# PLANET ARK ENVIRONMENTAL FOUNDATION

**A.B.N. 26 057 221 959**

# FINANCIAL REPORT

**For the year ended 30th June 2014**

**PLANET ARK ENVIRONMENTAL FOUNDATION**
**A.B.N. 26 057 221 959**
**(A Company without Share Capital and Limited by Guarantee)**

DIRECTORS REPORT

Your Directors present this report, together with the financial statements of the Group, comprising the consolidated accounts of Planet Ark Environmental Foundation ("the Company") and the Group's interest in its controlled entities, for the financial year ended 30th June 2014.

## DIRECTORS

The names of each person who has been a Director during the year and to the date of this report are:

Michael Coleman
Lyndell Fraser
Andrew Johnson
Paul Klymenko
Gillian Turner
Philip Vernon
Howard Parry-Husbands

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

## COMPANY SECRETARY

John O'Connor held the position of Company Secretary from February 2013 to March 2014 when he was replaced by Scott Dickson who was Company Secretary at the end of financial year and the date of this report.

## PRINCIPAL ACTIVITY

The principal activity of the Group during the financial year is running environmental campaigns to promote positive behaviour change.

## SHORT AND LONG TERM OBJECTIVES

Planet Ark's short and long term objectives are to meet the objects of our constitution which are:

(a) To protect and enhance the natural environment
(b) To motivate and assist individuals and businesses to make simple and positive changes to their attitudes and actions in ways which will contribute to protecting and enhancing the natural environment
(c) To educate individuals and businesses to be aware of their impact on the natural world
(d) To protect the planet's ability to sustain life
(e) To work alongside and with businesses in order to bring about positive environmental change.

**STRATEGIES**
The Group's strategy for achieving these objectives includes:

a) Working collaboratively with businesses, industry associations and all levels of government to promote positive environmental behaviour change amongst the Australian community
b) Raising awareness of environmental issues through our information services, environmental campaigns, social media and newsletters
c) Encouraging positive environmental behaviour change through participation in our solutions based campaigns and information services
d) Providing identification of better environmental buying choices through our licensing program
e) Striving to attract and retain quality employees who want to help create a sustainable future.

The activities below are some examples of way the Group is achieving its objectives:

a) Enhancing our environment and connecting people with nature with 225,000 volunteers planting over 1.2 million native trees and plants at over 4,000 locations across Australia in our National Tree Day campaign
b) Educating Australian businesses and the wider community on what and where to recycle via our RecyclingNearYou and Business Recycling information services. These two services enjoyed over 2.2 million visits over the year.
c) Motivating individuals and companies to recycle over 3.3 million printer cartridges, via Cartridges 4 Planet Ark

Full details of our campaign results are contained in our separate Annual Review report.

**KEY PERFORMANCE MEASURES**
High awareness as well as trust and credibility (as reflected in organisational reputation) are essential in achieving behaviour change results. We aim to achieve a minimum prompted awareness of 75% and to be listed in the top 10 organisations that are judged to be acting in a sustainable and ethical manner (organisational reputation).

Unfortunately the LOHAS research we used as our benchmark for awareness and trust is currently not being conducted. We will endeavour to replace this with other research conducted on our behalf.

Where possible we measure the results of our campaigns via various methods such as the number of participants in a particular environmental activity, and the number of actions, for example trees planted or items recycled.

We aim to achieve increases each year in these measures where sufficient resources are available.

## OPERATING RESULTS

After a number of years of profitable operation the consolidated net result of the Group for the financial year, after providing for income tax, amounted to a loss of $127,737 (2013 profit of $82,146).

The loss resulted from a 12% increase in expenditure from last financial year and a lower than expected growth of 3% in sponsorship revenue. A significant cause of this was the cancellation of a new funding arrangement late in the financial year. The result was also partly impacted by one-off, non-cash write downs in the value of fixed assets as reflected in the depreciation result of $40,784 (2013:$15,954).

The parent entity received dividends amounting to $45,000 from its subsidiaries.

## AFTER BALANCE DATE EVENTS

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

## ENVIRONMENTAL ISSUES

The Group's operations are not regulated by any significant environmental regulation, under a law of the Commonwealth or of a state or territory.

## GOING CONCERN

The Foundation reported a loss in the year ended 30 June 2014, Directors are confident that based on current contracts, new contracts under negotiation and new business under development the Company will generate sufficient cash to meet its expenses. Directors are carefully monitoring cash flows and have put in place operating structures consistent with available cash.

## INFORMATION ON DIRECTORS

**Michael Coleman**
**Non-Executive Director & Chairman**

Michael Coleman is a Company Director and consultant. He is Non-executive Director and Chairman of the Audit Committee of Macquarie Group Limited; member of the Audit Committee of the Reserve Bank of Australia; Chairman of the Federal Government's Financial Reporting Council; Chair of the Reporting Committee of the Australian Institute of Company Directors (AICD); Divisional Councillor for the AICD's NSW Division; Adjunct Professor at the Australian School of Business, UNSW; Chair of the Advisory Board of the Centre for Accounting and Assurance Services Research, UNSW; Director/Treasurer of Osteoporosis Australia and Director of the Belvoir Street Theatre Foundation.

