests are recognized as revenue when received.

(l) 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 marketplace and are recorded as non-monetary donation revenue and expenditure.

(m) 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).

(n) 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.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognized 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 recognized 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.

Australian Business Volunteers Limited as Trustee for the AESOP

(q) 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.

(r) 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 recognized in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

(s) 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 assess 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 2019.

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.

Australian Business Volunteers Limited as Trustee for the AESOP Foundation

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 2 Net results from ordinary activities	2019	2018
Net result has been determined after:	\$	\$
(a) Expenses		
Depreciation of non-current assets		
- IT systems	0	718
- office equipment	<u>12,267</u>	<u>9,649</u>
Total depreciation	<u>12,267</u>	<u>10,367</u>
Rent expense on operating leases:		
- minimum lease payments	56,142	97,114
(b) Auditor's remuneration		
- auditing the financial report	0	18,287
- other services	<u>1,253</u>	<u>4,000</u>
	<u>1,253</u>	<u>22,287</u>
Note 3 Cash and Cash Equivalents		
Cash on Hand	309	363
Cash at bank - PNG Kina	28,348	14,490
Deposits at call (encumbered) (Note 20(b))	67,048	23,562
Cash at Bank	<u>24,732</u>	<u>516,406</u>
	<u>120,437</u>	<u>554,821</u>
Note 4 Trade and Other Receivables		
Trade Receivables	31,500	16,150
Receivable - Australian Business Volunteers Limited	<u>124</u>	<u>387,925</u>
	<u>31,624</u>	<u>404,075</u>
Note 5 Other Assets		
Prepayments	<u>11,506</u>	<u>60,175</u>
Note 6 Property, Plant and Equipment		
Furniture, fixtures and fittings - at cost	4,082	4,082
Accumulated depreciation	<u>(4,082)</u>	<u>(4,082)</u>
	0	0
IT Systems	2,155	2,155
Accumulated depreciation	<u>(2,155)</u>	<u>(2,155)</u>
	0	0
Office Equipment - at cost	114,483	110,570
Accumulated depreciation	<u>(107,209)</u>	<u>(97,096)</u>
Total Property, Plant and Equipment	<u>7,274</u>	<u>13,473</u>
Movement in carrying amounts		
Opening balance Office Equipment at cost	13,473	21,928
Additions	6,068	1,912
Depreciation	<u>(12,267)</u>	<u>(10,367)</u>
	<u>7,274</u>	<u>13,473</u>

Australian Business Volunteers limited as Trustee for AESOP Foundation

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2019**

	2019	2018
	\$	\$
Note 7 Trade and Other Payables		
CURRENT		
Unsecured liabilities:		
Trade and other Payables	23,850	55,647
Accrued Expenses	12,198	80,064
Current tax liability (overseas)	(4,059)	(3,626)
GST	(3,438)	0
Other employee benefits payable	<u>10,379</u>	<u>5,492</u>
	<u>38,930</u>	<u>137,577</u>
 Note 8 Unearned Revenue		
CURRENT		
Income in Advance	<u>38,523</u>	<u>213,966</u>
 Note 9 Provisions		
CURRENT		
Annual Leave	55,536	42,516
Long Service Leave (vested)	<u>15,516</u>	<u>14,165</u>
	<u>71,052</u>	<u>56,681</u>
 NON - CURRENT		
Long Service Leave (non-vested)	<u>6,780</u>	<u>4,845</u>

Provisions for annual leave and long service leave

The current portion 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 the 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 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 the long service leave vesting is based upon historical data. The measurement and recognition criteria have been discussed in Note 1(h).

Note 10 Leasing Commitments

Operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- no later than one year	49,969	25,388
- later than one year but less than 5 years	<u>49,965</u>	<u>0</u>
	<u>99,934</u>	<u>25,388</u>

These amounts are inclusive of GST

Note 11 Cash Flow Information

	2019	2018
	\$	\$
(a) Reconciliation of net cash relating to operating activities to operating result		
Operating Deficit	(603,919)	(345,871)
Non-cash flows in operating result		
- Depreciation	12,267	10,367
Changes in assets and liabilities:		
- Trade and other receivables	372,451	139,884
- Other current assets	48,669	(18,765)
- Trade and other payables	(98,647)	57,046
- Unearned revenue	(175,443)	29,037
- Provisions	<u>16,306</u>	<u>(81,649)</u>
Net cash relating to operating activities	<u>(428,316)</u>	<u>(209,951)</u>

(b) Non-cash transactions

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

Australian Business Volunteers Limited as Trustee for the AESOP Foundation

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
Note 12 Key Management Personnel		
	197,100	426,634

The Foundation only has one Key Management Personnel, CEO Liz Mackinlay.

