

# Financial Literacy Australia Limited

(a company limited by guarantee)

ACN 158 813 891

## Financial Report 31 December 2014

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Financial Literacy Australia Limited

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# Corporate Information

Financial Literacy Australia Limited

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<b>Board Members</b>	Paul Clitheroe Robert Brown Hamish Douglass Craig Dunn Linda Elkins Fiona Guthrie Elaine Henry Anthony Mackay Ian Silk Michael Smith Robert Thomas	Chairman
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<b>Company Secretary</b>	Robert Brown
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<b>Registered Office and Principal Place of Business</b>	Studio 4.1, 105 Kippax Street Surry Hills, NSW 2010
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<b>Auditors</b>	Ernst & Young Level 33, Ernst & Young Centre World Square, 680 George Street Sydney NSW 2000
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# Directors' Report

## Financial Literacy Australia Limited

The directors present this financial report of the company from 1 January 2014 to 31 December 2014.

### Board Members

The names of the directors in office during the period until the date of this report are:

	Date Appointed	Date of cessation	Board		Executive		Grants	
			A	B	A	B	A	B
Robert Brown	5 June 2012	continuing	3	3	2	2	3	3
Paul Clitheroe	5 June 2012	continuing	3	3	2	2	3	3
Hamish Douglass	5 June 2012	continuing	1	3				
Craig Dunn	5 June 2012	continuing	2	3				
Linda Elkins	5 June 2012	continuing	2	3				
Fiona Guthrie	5 June 2012	continuing	3	3				
Elaine Henry	5 June 2012	continuing	3	3	2	2	3	3
Anthony Mackay	5 June 2012	continuing	-	3				
Ian Silk	5 June 2012	continuing	3	3				
Michael Smith	5 June 2012	continuing	1	3				
Robert Thomas	5 June 2012	continuing	2	3				

A Number of meetings attended

B Number of meetings held during the time the member held office during the year

### Company secretary

Robert Brown has been the Company Secretary since 5 June 2012.

Details of directors' qualifications, experience and special responsibilities can be found on pages 5 to 7 of this report.

### Principal activities

The company's principal activities during the period were to:

- Design, launch and manage a Grants program in support of not-for-profit entities delivering financial literacy programs or research
- Develop and deliver MoneySmart Week 2014 including:
  - National P R campaign.
  - MoneySmart Week Awards program and event
  - A Financial Literacy Expo in Geelong
  - Supporter events held across Australia during the Week.
- Fundraise, through sponsorship.
- Maintain and update the website providing information on MoneySmart Week and tools to help people with their financial situation.
- Develop and deliver printed material to MoneySmart Week supporters about the Money Health Check, budgeting and where to go for financial help and/or information, as well as promotional material to publicise MoneySmart Week.

# Directors' Report

Financial Literacy Australia Limited

## Short and Long Term Objectives and Strategy

The company's short and long-term objectives are to:

- Provide direct support for non-government financial literacy programs and research;
- Encourage Australians to take action on their finances;
- Increase awareness among Australians about the information and tools available to help them make sound money decisions; and
- Raise awareness of the importance of financial literacy;

The company's strategy for achieving these objectives include:

- Deliver a national Grants funding program with an emphasis on evaluation and information sharing;
- Developing and publicise material to engage and motivate Australians to take action on their money situation;
- Publicising stories that demonstrate the benefits of taking control of your finances or developing money skills;
- Fostering partnerships across government, business, education and community sectors to promote financial literacy initiatives; and
- Publicly recognise and promote good practice in the design and delivery of financial literacy programs.

## Performance Measures

- Grant applications received
- Number of sponsors and funds raised
- People visiting the MoneySmart Week website
- People doing the Money Health Challenge
- Number of MoneySmart Week partner events
- People attending MoneySmart Week events

## Operating results for the year

The gross operating revenue for the Financial Literacy Australia Limited was \$6,110,131 (2013: \$473,458) and expenses amounted to \$2,365,276 (2013: \$141,264), resulting in a surplus of \$3,744,855 (2013: \$141,264). Total equity as at 31 December 2014 stood at \$3,820,624 (2013: \$75,769).