Michael retired as a partner of KPMG in July 2011 after a more than 40 year career that included major executive and client management roles. Michael holds Bachelor and Master's Degrees in Commerce from UNSW. He is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

## INFORMATION ON DIRECTORS (cont'd)

**Lyndell Fraser**
**Non-Executive Director & Deputy Chairman**
BEc (Hons) MEc (Hons) MBA

Lyndell joined Navitas Limited in April 2009, an Australian based global education company; and has overall responsibility for the operations of the Professional & English Programs Division.

Lyndell has held senior appointments in the financial services industry with key line and portfolio responsibilities in banking and general insurance with major Australian institutions, as well as in areas of strategy, distribution and corporate and government relations.

She has served on the board of the Insurance Council of Australia and on various taskforces of the Australian Bankers' Association.

**Dr Andrew Johnson**
**Non-Executive Director**

Andrew Johnson has a PhD from the University of Queensland and a Masters Degree from Harvard University. A former Rotary Foundation Scholar to Harvard University, he has spent much of his career working and living in northern Australia, South-East Asia and North America.

In July 2007 he was appointed as CSIRO's Group Executive – Environment, with responsibilities for leading the organisation's water, land, climate, marine, biodiversity, urban systems and regional development research.

From June 2006 to June 2007 he was Executive Director of CSIRO's Strategic Change Programs. He served as Chief of CSIRO Sustainable Ecosystems Division for three years prior to this appointment.
Dr Johnson is a Fellow of the Australian Institute of Company Directors and the Australian Academy of Technological Sciences and Engineering. He is a Non-Executive Director CSIRO Chile and a former Non-Executive Director of the Reef and Rainforest Research Centre Ltd and the Rural Industries Research and Development Corporation.

Dr Johnson is a member of the Governing Council of the International Institute of Applied Systems Analysis in Vienna and the Australian Government's Independent Expert Committee on Coal Seam Gas and Large Scale Coal Mining. He also served as a member of the Northern Australia Land and Water Taskforce during the Howard and Rudd Governments.

## INFORMATION ON DIRECTORS (cont'd)

**Phillip Vernon**
**Non-Executive Director**

Phillip is Managing Director of Australian Ethical Investment, a leading ethical Superannuation and Investment firm and has over 30 years experience in financial services covering funds management, superannuation, corporate governance and industry regulation.

Phillip is a Director and Treasurer of the Responsible Investment Association of Australia and serves on the Advisory Board of the Association of Sustainable and Responsible Investment in Asia. He also serves on the Advisory Board of Pollinate Energy, a social business focussed on improving the lives of India's urban poor through the provision of solar lighting and other sustainable products.

Phillip is a Fellow of the Australian Institute of Company Directors and the Australian Society of Certified Practising Accountants.

**Paul Klymenko – Chief Executive Officer**
Paul was appointed CEO in June 2010. He has worked in the environmental field for more than 25 years as an environmental researcher, retailer, writer and ethical investment fund manager. Apart from five months in 2010, Paul has been a Director of Planet Ark since its inception in 1992. Prior to working in the environmental field Paul spent 11 years in the financial services industry in research and advising roles.

In 1986 Paul co-founded Australian Ethical Investment Ltd, which is Australia's first socially responsible fund manager with now over $800 million under management. In 1990 he also co-founded Australia's first environmental retailer, The Cleanhouse Effect.

Paul is a member of the Australian Institute of Company Directors and sits on the Australian Packaging Covenant Council and the NSW Environmental Trust's Waste and Recycling Subcommittee.

**Gillian Turner**
**Non-Executive Director**

Gillian Turner is an accomplished business leader, executive coach & mentor, and writer. She holds law degrees from Sydney and Harvard Universities, is a qualified psychotherapist, and a Fellow of the Australian Institute of Company Directors.

An experienced chief executive, company director and chairman, Gillian draws on an international career in finance & professional services, science & technology, consumer products, public health, education and overseas aid. Her focus is on strategy and investment, capacity building, new business launch, organisational restructure and change management.

## INFORMATION ON DIRECTORS (cont'd)

Gillian has worked in multi-nationals and SMEs, in the private, publicly listed, and not-for-profit sectors, and is skilled at bridging different cultures – national, corporate and professional.

**Howard Parry-Husbands**
**Non-Executive Director**

An experienced marketing research professional specialising in innovations, brands and communications. After working in the UK, New Zealand and Australia and finding research was too often 'average' and not actionable Howard founded Pollinate. Howard is also a founding director of leading advocacy agency Social Soup and a non-executive director of Australia's leading non-confrontational environmental not-for-profit Planet Ark. Howard is a sought after public speaker and expert facilitator who revels in enthusing a crowd and running co-creation workshops to create breakthrough change.

## MEETINGS OF DIRECTORS:

During the financial year 5 meetings of directors were held. Attendance at Board meetings is summarised as follows:

| Director | Meetings eligible to attend | Meetings attended |
|---|---|---|
| Michael Coleman | 5 | 5 |
| Lyndell Fraser | 5 | 4 |
| Andrew Johnson | 5 | 3 |
| Paul Klymenko | 5 | 5 |
| Gillian Turner | 5 | 4 |
| Phillip Vernon | 5 | 3 |
| Howard Parry-Husbands | 5 | 4 |

## INDEMNIFYING OFFICERS OR AUDITOR:

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an officer or auditor of the Company or of a related body corporate indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings.

The Group has paid premiums to insure each of its Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium paid by the Group was $2,343.

