

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 2020 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



L. J. MINNIE

Director 22.12.2020



MARK EPPER

Director 22.12.2020

Directors' Report

For the Year Ended 30 June 2020

Australian Business Volunteers Limited, the Trustee Company for the AESOP Foundation (the Trust), provides this report for the financial year ended 30 June 2020.

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

Deputy Chair

Director since: 23/11/2015

Consultant and ABV Volunteer

No other directorships

Qualifications: BSc, Dip Ed, GAICD

Elly Patterson

Director since: 28/11/2016. Retired June 2020

Previous Director Engagement, Australia-Indonesia Centre

No other directorships

Qualifications: GAICD

Louisa Minney

Director since 27/11/2017

Consultant

No other directorships

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

John Edwards

Director since 1/7/20

Retired Senior Executive

Director: many years experience on boards/advisory boards of start-ups and companies looking to list or trade sale

Qualifications: Bachelor of Science, Chartered Engineer, FAICD, Life-long Fellow UK Institute of Directors

Jane Madden

Director since 1/7/20

Principal/Founder of consultancy firm

Director: Black Dog Institute, National Foundation for Australian Women, Canberra Institute of Technology

Qualifications: Bachelor of Economics, GAICD

Directors' Report

For the Year Ended 30 June 2020

Elizabeth Mackinlay
Company Secretary

ABV Chief Executive Officer since: 09/10/2017
ABV Company Secretary since: 17/01/2018
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.

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 in Australia.

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 2020 the Trust provided services in Australia and the South-East Asia and Pacific Island nations.

The result for the year ended 30 June 2020 was a loss of \$79,187 (2019: loss of \$603,919). The loss is a result of the COVID 19 Pandemic which resulted in all projects being suspended in March 2020 through to 30 June 2020. During this period no revenue was received other than some support received from the Federal Government. Up to March 2020 the Trust was trading profitably.

Australian Business Volunteers Limited as Trustee for the AESOP Foundation

Directors' Report

For the Year Ended 30 June 2020

Subsequent to year end the projects which were suspended have been completed and/or recommenced, and new projects have been won. In this period the Trust has returned to profitability and the cashflow forecasts for the next year from the date of this report indicative that the Trust will continue as a going concern and the net equity position will return to a surplus.

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, 4 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mark Epper	5	5
John Field	5	4
Fran Healy	5	5
Elly Patterson	5	4
Louisa Minney	5	5

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: _____

L.S. MINNEY

22. 12. 2020

Director: _____

MARK EPPER

22. 12. 2020

**Australian Business Volunteers Limited
As Trustee For the AESOP Foundation**

Annual Financial Report

For the Year Ended

30 June 2020

Australian Business Volunteers Limited
As Trustee for the AESOP Foundation
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Australian Business Volunteers Limited
as Trustee for the AESOP Foundation
ABN: 89 008 612 431
Statement of Comprehensive Income
For the Financial Year Ended 30 June 2020

	2020 \$	2019 \$
REVENUE		
<i>Contributions</i>		
Monetary	-	155,107
Service Fees	<u>935,418</u>	<u>634,828</u>
	935,418	789,935
<i>Grants</i>		
Other overseas grants	<u>-</u>	<u>41,680</u>
	-	41,680
<i>Other Income</i>		
Investment income (interest received)	1,030	1,186
Other income	47,541	40,698
Revenue from Government	62,877	-
Unrealised (loss) or gain on foreign exchange	<u>2,065</u>	<u>44,035</u>
	<u>113,513</u>	<u>85,919</u>
Total Revenue	1,048,931	917,534
EXPENDITURE		
Program support costs	320,649	173,231
Administrative expenses	274,299	491,838
Employees expenses	<u>533,168</u>	<u>856,384</u>
Total Expenditures	<u>1,128,116</u>	<u>1,521,453</u>
NET PROFIT	<u>(79,185)</u>	<u>(603,919)</u>
Other Comprehensive (Loss)/ Income	-	-