# Directors' Report

Financial Literacy Australia Limited

## Directors' qualifications, experience and special responsibilities

Name	Qualifications and Experience	Special responsibilities
<p><b>Paul Clitheroe</b> <b>AM</b></p>	<p><i>Qualifications:</i> Professor, Faculty of Business and Economics, Macquarie University, CFP, SF Fin and Bachelor of Arts</p> <p><i>Experience:</i> Paul is co-founder and executive director of ipac securities, an experienced media commentator and Chair in Financial Literacy at Macquarie University. He is also Chairman and Chief Commentator of Money magazine. He is also Chair of the Australian Government's Financial Literacy Board.</p>	<p>Chairman</p>
<p><b>Robert Brown</b> <b>AM</b></p>	<p><i>Qualification:</i> Bachelor of Economics and Fellow of the Institute of Chartered Accountants</p> <p><i>Experience:</i> Robert is Independent Chairman of the Australian Defence Force (ADF) Financial Services Consumer Centre and a Royal Australian Air Force specialist reservist, with over 30 years' experience in the accounting profession. He is also a member of the Australian Government's Financial Literacy Board.</p>	<p>Company Secretary</p>
<p><b>Hamish Douglass</b></p>	<p><i>Qualifications:</i> Bachelor of Commerce</p> <p><i>Experience:</i> Hamish Douglass is the Co-Founder, Managing Director and Chief Executive Officer of Magellan Financial Group Limited (MFG). He is a former member of the Australian Government Takeovers Panel and a member of the Australian Government's Financial Literacy Board.</p>	
<p><b>Craig Dunn</b></p>	<p><i>Qualifications:</i> Bachelor of Commerce</p> <p><i>Experience:</i> Craig Dunn is Chairman of Stone and Chalk and former CEO of AMP with more than 15 years' experience in the financial services sector. He was panel member of the Financial Services Inquiry. He is a former member of the Consumer and Financial Literacy Taskforce and is also a member of the Australian Government's Financial Literacy Board.</p>	

# Directors' Report

Financial Literacy Australia Limited

**Directors' qualifications, experience and special responsibilities** continued

Name	Qualifications and Experience	Special responsibilities
Linda Elkins	<p><i>Qualifications:</i> Bachelor of Applied Science and a Certificate of Superannuation Management</p> <p><i>Experience:</i> Linda is Executive General Manager for Colonial First State having previously worked as Managing Director of Superannuation at Russell Investments. She is a member of the Australian Government Financial Literacy Board and the Macquarie University Business and Economics Faculty Advisory Board.</p>	
Fiona Guthrie	<p><i>Qualifications:</i> Bachelor of Arts (Psychology) and an MBA (Finance)</p> <p><i>Experience:</i> Fiona Guthrie is the Executive Director of Financial Counselling Australia, the peak body for financial counsellors in Australia. Fiona is a member of the Australian Competition and Consumer Commission Consumer Consultative Committee; the Queensland Consumers' Association; and the Australian Government's Financial Literacy Board</p>	
Elaine Henry OAM	<p><i>Qualifications:</i> Honorary Doctorate of Letters UNSW, Bachelor of Science with first class honours.</p> <p><i>Experience:</i> Elaine Henry has been a leader in the non-profit sector for the past 25 years; formerly as the Executive Director of the Cancer Council (NSW) and until the end of 2010 as Chief Executive of The Smith Family. Elaine was a member of the Consumer and Financial Literacy Taskforce, the Financial Literacy Foundation and is now a member of the Australian Government's Financial Literacy Board.</p>	
Robert Thomas	<p><i>Qualifications:</i> Master of Laws, Master of Commerce and Fellow of the Australian Institute of Company Directors</p> <p><i>Experience:</i> Robert is a director of the Bank of China (Australia). He is also is also a member of the Law Society of New South Wales and a member of the Board of Financial Literacy Australia.</p>	