DIRECTORS REPORT

The Company is incorporated under the Corporations Act 2011 and is a company limited by guarantee. In the event of the Company being wound up, the constitution states that each member is required to contribute a maximum of $100 each towards meeting any outstanding obligations of the entity. At 30th June 2014, the total amount that members of the Company are liable to contribute if the Company is wound up is $5,200 (2013:$5,300).

**AUDITOR'S INDEPENDENCE DECLARATION:**

The lead auditor's independence declaration for the year ended 30th June 2014 has been received and can be found on page 38 of the Financial Report.
Signed in accordance with a resolution of the Board of Directors:

Michael Coleman Paul Klymenko

| | |
|---|---|
| Chairman | CEO |
| Michael Coleman | Paul Klymenko |

Date 27 October 2014

**PLANET ARK ENVIRONMENTAL FOUNDATION**
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## DIRECTORS DECLARATION

In accordance with a resolution of the Directors of Planet Ark Environmental Foundation, the Directors declare that: -

1. The consolidated financial statements and notes as set out on pages 7 to 38, are in accordance with the Corporations Act 2001:

   (a) Comply with Australian Accounting Standards: and

   (b) Give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company and consolidated group.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company and the consolidated group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:

| | |
|---|---|
| Michael Coleman | Paul Klymenko |
| Chairman | CEO |
| Michael Coleman | Paul Klymenko |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2014

| | Note | 2014 $ | 2013 $ |
|---|---|---|---|
| Sponsorship | | 1,878,191 | 1,615,410 |
| Sundry Income | | 131,317 | 292,935 |
| Sales & Licensing Income | | 407,475 | 464,671 |
| Donations | | 36,215 | 4,969 |
| Total Operating Income | | 2,453,198 | 2,377,985 |
| | | | |
| Total Operating Income | | 2,453,198 | 2,377,985 |
| Profit/Loss on Sale of Assets | | 46,590 | 46,611 |
| Interest and Other Investment Income | | 3,839 | 7,339 |
| Total revenue & Income | 3 | 2,503,627 | 2,431,935 |
| | | | |
| Computer & IT Expenses | | (111,928) | (97,066) |
| Administration Expenses | | (154,545) | (185,592) |
| Provision for Doubtful Debts | | 4,400 | (275) |
| Depreciation & Amortisation | | (40,784) | (15,954) |
| Rent & Occupancy | | (103,882) | (99,639) |
| Accounting, Audit, Legal and Consultancy | | (161,824) | 7,516 |
| Advertising & Promotional Expenses | | (76,205) | (88,700) |
| Employment Expenses | | (1,693,862) | (1,658,501) |
| Other Operational Expenses | | (292,734) | (211,391) |
| Interest & Borrowing Expenses | | 0 | (185) |
| | | (2,631,364) | (2,349,787) |
| Profit (loss) from Ordinary Activities before Income tax expense | 4 | (127,737) | 82,148 |
| | | | |
| Income Tax expense relating to Ordinary Activities | 5 | 0 | 0 |
| | | | |
| Net Profit (loss) from Ordinary Activities attributable to members of the company | | (127,737) | 82,148 |
| | | | |
| Total comprehensive income (loss) for the year | | (127,737) | 82,148 |
| | | | |
| Profit (loss) attributable to members of the Company | | (127,737) | 82,148 |
| | | | |
| Total comprehensive income (loss) attributable to members of the entity | | (127,737) | 82,148 |

The accompanying notes form part of these financial statements

**PLANET ARK ENVIRONMENTAL FOUNDATION**
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2014

| | Note | 2014 $ | 2013 $ |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 6 | 188,236 | 317,760 |
| Trade and Other Receivables | 7 | 641,970 | 424,146 |
| Other | 8 | 82,128 | 83,785 |
| TOTAL CURRENT ASSETS | | 912,334 | 825,691 |
| NON-CURRENT ASSETS | | | |
| Property Plant and Equipment | 9 | 995 | 36,272 |
| Intangible Assets | 10 | 19,093 | 23,786 |
| TOTAL NON-CURRENT ASSETS | | 20,088 | 60,058 |
| TOTAL ASSETS | | 932,422 | 885,749 |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 11 | 428,822 | 254,722 |
| Short term provisions | 12 | 128,963 | 122,257 |
| TOTAL CURRENT LIABILITIES | | 557,785 | 376,979 |
| NON-CURRENT LIABILITIES | | | |
| Non-current Provisions | 12 | 28,162 | 34,558 |
| TOTAL NON-CURRENT LIABILITIES | | 28,162 | 34,558 |
| TOTAL LIABILITIES | | 585,947 | 411,537 |
| NET ASSETS | | 346,475 | 474,212 |
| EQUITY | | | |
| Retained Profits/(Losses) | | 346,475 | 474,212 |
| **TOTAL EQUITY** | | 346,475 | 474,212 |

The accompanying notes form part of these financial statements

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2014

| Movements in carrying amounts | Retained Earnings | Asset Revaluation Reserve | Total |
|---|---|---|---|
| | $ | $ | $ |
| Balance at 1 July 2012 | 392,064 | 0 | 392,064 |
| Comprehensive Income (loss) attributable to the Group | 82,148 | 0 | 82,148 |
| Balance at 30 June 2013 | 474,212 | 0 | 474,212 |
| Comprehensive Income (loss) attributable to the Group | (127,737) | 0 | (127,737) |
| Balance at 30 June 2014 | 346,475 | 0 | 346,475 |