Note 13 Related Party Transactions

Receivable from Australian Business Volunteer Limited	<u>124</u>	<u>387,925</u>
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There are no other related parties.

Transactions with directors relate to reimbursement of travel costs and accommodation and are on normal terms and conditions no more favourable than those available to other parties.

Note 14 Subsequent Events

There have been no subsequent events that impact the financial statements at 30 June 2019.

Note 15 Economic Dependency

At 30 June 2019 the Foundation is not economically dependent on any one partner.

Note 16 Foundation Details

The registered office of and principal place of business of the Foundation is:
Level 7 17 University Avenue Canberra Civic ACT 2608

Note 17 Going Concern

The financial position of the Foundation deteriorated during the year due to the deficit of \$603,919 resulting in a net asset position of \$15,556 at year end.

The business development activities of the Foundation are successfully building the pipeline of future work which should see the Foundation return to a surplus and build retained earnings. The Foundation is confident that it has sufficient resources to meet its financial obligations for the coming 12 month period after the date of the financial statements. This statement is based on current contracts signed with significant business partners extending over the next few years. The total value of signed contracts is \$1,199,131 up to June 2020.

Therefore, the Board are of the opinion that the use of the going concern basis for the preparation of the financial statements is appropriate.

Note 18 Financial Risk Management

(a) Financial Risk Management Policies

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

The Foundation does not have any derivative instruments at 30 June 2019.

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

The main risks arising from the Foundation's 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.

Australian Business Volunteers Limited as Trustees for the AESOP Foundation

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 assets.

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 Limited, holding PNG Kina 69,058 valued at AUD 28,348 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 notes thereto.

(c) Financial Instrument Composition and Maturity Analysis

	Weighted average effective interest rate		Variable interest rate		Fixed rate < 1 year		Non-interest bearing		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash at Bank	1.3	0.57	-	472,316	67,048	43,562	53,389	38,581	120,437	554,459
Receivables		n/a	-	-	-	-	31,624	404,075	31,624	404,075
Total			-	472,316	67,048	43,562	85,013	442,656	152,061	958,534
Financial Liabilities:										
Payables	n/a	n/a	-	-	-	-	38,930	137,577	38,930	137,577
Total			-	472,316	67,048	43,562	46,083	305,079	113,131	820,957

Australian Business Volunteers Limited as Trustee for the AESOP Foundation

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2019**

Note 19 Contingent Liabilities

(a) During the year it was discovered that Australian Business Volunteers Limited may be in breach of the Trust Deed. The issue is being investigated and legal advice suggests that the financial impact will not be significant, and the impact on third parties is minimal.

(b) Cash not available for use

Security deposit guarantees of \$67,048 (2018: \$43,562) are held over term deposits of \$38,000 (Newcrest), \$20,000 (credit card) and \$9,048 (premise lease).

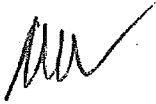
Australian Business Volunteers Limited as Trustee for AESOP Foundation

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 2019 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 behalf of the Board of Australian Business Volunteers Limited
30 June 2019



Director

19 December 2019



Director

Australian Business Volunteers Limited as Trustee for the AESOP Foundation

Directors' Report

For the Year Ended 30 June 2019

Australian Business Volunteers Limited, the Trustee Company for the AESOP Foundation (the Trust), provides this report for the financial year ended 30 June 2019.

1. General information

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Mark Epper

Chair since 28/11/2016

Director since: 23/11/2015

Retired

Director - Elouera Ski Club

Qualifications: BCom, ICAA, GAICD

John Field

Chair, Finance Committee

Director since: 24/11/2014

Retired - ABV Volunteer, Business Mentor

Director - Colour Capital Pty Ltd and Multi Media Technology Pty Ltd

Qualifications: BEng(Hons), MSc(Harvard),

Masters International & Community Development

Frances Healy

Chair, Governance Committee

Chair, Nomination and Remuneration Committee

Director since: 23/11/2015

Consultant and ABV Volunteer

No other directorships

Qualifications: BSc, Dip Ed, GAICD

Elly Patterson

Director since: 28/11/2016

Previous Director Engagement, Australia-Indonesia Centre

No other directorships

Qualifications: GAICD

Louisa Minney

Director since 27/11/2017

Consultant

National Secretary, United Nations association of Australia

Qualifications: BA, GradDip (Mandarin), GradDip (M&E), GAICD

Elizabeth Mackinlay

Company Secretary

ABV Chief Executive Officer since: 09/10/2017

ABV Company Secretary since: 17/01/2018

Chair & Director North Shore Women's Benevolent Association

Qualifications: BOccThy(Hons), MSPD

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

Australian Business Volunteers Limited as Trustee for the AESOP Foundation

Directors' Report

For the Year Ended 30 June 2019

Principal activities

Australian Business Volunteers Limited was established in 1981. The aim was to utilise the skills of recently retired Australians to assist in community development in the Asia/Pacific area. Since its establishment, Australian Business Volunteers Limited has placed more than 6,000 volunteers in Asia and the Pacific.