# Directors' Report

Financial Literacy Australia Limited

## Directors' qualifications, experience and special responsibilities continued

Name	Qualifications and Experience	Special responsibilities
<b>Anthony Mackay</b>	<p><i>Qualifications:</i> Tony has a Bachelor of Economics and a Bachelor of Education and an MA in the Economics of Education.</p> <p><i>Experience:</i> Tony Mackay is Executive Director of the Melbourne-based Centre for Strategic Education, Australia. Tony is Chairman of the Board of Directors of the Innovation Unit Ltd. England; an OECD Senior Consultant for the Schooling For Tomorrow Project, Improving School Leadership Project, and a member of the Australian Government's Financial Literacy Board.</p>	
<b>Ian Silk</b>	<p><i>Qualifications:</i> Bachelor of Economics, a Diploma of Financial Services, and a Postgraduate Diploma in Labor Relations Law.</p> <p><i>Experience:</i> Ian Silk is the Chief Executive of AustralianSuper; Australia's largest superannuation fund. He is a member of the Financial Services Advisory Council to the Treasurer, a member of the ASIC External Advisory Board, and member of the Australian Financial Literacy Advisory Board. He is a Director of the Australian Council of Superannuation Investors, and Industry Super Australia.</p>	
<b>Michael Smith OBE</b>	<p><i>Qualifications:</i> Bachelor of Economic Sciences</p> <p><i>Experience:</i> Michael Smith is Chief Executive Officer of Australia and New Zealand Banking Group Limited (ANZ). He is Chairman of the Australian Bankers' Association and a Member of both the Business Council of Australia and the Asia Business Council. Mr Smith is a Director of the Institute of International Finance; a Member of the Board of the International Monetary Conference; and a Member of the Financial Literacy Advisory Board.</p>	



# Directors' Report

Financial Literacy Australia Limited

## **Members' guarantees**

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 31 December 2014 the collective liability was \$110.

## **Significant changes in state of affairs**

There are no significant changes in the state of affairs of the company during the financial year.

## **Significant events after balance date**

Up to the date of this report, there have been no significant events after balance date that should be included in the financial report nor significantly affect the company's operations in the future.

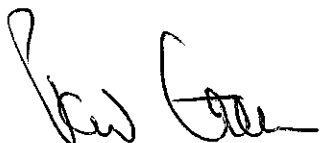
## **Indemnification and insurance of directors**

The company held directors and officers liability cover during 2014.

## **Auditor's independence declaration**

The auditor's independence declaration for the year ended 31 December 2014 has been received and can be found on page 9 of the financial report.

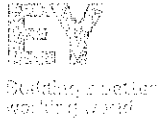
Signed in accordance with a resolution of the directors.



**PAUL CLITHEROE**  
Chair

Sydney

Date 26/6/15



## **Auditor's Independence Declaration to the Directors of Financial Literacy Australia Limited**

In relation to our audit of the financial report of Financial Literacy Australia Limited for the financial year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Yours sincerely

Darren Handley-Greaves  
Partner  
Sydney  
30 June 2015

# Statement of Comprehensive Income

for the year ended 31 December 2014  
Financial Literacy Australia Limited

	Note	Year to	Period to
	Dec	2014	Dec
		\$	\$
<b>Revenue</b>	4	6,110,131	473,458
<b>Expenses</b>			
Administration expenses		(91,725)	(221,766)
Depreciation and amortisation expense		(3,035)	(89)
Employee benefits expense	5	(372,159)	(89,177)
Event and campaign expenses		(109,377)	(21,162)
Grants paid		(1,788,980)	-
		-----	-----
<b>Net surplus for the period from continuing operations</b>		3,744,855	141,264
		=====	=====
Other comprehensive income		-	-
		-----	-----
<b>Net surplus for the year</b>		3,744,855	141,264
		=====	=====

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

as at 31 December 2014  
Financial Literacy Australia Limited

	Note	Dec 2014 \$	Dec 2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	4,924,209	75,770
Trade and other receivables	7	37,898	6,126
Other current assets	8	750	-
		-----	-----
Total current assets		4,962,857	81,896
		-----	-----
<b>Non-current assets</b>			
Plant and equipment	9	2,098	1,299
Intangibles	10	8,569	-
		-----	-----
Total non-current assets		10,667	1,299
		-----	-----
<b>TOTAL ASSETS</b>		<b>4,973,524</b>	<b>83,195</b>
		-----	-----
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	24,340	7,426
Grant liabilities	12	675,488	-
Provisions	13	17,142	-
		-----	-----
Total current liabilities		716,970	7,426
		-----	-----
<b>Non-current liabilities</b>			
Grant liabilities	12	435,930	-
		-----	-----
Total non-current liabilities		435,930	-
		-----	-----
<b>TOTAL LIABILITIES</b>		<b>1,152,900</b>	<b>7,426</b>
		-----	-----
<b>NET ASSETS</b>		<b>3,820,624</b>	<b>75,769</b>
		=====	=====
<b>FUNDS</b>			
Unrestricted funds		3,820,624	75,769
		-----	-----
<b>TOTAL FUNDS</b>		<b>3,820,624</b>	<b>75,769</b>
		=====	=====

The above statement of financial position should be read in conjunction with the accompanying notes.