The accompanying notes form part of these financial statements

**PLANET ARK ENVIRONMENTAL FOUNDATION**
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**CONSOLIDATED STATEMENT OF CASHFLOWS**
**FOR THE YEAR ENDED 30TH JUNE 2014**

| | Note | 2014 $ | 2013 $ |
|---|---|---|---|
| **Cash Flow from Operating Activities** | | | |
| Receipts from customers | | 2,191,438 | 2,441,538 |
| Payments to suppliers and employees | | (2,471,690) | (2,458,365) |
| Net cash generated from (used by) operating activities | 19 | (280,252) | (16,827) |
| **Cashflow from investing activities** | | | |
| Purchase of Property Plant & Equipment & intangibles | 9 | (815) | (21,948) |
| Proceeds from (payment for) sale of intangible assets | | 46,590 | 44,446 |
| Net Cash generated by (used in) investing activities | | 45,775 | 22,498 |
| **Cash flow from financing activities** | | | |
| Increase/(Decrease) in Credit Card Liabilities | | 2,056 | (112) |
| Interest Received | | 3,839 | 7,339 |
| Interest paid | | 0 | (185) |
| Increase/(Decrease) of other liabilities | | 24,619 | 100 |
| Increase/(Decrease) in GST Liability | | 74,440 | (29,639) |
| Net cash generated from (used in) financing activities | | 104,954 | (22,497) |
| Net increase (decrease) in cash held | | (129,524) | (16,826) |
| Cash at beginning of financial year | | 317,760 | 334,586 |
| Cash at end of financial year | 6 | 188,236 | 317,760 |

The accompanying notes form part of these financial statements

The consolidated financial statements and notes represent those of Planet Ark Environmental Foundation and its Controlled Entity, (the Group) incorporated and domiciled in Australia. Planet Ark Foundation is a company limited by guarantee.

The Financial Statements were authorised for issue on 27 October 2014 by the Directors of the Company.

## Note 1: Summary of Significant Accounting Policies

### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) and the Corporations Act 2001. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cashflow 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.

### Accounting Policies

### (a) Revenue

Non-reciprocal sponsorship revenue is recognised in the statement of comprehensive income when the entity obtains control of the sponsorship and it is probable that the economic benefits gained from the sponsorship will flow to the entity and the amount of the sponsorship can be measured reliably.

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

Where revenue is received whereby the Group incurs an obligation to deliver economic value directly back to the sponsor, this is considered a reciprocal transaction and the revenue is recognised in the statement of financial position as a liability until the service has been delivered to the sponsor, otherwise the sponsorship is recognised as income on receipt.

**Note 1: Summary of Significant Accounting Policies (cont'd)**

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon delivery of the service to the customers.

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

**(b) Fair value of assets and liabilities**

Where possible and appropriate, the Company measures its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would have to receive to sell an asset or would have to pay to transfer a liability in an orderly (unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

**(c) Property, Plant and Equipment:**

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, any accumulated depreciation and any impairment losses.

**Plant and Equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

## Note 1: Summary of Significant Accounting Policies (cont'd)

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

### Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is available 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 asset are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Motor Vehicles | 22.5% |
| Freehold Improvements | 6.5-20% |
| Furniture & Fittings | 10-40% |

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. Where revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### (d) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the group, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

## Note 1: Summary of Significant Accounting Policies (cont'd)

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

### (e) Financial instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measure at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

#### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

**Note 1: Summary of Significant Accounting Policies (cont'd)**

*(i) Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by the key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in the carrying amount being included in profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when 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 an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

**(f) Impairment of Assets**

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible 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. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

**Note 1: Summary of Significant Accounting Policies (cont'd)**

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

Where it is not possible to estimate the recoverable amount of an asset class, the Group estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same class of asset.

**(g) Employee Provisions**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

**Short-term employee provisions**

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

**Long-term employee provisions**

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yield on national government bonds with terms to maturity that match the expected timing of cashflows attributable to employee provisions.

Contributions are made by the Group to an employee superannuation fund and are charged as expenses when incurred.

**(h) Cash on hand**

Cash on hand include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position

## Note 1: Summary of Significant Accounting Policies (cont'd)

### (i) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

### (j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

### (k) Income Tax

No provision for income tax has been raised in the Company as the Group is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

The Company's subsidiaries' income tax expense for the year comprises current income tax expense. The subsidiary companies do not apply deferred tax.

Current income tax expense charged to the profit or loss account is the tax payable on taxable income using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

## Note 1: Summary of Significant Accounting Policies (cont'd)

### (l) Intangibles

Software is recorded at cost. Software has a finite life and is carried at cost less accumulated amortisation and any impairment losses. It has an estimated useful life of between one and three years. It is assessed annually for impairment.

Patents and trademarks are recognised at the cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life of 10 years.

### (m) Provisions

Provisions are recognised when the Group 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### (n) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be closed.

### (o) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

### (p) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements 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 group.

## Note 1: Summary of Significant Accounting Policies (cont'd)

### (q) Economic Dependence

Planet Ark Environmental Foundation and its controlled entities are not dependent on any one major customer or Government Department for the majority of the revenue to operate the business.

### (r) Principles of Consolidation:

The consolidated accounts of the economic Group include the accounts of the Company, being the head Company, and its controlled entities.

Where a Company either began or ceased to be controlled during the period, the results are included only from the date control commenced or up to the date control ceased.

All controlled entities are wholly owned and therefore there are no outside interests in the equity and results of the controlled entities, and as such there is no disclosure of outside equity interests.