Australian Business Volunteers Limited
as Trustee for the AESOP Foundation
ABN: 89 008 612 431
Statement of Financial Position
As At 30 June 2020

		2020 \$	2019 \$
ASSETS	<i>Note</i>		
<i>Current Assets</i>			
Cash and cash equivalents	3	50,712	120,437
Trade and other receivables	4	3,275	31,624
Other assets	5	<u>-</u>	<u>11,506</u>
Total Current Assets		53,987	163,567
<i>Non Current Assets</i>			
Property, plant and equipment	6	3,815	7,274
Total Non-Current Assets		<u>3,815</u>	<u>7,274</u>
Total Assets		57,802	170,841
LIABILITIES			
<i>Current Liabilities</i>			
Trade and other payables	7	76,767	38,930
Unearned revenue	8	23,200	38,523
Provisions	9	<u>21,466</u>	<u>71,052</u>
Total Current Liabilities		121,433	148,505
<i>Non Current Liabilities</i>			
Provisions	9	-	6,780
Total Non-Current Liabilities		<u>-</u>	<u>6,780</u>
Total Liabilities		121,433	155,285
Net Assets		<u>(63,631)</u>	<u>15,556</u>
Represented by:			
Retained Earnings		<u>(63,631)</u>	<u>15,556</u>

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 2020

	Retained Earnings \$	Settlement Capital \$	Total \$
<i>Balance for 1 July 2018</i>	619,465	10	619,475
Net surplus/(deficit) for the year	(603,919)		(603,919)
Other comprehensive income for the year	-		-
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>
Net surplus/(deficit) for the year	(79,185)		(79,185)
Other comprehensive income for the year	-		-
Total comprehensive income for the year	<u>(79,185)</u>		<u>(79,185)</u>
Balance for 30 June 2020	<u>(63,639)</u>	<u>10</u>	<u>(63,629)</u>

Australian Business Volunteers Limited
as Trustee for the AESOP Foundation
ABN: 89 008 612 431
Statement of Cash Flows
For the Financial Year Ended 30 June 2020

	2020 \$	2019 \$
Cash Flow from Operating Activities		
Receipts	1,114,524	1,113,356
Payments to suppliers and employees	(1,185,279)	(1,542,858)
Interest received	<u>1,030</u>	<u>1,186</u>
<i>Net Cash Flow Provided by or (Used in) Operating Activities</i>	(69,725)	(428,316)
Cash Flow from Investing Activities		
Purchase of property, plant and equipment	-	(6,068)
<i>Net Cash Flow Provided by or (Used in) Investing Activities</i>	-	(6,068)
Net Cash Flow from Financing Activities		
<i>Net Cash Flow Provided by or (Used in) Investing Activities</i>	<u>-</u>	<u>-</u>
Net Increase or (Decrease) in Cash & Cash Equivalents	(69,725)	(434,384)
Cash & Cash Equivalents Balance as at 01 July 2019	<u>120,437</u>	<u>554,821</u>
Cash & Cash Equivalents Balance as at 30 June 2020	<u>50,712</u>	<u>120,437</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

New and amended standards and interpretations

The Foundation has adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 16 Leases issued by the Australian Accounting Standards Board (the AASB) from 1 July 2019, which has resulted in changes in accounting policies.

i) AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers (AASB 15) became effective from 1 July 2019. The new Standard establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations. The Standard applies a five-step approach to the timing of revenue recognition and is applicable to all contracts with customers, except those in the scope of other Standards, replacing the separate models for goods, services and construction contracts under the previous Accounting Standards.

As a consequence, revenue from contracts with customers will be recognised in the statement of profit or loss following the approach highlighted above, when or as the Foundation satisfies performance obligations by transferring the promised services (or goods) to its customers; i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to a customer.

The adoption of AASB 15, will not impact the timing of revenue recognition of sale of goods, which continues to be recognised on a point in time basis. In applying AASB 15, revenue associated with the sale of goods is recognised when the

performance obligation of the sale has been fulfilled and control of the goods has transferred to the customer, which will still occur at the point of sale.