# Statement of Changes in Funds

for the year ended 31 December 2014  
Financial Literacy Australia Limited

	UNRESTRICTED FUNDS 2014 \$
<b>Balance at 30 June 2013</b>	(65,495)
Net surplus for the 6 months to 31 December 2013	141,264
Other comprehensive income for the period	-
	-----
<b>Balance at 31 December 2013</b>	75,769
	=====
Net surplus for the year ended 31 December 2014	3,744,855
Other comprehensive income for the period	-
	-----
<b>Balance at 31 December 2014</b>	3,820,624
	=====

The above statement of changes in funds should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

for the year ended 31 December 2014  
Financial Literacy Australia Limited

	Note	Year to Dec 2014	Period to Dec 2013
		\$	\$
<b>Cash flows from operating activities</b>			
<i>Receipts</i>			
Receipts from donors		5,602,500	-
Receipts from sponsorships		377,550	145,000
Interest received		122,631	118
Miscellaneous revenue		-	126
<i>Payments</i>			
Payments to suppliers and employees		(564,278)	(275,261)
Grants paid		(677,562)	-
<b>Net cash flows from operating activities</b>		<u>4,860,841</u>	<u>(130,017)</u>
<b>Cash Flows from investing activities</b>			
Purchase of property plant and equipment		(1,753)	(1,388)
Payments for intangible assets		(10,650)	-
<b>Net cash flows used in investing activities</b>		<u>(12,403)</u>	<u>(1,388)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		4,848,438	(131,405)
Cash and cash equivalents at the beginning of the period		<u>75,770</u>	<u>207,175</u>
<b>Cash and cash equivalents at the end of the period</b>	6	<u>4,924,208</u>	<u>75,770</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

for the year ended 31 December 2014  
Financial Literacy Australia Limited

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# Notes to the Financial Statements

for the year ended 31 December 2014

Financial Literacy Australia Limited

## 1 General information and statement of compliance

The financial report includes the financial statements and notes of Financial Literacy Australia Limited.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-For-Profits Commission Act 2012*. Financial Literacy Australia Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report of Financial Literacy Australia Limited for the year ended 31 December 2014 was authorised for issuance in accordance with a resolution of the directors.

The company has adopted AASB1053 Application of Australian Accounting Standards and AASB2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. The adoption of AASB1053 and AASB200-2 has allowed the company to remove a number of disclosures, in particular the disclosures around Financial Risk management objectives and policies.

## 2 Changes in accounting policies

### (a) New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below:

#### *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the company as the amendments merely clarify the existing requirements in AASB 132.

#### *AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements*



# Notes to the Financial Statements

for the year ended 31 December 2014  
Financial Literacy Australia Limited

## 2 Changes in accounting policies

### (a) New and revised standards that are effective for these financial statements continued

AASB 2013-6 makes amendments to AASB 136 *Impairment of Assets* to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure

Requirements arising from AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*. AASB 2013-3 made narrow scope amendments to AASB 136, addressing disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

AASB 2013-6 became applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the company.

## 3 Summary of accounting policies

### (a) Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

### (b) Revenue recognition

Revenue comprises revenue from grants, sponsorships and donations.

Revenue is measured by reference to the fair value of consideration received or receivable by the entity for goods supplied and services provided, excluding sales tax, rebates and discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the entity's different activities have been met. Details of the activity specific recognition criteria are described below.

#### Donations

Donations are recognised as revenue when entity gains control, economic benefits are probable and the amount of the donation can be measured reliably.

# Notes to the Financial Statements

for the year ended 31 December 2014  
Financial Literacy Australia Limited

## 3 Summary of accounting policies

### (b) Revenue recognition *continued*

#### **Donations** *continued*

A number of the company's programs are supported by grants received from financial institutions.

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

Where a grant is received on the condition that specified services are delivered, to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year-end until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the company obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

#### **Sponsorship**

Sponsorship is recognised when the service is provided.

#### **Investment income**

Investment income comprises of interest. Interest income is recognised as it accrues using the effective interest method.