### (s) Adoption of new and amending Accounting Standards

As at 30 June 2014, the following standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2014. The Company has not and does not intend to adopt these standards early. The standards have been deemed either not to affect the financial statements of the Company or to have an effect that is immaterial such that no AASB 10B or other transitional disclosures have been triggered.

The new standards are assessed as having no significant impact on the accounting treatment of the Company.

AASB 9 Financial Instruments applies for annual reporting periods beginning on or after 1 January 2017. This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and measurement (AASB 139 Financial Instruments: Recognition and Measurement).

**Note 1: Summary of Significant Accounting Policies (cont'd)**

The following standards apply for annual reporting periods beginning on or after 1 January 2017:

- AASB 10 Consolidated Financial Statements: this Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an Australian Implementation Guidance for not-for-profit entities – Control and Structured Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for profit entities in the private and public sectors.

- AASB 11 Joint Arrangements: this Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.

- AASB 12 Disclosure of Interests in Other Entities: this Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.

- AASB 127 Separate Financial Statements: this revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

- AASB 128 Investments in Associates and Joint Ventures: this revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

AASB 1055 Budgetary Reporting applies for annual reporting periods beginning on or after 1 January 2017. AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to not-for-profit entities within the GGS, provided that these entities present separate budgets to the parliament.

In addition to the new standards above, the AASB has issued a list of amending standards (refer list below) that are not effective for the 2013/14 reporting period. In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

### Note 1: Summary of Significant Accounting Policies (cont'd)

The AASB interpretation in the list below is also not effective for the 2013/14 reporting period and is considered to have insignificant impacts on public sector reporting:

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint*
- *Arrangements Standards.*2013-1 *Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements*
- 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- 2013-6 *Amendments to AASB 136 arising from Reduced Disclosure Requirements*
- 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.*

### Note 2: Parent Information:

The following information has been extracted from the books of the parent and has been prepared in accordance with Accounting Standards.

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| **STATEMENT OF FINANCIAL POSITION** | | |
| ASSETS | | |
| CURRENT ASSETS | 849,081 | 824,169 |
| NON-CURRENT ASSETS | 19,368 | 59,338 |
| TOTAL ASSETS | 868,449 | 883,507 |
| LIABILITIES | | |
| CURRENT LIABILITIES | 557,785 | 376,979 |
| NON_CURRENT LIABILITIES | 28,162 | 34,558 |
| TOTAL LIABILITIES | 585,947 | 411,537 |
| NET ASSETS | 282,502 | 471,970 |
| EQUITY | | |
| Retained Profits (Losses) | 282,502 | 471,970 |
| TOTAL EQUITY | 282,502 | 471,970 |
| **STATEMENT OF COMPREHENSIVE INCOME** | | |
| Total Profit/(Loss) | (133,239) | 81,365 |
| Total Comprehensive Profit/(Loss) | (133,239) | 81,365 |

### Guarantees

Planet Ark Environmental Foundation has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiary.

### Contingent Liabilities

There are no contingent liabilities.

### Contractual commitments

Material contractual commitments amount to $84,014 and details are disclosed at note 15. Employee expenses (motor vehicle leases) are ongoing, the building lease expires in December 2014 and computer and office equipment leases will expire within 12 months.

### Note 3: Revenue and Other Income

| | 2014 $ | 2013 $ |
|---|---|---|
| Revenue from Corporate and other sponsorships | | |
| Corporate sponsorships | 1,673,051 | 1,517,683 |
| Government sponsorships | 205,140 | 97,727 |
| | 1,878,191 | 1,615,410 |
| Revenue from sales and licencing | | |
| Royalty and licencing income | 407,475 | 464,671 |
| | 407,475 | 464,671 |
| Other Revenue | | |
| Sundry income | 111,317 | 237,935 |
| Australian Government GVESHO program | 20,000 | 20,000 |
| NSW Environment LECG grant | 0 | 35,000 |
| Donations | 36,215 | 4,969 |
| Profit on sale of asset | 46,590 | 46,611 |
| Interest received | 3,839 | 7,339 |
| | 217,961 | 351,854 |
| Total Revenue and Other Income | 2,503,627 | 2,431,935 |

## Note 4: Surplus (loss) for the Year

| | 2014 | 2013 |
|---|---|---|
| (a) Expenses | $ | $ |
| Depreciation of property, plant and equipment | 36,092 | 10,833 |
| Amortisation of intangibles | 4,693 | 4,771 |
| Interest paid to other persons | 0 | 185 |
| Bad debts provision | (4,400) | 275 |
| Provision for staff entitlements | 311 | 139,428 |
| Remuneration of auditor | | |
| - audit or review | 11,680 | 9,600 |
| - taxation and other services | 2,500 | 2,000 |

(b) Significant revenue and expenses

The following revenue and expense items are relevant in explaining the financial performance

| | | |
|---|---|---|
| Profit on sale of Aware trademark | (46,590) | (46,611) |
| Insurances | 38,584 | 40,665 |
| Legal Expenses | 29,973 | (66,880) |
| Computer leasing costs | 11,535 | 32,253 |
| Consulting Fees | 117,860 | 45,304 |