The AESOP Foundation was established in 1985 as an Overseas Development Fund, with Australian Business Volunteers Limited as Trustee. The AESOP Foundation trades as Australian Business Volunteers (ABV) and all of the overseas development work of the organisation in developing countries is conducted through the Foundation.

ABV partners with a range of government, corporate and not-for-profit organisations to collaborate and effectively deliver agreed programs to develop solutions to support economic growth and through this, communities.

Additionally, ABV partners with companies to implement their Corporate Social Responsibility (CSR) programs through corporate volunteering. It also runs specialised training packages to assist small medium enterprises in managing their business (business development, entrepreneurialism, governance, marketing, financial management and human resource management).

Short and long term objectives and strategic direction

ABV continued with its strategic direction of sustainability through growth and diversity, focusing on the Asia and Pacific regions where ABV has the expertise and experience. In the short term, this includes maximising the potential through existing partnerships, exploring options to expand existing programs by increasing assignment numbers and working in additional countries.

In the next three years, ABV's objective is to broaden its client base through increased collaboration across the government, not-for-profit and private sectors, utilising the expertise of existing volunteers and through an expanded corporate social responsibility program.

ABV has a registered branch in Papua New Guinea to partner with government, not-for-profit and the private sector to deliver SME development and institutional strengthening programs in that country.

Performance measures

The ABV Board plays a critical role in monitoring ABV's achievements against its strategic plan and key performance indicators.

The strategic plan is reviewed annually in sufficient time to allow the Chief Executive Officer to implement effective forecasting and planning.

2. Operating results and review of operations for the year

Review of operations

During the year ended 30 June 2019 the Trust provided services in Australia and the South-East Asia and Pacific Island nations of Fiji, Solomon Islands, East Timor, Papua New Guinea, Philippines, Tonga and Vietnam.

The result for the year ended 30 June 2019 was a loss of \$603,919 (2018: loss of \$345,871). The loss is consistent with the transition the Trust is currently undertaking. The directors of the Trust are confident of returning to a surplus in the near future.

Australian Business Volunteers Limited as Trustee for the AESOP Foundation

Directors' Report

For the Year Ended 30 June 2019

3. Other items

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in future financial years.

Meetings of directors

During the financial year, x meetings of directors were held. Attendances by each director during the year were as follows: (TO BE UPDATED)

	Directors' Meetings	
	Number eligible to attend	Number attended
Mark Epper	4	4
John Field	4	4
Fran Healy	4	4
Elly Patterson	4	3
Louisa Minney	4	4

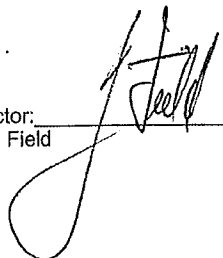
Indemnification and insurance of officers and auditors

Through the Trustee, Australian Business Volunteers Limited, the Foundation has agreed to indemnify the officers of the Trust to the maximum extent permitted by law, for all liabilities incurred by the officers and all legal and other costs and expenses arising from any proceedings or investigations, incurred by them, as a consequence of them having been an officer of the Trust.

The Foundation has not, during or since the financial year, provided any indemnities to its auditors in relation to any liabilities incurred by them in relation to the Trust.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Mark Epper

Director: 
John Field

19 December 2019

Australian Business Volunteers Limited as Trustee for AESOP Foundation

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 2019 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 behalf of the Board of Australian Business Volunteers Limited
30 June 2019

Director



29 January

2020

Director





Independent Auditor's Report

To the Board of Australian Business Volunteers Limited as Trustee for the AESOP Foundation

Opinion

We have audited the **Financial Report** of Australian Business Volunteers Limited as Trustee for the AESOP Foundation (the Foundation).

In our opinion, the accompanying Financial Report:

- gives a true and fair view of the Foundation's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complies with *Australian Accounting Standards* and *Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2019;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies and other explanatory information; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *ACNC Act 2012* and 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 fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Australian Business Volunteers Limited as Trustee for the AESOP Foundation's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Trustees are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Trustees for the Financial Report

The Trustees are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act 2012;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Foundation's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:


- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the 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_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG
KPMG


Phil Sands
Partner
Canberra
29 January 2020




Lead Auditor's Independence Declaration under
Subdivision 60-C section 60-40 of the Australian Charities
and Not-for-profits Commission Act 2012

To the Trustees of Australian Business Volunteers Limited as Trustee for the AESOP
Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Business
Volunteers Limited as Trustee for the AESOP Foundation for the financial year ended 30 June 2019 there
have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG
KPMG


Phil Sands
Partner
Canberra
29 January 2020