### (c) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with the use of resources.

Grants are also paid each year to successful candidates. The grants are recognised as liabilities when the organisation has approved the payments. Non-current liabilities are recognised for those payments due greater than 12 months from year end.

# Notes to the Financial Statements

for the year ended 31 December 2014  
Financial Literacy Australia Limited

## 3 Summary of accounting policies

### (d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

### (e) Trade and other receivables

Trade receivables, which comprise amounts due from services provided, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Normal terms of settlement are usually within 30 days. The notional amount of the receivable is deemed to reflect fair value.

### (e) Trade and other receivables

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

### (f) Plant and equipment

Plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Plant and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of plant and equipment. The following useful lives are applied:

	2014	2013
Plant & Equipment	3 years	3 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in surplus or deficit within other income or other expenses.

# Notes to the Financial Statements

for the year ended 31 December 2014  
Financial Literacy Australia Limited

## 3 Summary of accounting policies

### **(g) Intangibles**

Website expenses are capitalised on the basis of the costs incurred to acquire, install and build the assets. All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are also subject to impairment testing.

When the intangible asset is disposed of, the gain or loss on disposal is determined by the difference between the proceeds and the carrying amount of the asset, and is recognised in surplus or deficit within other income or other expenses.

### **(h) Trade creditors and other payables**

Trade payables and other payables represent liabilities for goods and services provided to the company prior to the end of the financial period that are unpaid. These amounts are usually settled in 30 days. The notional amount of the payables is deemed to reflect fair value.

### **(i) Deferred income**

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. When the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted.

### **(j) Employee benefits**

Employee benefits comprise wages and salaries, annual, non-accumulating sick and long service leave, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months of balance date are recognised in other payables in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months of balance date are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to anticipated future wage and salary levels,

# Notes to the Financial Statements

for the year ended 31 December 2014  
Financial Literacy Australia Limited

## 3 Summary of accounting policies

### (j) Employee benefits

experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

The company pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the income statement when they are due. The company has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

### (k) Leases

#### Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

### (l) Taxation

#### Income tax

The company is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. This exemption has been confirmed by the Australian Taxation Office.

#### Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office, in which case it is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing or financing activities which is recoverable or payable to the Australian Taxation Office is classified as operating cash flows.

# Notes to the Financial Statements

for the year ended 31 December 2014  
Financial Literacy Australia Limited

## 3 Summary of accounting policies

### **(m) Impairment testing of intangible assets and plant and equipment**

For impairment assessment purposes assets are tested individually for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. The data used for impairment testing procedures are directly linked to the company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

### **(n) Provisions, contingent liabilities and contingent assets**

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

### **(o) Significant management judgement in applying accounting policies**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

# Notes to the Financial Statements

for the year ended 31 December 2014  
Financial Literacy Australia Limited

## 3 Summary of accounting policies

### (o) Significant management judgment in applying accounting policies continued

#### *Estimation uncertainty*

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### *Impairment*

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

#### *Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

	Year to	Period to
	Dec	Dec
	2014	2013
	\$	\$
<b>4 Revenue</b>		
<b>Revenue from operating activities</b>		
Donations	5,602,500	-
Sponsorships	375,000	365,000
	-----	-----
	5,977,500	365,000
	-----	-----
<b>Other income</b>		
In kind	10,000	108,214
Miscellaneous income	-	125
Interest income	122,631	119
	-----	-----
	132,631	108,458
	-----	-----
<b>Total revenue and other income</b>	6,110,131	473,458
	=====	=====

# Notes to the Financial Statements

for the year ended 31 December 2014  
Financial Literacy Australia Limited

	Year to	Period to
	Dec	Dec
	2014	2013
	\$	\$
<b>5 Employee benefits expense</b>		
Contractor fees	21,375	69,008
Defined superannuation benefits plan contributions	28,679	1,708
Movements in employee benefits provisions	17,142	-
Wages and salaries	303,899	18,461
Workers compensation payments	1,064	-
	-----	-----
<b>Total employee benefits expense</b>	<b>372,159</b>	<b>89,177</b>
	=====	=====
<b>6 Cash and cash equivalents</b>		
Cash at bank and on hand	4,924,208	75,770
	-----	-----
<b>(a) Reconciliation to cash at the end of the year</b>		
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Balance per statement of cash flows	4,924,208	75,770
	-----	-----
<b>7 Trade and other receivables</b>		
<b>Current</b>		
Net GST receivable	1,206	6,126
Accrued income	36,692	-
	-----	-----
	<b>37,898</b>	<b>6,126</b>
	=====	=====
<b>8 Other current assets</b>		
<b>Current</b>		
Deposits	750	-
	-----	-----