## Note 5: Income Tax Expense

Reconciliation between income tax expense and prima facie income tax payable (credit) on accounting profit (loss) is as follows:

| | 2014 | 2013 |
|---|---|---|
| | $ | $ |
| Prima Facie Income Tax payable (or tax credit) attributable to: | | |
| Operating profit (loss) before tax | (38,321) | 24,644 |
| **Add/Deduct:** | | |
| Net Non-assessability of charitable income | 52,151 | (10,805) |
| Tax effect of small business concession | (6,988) | (6,991) |
| Tax lossess carried forward | (6,842) | (6,848) |
| Income Tax Expense | 0 | 0 |

## Note 6: Cash on Hand

| | 2014 | 2013 |
|---|---|---|
| | $ | $ |
| Cash at Bank | 188,047 | 317,260 |
| Cash on Hand | 189 | 500 |
| | 188,236 | 317,760 |

## Note 7: Accounts Receivable & Other Debtors

| | | 2014 $ | 2013 $ |
|---|---|---|---|
| **Current** | | | |
| Trade & other debtors | | 641,970 | 428,546 |
| Provision for impairment | 7 (i) | 0 | (4,400) |
| | | 641,970 | 424,146 |
| Total current trade and other receivables | | 641,970 | 424,146 |

### i. Provision for impairment of receivables

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included as expense items.

Movement in the provision for impairment of receivables is as follows:

| | |
|---|---|
| Provision for Impairment as at 30 June 2012 | 4,125 |
| - Charge for year | 275 |
| - Written off | |
| Provision for impairment as at 30 June 2013 | 4,400 |
| - Charge for year | 0 |
| - Written back | (4,400) |
| Provision for impairment as at 30 June 2014 | 0 |

### ii Credit risk – Accounts Receivable and Other Debtors

The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided thereon.

Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed upon between the Company and customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

## Note 7: Accounts Receivable & Other Debtors (cont.)

| | Total unimpaired | Past due but not impaired <30 | 31-60 | 61-90 | >90 | Within initial terms |
|---|---|---|---|---|---|---|
| 2014 | | | | | | |
| Trade and term receivables | 641,970 | 144,042 | 0 | 0 | 42,900 | 455,028 |
| Total | 641,970 | 144,042 | 0 | 0 | 42,900 | 455,028 |
| 2013 | | | | | | |
| Trade and term receivables | 424,146 | 0 | 11,000 | 0 | | 413,146 |
| Total | 424,146 | 0 | 11,000 | 0 | 0 | 413,146 |

The Company does not have any material credit risk exposure to any single receivable or group of receivables. The Company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

## Note 8: Other Current Assets

| | 2014 $ | 2013 $ |
|---|---|---|
| **Current** | | |
| Security deposits | 25,254 | 25,254 |
| Prepaid Expenses | 56,873 | 58,531 |
| Total Current Assets | 82,127 | 83,785 |

## Note 9: Property, Plant and Equipment

| | 2014 $ | 2013 $ |
|---|---|---|
| Furniture, Plant & Equipment - At Cost | 175,799 | 174,985 |
| Less: Accumulated Depreciation | (174,804) | (138,713) |
| Total - Furniture, Plant & Equipment | 995 | 36,272 |
| | | |
| Total Property, Plant & Equipment | 995 | 36,272 |

## Movements in Carrying Amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year.

| | Land and Buildings $ | Financed Motor Vehicles $ | Furniture and Equipment $ | Total $ |
|---|---|---|---|---|
| **2013** | | | | |
| Balance at the beginning of the year | 0 | 0 | 25,156 | 25,156 |
| Additions at Cost | 0 | 0 | 21,949 | 21,949 |
| Depreciation Expense | 0 | 0 | (10,833) | (10,833) |
| Carrying amount at end of year | 0 | 0 | 36,272 | 36,272 |

## Note 9: Property, Plant and Equipment (cont.)

| | Land and Buildings $ | Financed Motor Vehicles $ | Furniture and Equipment $ | Total $ |
|---|---|---|---|---|
| **2014** | | | | |
| Balance at the beginning of the year | 0 | 0 | 36,272 | 36,272 |
| Additions at Cost | 0 | 0 | 815 | 815 |
| Depreciation Expense | 0 | 0 | (36,092) | (36,092) |
| Carrying amount at end of year | 0 | 0 | 995 | 995 |

## Note 10: Intangibles

| | 2014 $ | 2013 $ |
|---|---|---|
| Formation expenses - at cost | 720 | 720 |
| Patent expenses – at cost | 0 | 0 |
| Trademarks - at cost | 56,456 | 56,456 |
| Accumulated amortisation | (38,083) | (33,390) |
| Net Carrying value | 19,093 | 23,786 |

| Movements in carrying amounts | Formation Expenses | Patent Expenses | Trademark | Total |
|---|---|---|---|---|
| 2013 | | | | |
| Balance at beginning of year | 720 | 350 | 24,193 | 25,263 |
| Additions | 0 | 0 | 2,163 | 2,163 |
| Disposals | 0 | 0 | 0 | 0 |
| Amortisation charge | 0 | (350) | (3,290) | (3,640) |
| Impairment losses | 0 | 0 | 0 | 0 |
| | 720 | 0 | 23,066 | 23,786 |
| 2014 | | | | |
| Balance at beginning of year | 720 | 0 | 23,066 | 23,786 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| Amortisation charge | 0 | 0 | (4,693) | (4,693) |
| Impairment losses | 0 | 0 | 0 | 0 |
| | 720 | 0 | 18,373 | 19,093 |