Under AASB 15, revenue relating to contributions/fees for services from or on behalf of people we assist who have the capacity to pay, will be recognised on a point in time basis, when the service is provided.

In accordance with the transition provisions of AASB 15, the Foundation adopts the modified retrospective approach, where recognition and measurement principles of the new Standard are applied to adjust only the 2019/2020 financial year as though the new Standard had always applied.

Impact on transition

On transition to AASB 15, there was no impact on Foundation's opening retained earnings.

ii) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities (AASB 1058) replaces most of the not for profit (NFP) income recognition requirements in AASB 1004 Contributions, the scope of which is now limited to parliamentary appropriations, administrative arrangements and contributions by an owner. The purpose of the new Standard is to recognize transactions that are not contracts with customers, in accordance with their economic reality. AASB 1058 became effective from 1 July 2019.

Upon recognition of the asset, the Standard also requires the Foundation to consider whether any other financial statement elements ('related amounts') should be recognised, such as:

- Contributions by owners;
- Revenue, or a contract liability arising from a contract with a customer;
- A lease liability;
- A financial instrument; or
- A provision.

These related amounts are accounted for in accordance with the applicable Australian Accounting Standard. The Standard also prescribes specific accounting requirements for a transaction which is a transfer of a financial asset to enable an entity to acquire or construct a recognizable non-financial asset to be controlled by the Foundation (in substance acquisition of a non-financial asset) and volunteer services.

The Foundation has elected to not recognize volunteer services within the financial statements, given the true value of these services cannot be reliably measured in financial terms.

Impact on transition

On transition to AASB 1058, there was no impact on Foundation's opening retained earnings.

iii) **AASB 16 Leases**

AASB 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities.

However, in April 2020 the Foundation decided to terminate the lease it was holding on Level 7, 17 University Avenue Canberra Civic ACT 2608. As a result, this Standard hasn't been adopted.

The foundation doesn't hold any leases as at 30 June 2020.

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:

<u>Class of fixed asset</u>	<u>Depreciation Rate</u>
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 Instrument

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 derecognized 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 derecognized 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 amortized 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 amortized 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

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 re-measurement 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 2020) 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. AU 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.

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.

l) 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.

m) Monetary Donations

Donations and bequests are recognized as revenue when received.

n) Non-monetary donations

The Foundation receives non-monetary donations from host organizations 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.

o) 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).

p) Trade and other receivables

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

q) 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.

r) Income tax

The Trustee Company is exempt from income tax under division 50-8 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.

s) 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.

t) 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 2020.

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.

Note 2 – Net Results from Ordinary Activities

	2020 \$	2019 \$
Net result has been determined after:		
(a) Expenses		
Depreciation	3,459	12,267
Rent expense on operating lease	49,006	56,142
Minimum lease payments		
(b) Auditors' remuneration		
Auditing the financial report	–	–
Other services	1,711	1,253

Note 3 – Cash and Cash Equivalents

Cash on hand	–	309
Cash at bank – PNG Kina	1,572	28,348
Deposits at call (encumbered)	9,048	67,048
Cash at bank	<u>40,093</u>	<u>24,732</u>
	<u>50,712</u>	<u>120,437</u>

Note 4 – Trade and Other Receivables

Trade receivables	3,150	31,500
Receivable– Australian Business Volunteers Limited	<u>127</u>	<u>124</u>
	<u>3,277</u>	<u>31,624</u>

Note 5 – Other Assets

Prepayments	–	11,506
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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>
	–	–
IT Systems	2,155	2,155
Accumulated depreciation	<u>(2,155)</u>	<u>(2,155)</u>
	–	–
Office Equipment – at cost	114,483	114,483
Accumulated depreciation	<u>(110,668)</u>	<u>(107,209)</u>
	3,815	7,274
Total Property, Plant and Equipment	<u>3,815</u>	<u>7,274</u>