# Notes to the Financial Statements

for the year ended 31 December 2014  
Financial Literacy Australia Limited

Year to <b>Dec</b> 2014 \$	Period to <b>Dec</b> 2013 \$
-------------------------------------	---------------------------------------

## 9 Plant and Equipment

### Plant and equipment

Computer equipment - at cost	3,142	1,388
Less: Accumulated depreciation	(1,043)	(89)
	-----	-----
Total plant and equipment	2,099	1,299
	=====	=====

### Movements in Carrying Amounts

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

	Computer Equipment \$
Balance at the beginning of the year	1,299
Additions at cost	1,754
Depreciation expense	(954)
	-----
Carrying amount at the end of the year	2,099
	=====

Year to <b>Dec</b> 2014 \$	Period to <b>Dec</b> 2013 \$
-------------------------------------	---------------------------------------

## 10 Intangibles

### Website

Website - at cost	10,650	-
Less: Accumulated amortisation	(2,081)	-
	-----	-----
Total website	8,569	-
	=====	=====

# Notes to the Financial Statements

for the year ended 31 December 2014

Financial Literacy Australia Limited

## 10 Intangibles

### Website

#### Movements in Carrying Amounts

Movement in the carrying amounts for each class of intangible between the beginning and the end of the current financial period:

	Website \$
Balance at the beginning of the year	-
Additions at cost	10,650
Depreciation expense	(2,081)
	-----
Carrying amount at the end of the year	8,569
	=====

	Year to Dec 2014 \$	Period to Dec 2013 \$
Trade creditors	4,327	-
Payroll liabilities	19,703	7,426
Accrued charges	310	-
	-----	-----
Total trade and other payables	24,340	7,426
	=====	=====

## 12 Provisions

### Current

Provision for annual leave	17,142	-
	=====	=====

## 13 Grant liabilities

### Current

Grant liabilities	675,488	-
	=====	=====

### Non-current

Grant liabilities	435,930	-
	=====	=====

# Notes to the Financial Statements

for the year ended 31 December 2014  
Financial Literacy Australia Limited

Year to <b>Dec</b> 2014 \$	Period to <b>Dec</b> 2013 \$
-------------------------------------	---------------------------------------

## 14 Related parties and related party transactions

### (a) Director's Compensation

The director's act in an honorary capacity and receive no compensation for their services.

### (b) Transactions with Director – Related Entities

(c) There were no related party transactions.

Key management personnel compensation	208,313 =====	86,448 =====
---------------------------------------	------------------	-----------------

# Responsible person's Declaration

for the year ended 31 December 2014  
Financial Literacy Australia Limited

The directors, as responsible persons declare that in their opinion:

- (a) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



**PAUL CUTHEROE**

Chair

Sydney

Dated 26 / 6 / 15

## Directors'

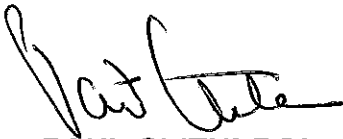
# Declaration

for the year ended 31 December 2014  
Financial Literacy Australia Limited

In the opinion of the directors of Financial Literacy Australia Limited:

- (a) the financial statements and notes, set out on pages 14 to 26 are drawn up in accordance with the *Corporations Act 2001*, including;
  - (i) giving a true and fair view of the financial position of the company as at 31 December 2014 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Corporations Regulations; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the directors.



**PAUL CUTHEROE**

Chair

Sydney

Dated 26/6/15

## **Independent auditor's report to the members of Financial Literacy Australia Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Financial Literacy Australia Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### **Directors' responsibility for the financial report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*, the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

**Opinion**

In our opinion the financial report of Financial Literacy Australia Limited is in accordance with the *Corporations Act 2001*, including:

giving a true and fair view of the financial position of Financial Literacy Australia Limited as at 31 December 2014 and of its performance for the period ended on that date; and

complying with Australian Accounting Standards – Reduced Disclosure Requirements, the *Australian Charities and Not-for-Profits Commission Act 2012* and the *Corporations Regulations 2001*.

Yours sincerely



Darren Handley-Greaves  
Partner  
Sydney  
30 June 2015