## Note 11: Accounts Payable and Other Payables

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| CURRENT | | |
| GST Payable | 103,604 | 29,164 |
| Trade Payables | 195,376 | 71,999 |
| Accrued Expenses | 129,842 | 105,223 |
| Revenue Received in Advance | 0 | 48,336 |
| | 428,822 | 254,722 |

## Note 12: Employee Provisions

| | Employee Provisions<br>$ |
|---|---|
| Opening balance as at 1 July 2013 | 156,815 |
| Additional provisions raised during year | 87,937 |
| Amounts applied during year | (87,627) |
| Balance at 30 June 2014 | 157,125 |

| Analysis of Employee Provisions | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Current | | |
| Annual leave entitlements | 90,279 | 83,728 |
| Long service leave entitlements | 38,684 | 38,529 |
| Total current employee provisions | 128,963 | 122,257 |
| Non-current – Long service entitlements | 28,162 | 34,558 |
| Total | 157,125 | 156,815 |

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these financial statements.

## Note 13: Contingent Liabilities & Contingent Assets

The Directors are not aware of any contingent or other liabilities not provided for in the accounts.

## Note 14: Events After the Reporting Date

No event has occurred since 30 June 2014 which would materially affect the results of the Company as reported in the financial statements.

## Note 15: Capital and Leasing Commitments

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| **Employee Expense Payment** | | |
| Payable – minimum payments | | |
| - within 12 months | 11,556 | 11,556 |
| - later than 12 months but not later than 5 years | 6,260 | 17,816 |
| | 17,816 | 29,372 |

Employee Motor vehicle commitments are payable pursuant to an employment contract and are contingent on the employee remaining in the Company.

| | | |
|---|---|---|
| **Office Rental Commitments** | | |
| Payable – minimum payments | | |
| - within 12 months | 60,384 | 120,768 |
| - later than 12 months but not later than 5 years | 0 | 60,384 |
| | 60,384 | 181,152 |

A property rental agreement exists for office space occupied at 15-17 Young Street Sydney. This lease expires in December 2014.

| | | |
|---|---|---|
| **Computer Leases** | | |
| Payable – minimum payments | | |
| - within 12 months | 5,814 | 13,776 |
| - later than 12 months but not later than 5 years | 0 | 5,814 |
| | 5,814 | 19,590 |

Computer leases are non-cancellable rental agreements for periods of 3 years contracted but not capitalised in the financial statements.

## Note 16: Related Party Transactions

### Key Management Personnel

In 2014 key management personnel (members of the Executive team) included 6 roles for the full financial year compared to 5 roles in 2013.

| | Short-Term Benefits | Post-Employment Benefits | Other Long-term Benefits | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| 2014 | | | | |
| Total Compensation | 563,087 | 0 | 0 | 563,087 |
| 2013 | | | | |
| Total Compensation | 458,998 | 0 | 0 | 458,998 |

## Note 17: Company Details

The Company's registered office is located at Level 3, 15-17 Young Street Sydney, which is also the principal place of business.

## Note 18: Members Guarantee

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 $100 each towards meeting any outstanding obligations of the Company. At June 30th 2014, the number of members was 52 (2013: 53).

## Note 19: Cash Flow Information

### Reconciliation of Cashflow from Operating Activities with Current Year Loss

| | 2014 | 2013 |
|---|---|---|
| | $ | $ |
| Profit/(loss) after income tax | (127,737) | 82,148 |
| Add Non cashflows | | |
| Amortisation | 4,693 | 4,771 |
| Depreciation | 36,092 | 10,833 |
| Provision for staff entitlements | 310 | 123,634 |
| Provision for income tax (reduction) | 0 | 0 |
| Provision for doubtful debts (reduction) | (4,400) | 275 |

### Note 19: Cash Flow Information (cont.)

| | 2014 $ | 2013 $ |
|---|---|---|
| Less Non-operating income included in operating profit/loss | | |
| Interest from investing | (3,839) | 0 |
| Profit on sale of Aware trademark | (46,590) | (46,611) |
| Changes in assets and liabilities | | |
| Decrease/(Increase) in receivables | (213,424) | 63,278 |
| Increase/(Decrease) in payables | 38,623 | (184,845) |
| (Increase)/Decrease in other provisions and prepayments | 1,658 | (41,125) |
| Increase/(Decrease) in employment Provisions and other taxes | 34,362 | (29,185) |
| Cash Flows from Operations | (280,252) | (16,827) |

### Note 20: Financial-Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and leases. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows.

| | | 2014 $ | 2013 $ |
|---|---|---|---|
| Financial Assets | | | |
| Cash on hand | 6 | 188,236 | 317,760 |
| Accounts receivable & other debtors | 7 | 641,970 | 424,146 |
| Total Financial Assets | | 830,206 | 741,906 |
| Financial Liabilities | | | |
| Financial liabilities at amortised cost | | | |
| Accounts payable and other payables | 11 | 428,822 | 254,722 |

## Note 20: Financial-Risk Management (cont.)

### Financial Risk Management Policies

The Board's overall risk management oversight is directed toward the Company meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are considered by the Board on a regular basis. These considerations include credit risk policies and future cash flow requirements.

### Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and price risk.

### a. Credit risk

Exposure to credit rate risk on financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Group.

Credit Risk Exposures

The maximum exposure to credit risk by class of financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be high quality. Aggregates of such amounts are detailed in Note 8.

The Group has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 8.