	2020 \$	2019 \$
Movement in Carrying amounts		
Opening balance of office equipment at cost	7,274	13,473
Additions	–	6,068
Depreciations	<u>(3,459)</u>	<u>(12,267)</u>
	<u>3,815</u>	<u>7,274</u>

Note 7 – Trade and Other Payables

Current

Unsecured liabilities		
Trade and other payables	16,967	23,850
Credit Card Payables	690	–
Accrued expenses	5,650	12,198
Current tax liability (overseas)	(4,059)	(4,059)
GST	(10,179)	(3,438)
Payable – ABV Ltd (unearned revenue)	65,771	–
Other employee benefits payable	<u>1,926</u>	<u>10,379</u>
	<u>76,767</u>	<u>38,930</u>

Note 8 – Unearned Revenue

Current

Income in advance	<u>23,200</u>	<u>38,523</u>
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Note 9 – Provisions

Current

Annual leave	21,466	55,536
Long service leave (vested)	<u>–</u>	<u>15,516</u>
	<u>21,466</u>	<u>71,052</u>

Non-Current

Long service leave (non-vested)	<u>–</u>	<u>6,780</u>
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Note 10 – Leasing Commitments

Operating lease contracted for but not capitalised in the financial statements payable - minimum lease payments:

No later than one year	–	49,969
Later than one year but less than 5 years	<u>–</u>	<u>49,965</u>
	<u>–</u>	<u>99,934</u>

These amounts are inclusive of GST

2020	2019
\$	\$

Note 11 – Cash flow information

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

Operating deficit	(79,187)	(603,919)
Non-cash flows in operating result		
Depreciation	3,459	12,267
Changes in assets and liabilities		
Trade and other receivables	28,349	372,451
Other current assets	11,506	48,669
Trade and other payable	37,837	(98,647)
Unearned revenue	(15,323)	(175,443)
Provisions	<u>(56,366)</u>	<u>16,306</u>
Net cash relating to operating activities	<u>(69,725)</u>	<u>(428,316)</u>

(b) Non-cash transactions

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

Note 12 – Key Management Personnel

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

Total remunerations has been:	168,672	197,100
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Note 13: Related Party Transactions

Receivable from Australian Business Volunteer Limited as at 30 June 2020 is \$126

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

Note 14: Subsequent Events

There have been no subsequent events that impact the financial statements at 30 June 2020.

Note 15: Economic Dependency

At 30 June 2020 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 Company is: 8 George Street, Manly, NSW 2095.

Note 17: Going Concern

The financial operations of the Foundation during the year resulted with a deficit of \$79,187; resulting in a net liability position of \$63,631 at year end.

The impact of COVID meant a suspension of funding contracts in March 2020 until July 2020. As a result, three staff took a voluntary pay reduction, another three staff received Australian government assistance through the Job Keeper scheme from March to September 2020 and ABV received the BAS refund from March to September 2020. The Canberra office was closed permanently on 31 August 2020 and a rent release deed negotiated with the landlord for 50 % rent from April to August 2020.

Since October 2020, employees continue to work remotely, and from November 2020 all staff are returned to full pay. The business model for ABV has pivoted to remote skilled volunteering both internationally and in Australia and all contracts reflect that change from July 2020.

ABV has prepared a cash forecast to 31 December 2021 which supports a significant increase in cash reserves and for the four months from July 2020 to 31 October 2020, a surplus has been achieved.

The return to profitability is consistent with the resumption of pre-COVID contracts with Woolies, NAB and Newcrest and the addition of new work here in Australia sponsored by NAB and IAG and with Nauru Chamber of Commerce.

The cash forecast to December 2021 has a total of cash received between October 2020 and December 2021 of \$3,333,261, total cash outflow forecast of \$1,880,897 and a forecast cash reserve of \$1, 517, 536 at 31/12/2021. The surplus achieved July – October 2020 is comprised of cash

received of \$285,983 and a cash outflow of \$198,289 resulting in a surplus of \$87,694. The cash reserve at 30 November 2020 is \$141,877 and the forecast cash reserve at 31/12/2020 is predicted to be \$1,517,936. Pre-COVID-19 contracts included a three year contract with NAB for 3 immersions per year worth \$180,000 in total, Woolworths pilot concept for \$61,000 and the Newcrest Lihir contract for \$880,000 over two years. New work realised since COVID includes the Nauru Chamber of Commerce Private Sector Roadmap development funded for 7 months from September 2020 to March 2021. Nauruan Chamber of Commerce contract is funded by Australian DFAT and the UK government foreign affairs office for \$67,500 AUD. Integrated planning for Cobargo NSW bushfire affected recovery contract is jointly funded by NAB for \$36,500, IAG for \$16,500, Arup engineering for \$16,500 and the Cobargo community for \$10,000 equaling \$79,500 for work between September 2020 and January 2021.

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

The ABV Foundation and ABV Limited are not financially dependent upon each other in relation to the going concern assumption. ABV Limited's only business is receiving income in areas where the Foundation cannot, and the Foundation only charges ABV Limited when income is received for work domestically. The Foundation does not rely on ABV Limited to be a going concern.

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 2020. 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.

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, valued at AUD 1,572 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.

Note 19 Contingent Liabilities

There are no contingent liabilities the Foundation is liable to as at 30 June 2020.

Cash not available for use:

- A total of \$9,048 security deposit is held in relation with a premise lease.

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 2020 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

Director
Date:

Director
Date:

Directors' Report

For the Year Ended 30 June 2020

Australian Business Volunteers Limited, the Trustee Company for the AESOP Foundation (the Trust), provides this report for the financial year ended 30 June 2020.

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

Deputy Chair

Director since: 23/11/2015

Consultant and ABV Volunteer

No other directorships

Qualifications: BSc, Dip Ed, GAICD

Elly Patterson

Director since: 28/11/2016. Retired June 2020

Previous Director Engagement, Australia-Indonesia Centre

No other directorships

Qualifications: GAICD

Louisa Minney

Director since 27/11/2017

Consultant

No other directorships

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

John Edwards

Director since 1/7/20

Retired Senior Executive

Director: many years experience on boards/advisory boards of start-ups and companies looking to list or trade sale

Qualifications: Bachelor of Science, Chartered Engineer, FAICD, Life-long Fellow UK Institute of Directors

Jane Madden

Director since 1/7/20

Principal/Founder of consultancy firm

Director: Black Dog Institute, National Foundation for Australian Women, Canberra Institute of Technology

Qualifications: Bachelor of Economics, GAICD

Directors' Report

For the Year Ended 30 June 2020

Elizabeth Mackinlay
Company Secretary

ABV Chief Executive Officer since: 09/10/2017
ABV Company Secretary since: 17/01/2018
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.

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 in Australia.

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 2020 the Trust provided services in Australia and the South-East Asia and Pacific Island nations.

The result for the year ended 30 June 2020 was a loss of \$79,187 (2019: loss of \$603,919). The loss is a result of the COVID 19 Pandemic which resulted in all projects being suspended in March 2020 through to 30 June 2020. During this period no revenue was received other than some support received from the Federal Government. Up to March 2020 the Trust was trading profitably.

Australian Business Volunteers Limited as Trustee for the AESOP Foundation

Directors' Report

For the Year Ended 30 June 2020

Subsequent to year end the projects which were suspended have been completed and/or recommenced, and new projects have been won. In this period the Trust has returned to profitability and the cashflow forecasts for the next year from the date of this report indicative that the Trust will continue as a going concern and the net equity position will return to a surplus.

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, 4 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mark Epper	5	5
John Field	5	4
Fran Healy	5	5
Elly Patterson	5	4
Louisa Minney	5	5

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:

Australian Business Volunteers Limited as Trustee for the AESOP Foundation

Directors' Report

For the Year Ended 30 June 2020

Director:
Mark Epper

13 November 2020

Director:
John Field