Credit risk associated with banks and other financial institutions is overseen by the Board. Surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

| | Note | 2014<br>$ | 2013<br>$ |
|---|---|---|---|
| Cash and cash equivalents | | | |
| - AA rated | | 188,236 | 317,760 |
| | 7 | 188,236 | 317,760 |

## Note 20: Financial-Risk Management (cont'd)

### b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward looking cashflow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Group's policy is to ensure no more than 30% of borrowings mature in any 12 month period.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cashflows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore be different from that disclosed. The timing of cashflows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

### Financial liability and financial asset maturity analysis

| | Within 1 year | | 1 to 5 years | | Over 5 years | | Total contractual cash flow | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| **Financial liabilities due for payment** | | | | | | | | |
| Lease liabilities | 66,198 | 146,100 | 0 | 84,014 | 0 | 0 | 66.198 | 230,114 |
| Trade and other payables (excluding annual leave) | 428,822 | 254,723 | 0 | 0 | 0 | 0 | 428,822 | 254,723 |
| Total expected outflows | 495,020 | 400,823 | 0 | 84,014 | 0 | 0 | 495,020 | 484,837 |

## Note 20: Financial Risk Management (cont'd)

| | Within 1 year | | 1 to 5 years | | Over 5 years | | Total contractual cash flow | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Cash and cash equivalents | 188,236 | 317,760 | 0 | 0 | 0 | 0 | 188,236 | 317,760 |
| Trade and other receivables | 641,970 | 424,146 | 0 | 0 | 0 | 0 | 641,970 | 424,146 |
| Total anticipated inflows | 830,206 | 741,906 | 0 | 0 | 0 | 0 | 830,206 | 741,906 |
| Net (outflow)/inflow on financial instruments | 335,186 | 341,083 | 0 | (84,014) | 0 | 0 | 335,186 | 257,069 |

### c. Market risk

### Interest rate risk

Interest rate risk is considered minimal as the entity had no significant borrowings or interest income.

### Fair Value Measurements

The Company does not measure and recognise any assets or liabilities at fair value after initial recognition.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. trade receivables, loan liabilities) are held until maturity and therefore the net fair value figures calculated have little relevance to the Group.

**Note 20: Financial Risk Management (cont'd)**

| | Footnote | 2014 Net carrying value $ | 2014 Net fair value $ | 2013 Net carrying value $ | 2013 Net fair value $ |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| Cash and Cash equivalents | (i) | 188,236 | 188,236 | 317,760 | 317,760 |
| Trade and other receivables | (i) | 641,970 | 641,970 | 424,146 | 424,146 |
| Available - for- sale financial assets | | | | | |
| - At fair value | | 0 | 0 | 0 | 0 |
| - Listed investments | (ii) | 0 | 0 | 0 | 0 |
| Total financial assets | | 830,206 | 830,206 | 741,906 | 741,906 |

| | Footnote | 2014 Net carrying value $ | 2014 Net fair value $ | 2013 Net carrying value $ | 2013 Net fair value $ |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Trade and other payables | (i) | 428,822 | 428,822 | 254,722 | 254,732 |
| Lease liability | | 0 | 0 | 0 | 0 |
| Mortgage liability | | 0 | 0 | 0 | 0 |
| Total financial liabilities | | 428,822 | 428,822 | 254,722 | 254,722 |

The fair values disclosed in the above table have been determined based on the following methodologies.

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.
(ii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period are used.

## Note 21: Capital Management

Management controls the capital of the Group to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised within tolerable risk parameters. The Board oversees the overall risk management strategy.

The Group's capital consists of financial liabilities supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels. There have been no changes to the strategy adopted by management to control the capital of the Group since the previous year.

The gearing ratios for the years ended 30 June 2014 and 30 June 2013 are as follows:

| | **Note** | 2014 | 2013 |
|---|---|---|---|
| | | $ | $ |
| Total borrowings | | 0 | 0 |
| Less cash and cash equivalents | 6 | (188,236) | (317,760) |
| Net debt | | (188,236) | (317,760) |
| Total equity (reserves + retained earnings) | | 346,475 | 474,212 |
| Total capital | | 346,475 | 474,212 |
| Gearing ratio | | 0% | 0% |

**PLANET ARK ENVIRONMENTAL FOUNDATION**
**A.B.N. 26 057 221 959**
**(A Company without Share Capital and Limited by Guarantee)**

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PLANET ARK ENVIRONMENTAL FOUNDATION

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, there have been:

(i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

J.A. Evennett & Co.
Chartered Accountants
David J. Evennett - Partner
37 Bligh Street, Sydney. NSW. 2000

Date 27 October, 2014

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLANET ARK ENVIRONMENTAL FOUNDATION

### Report on the Financial Report

We have audited the accompanying financial report of Planet Ark Environmental Foundation (the Company) and Planet Ark Environmental Foundation and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity 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 the Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 as to 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 judgement, 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 control relevant to the Group'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 Group's internal control. 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.

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## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PLANET ARK ENVIRONMENTAL FOUNDATION

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors of Planet Ark Environmental Foundation would be in the same terms if given to the Directors as at the time of this Auditor's report.

Opinion

In our opinion, the financial report of Planet Ark Environmental Foundation and Planet Ark Environmental Foundation and Controlled Entities is in accordance with the Corporations Act 2001 including:

I. Giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
II. Complying with the Australian Accounting Standards and the Corporations Regulations 2001.

J.A. Evennett & Co.
Chartered Accountants
David J. Evennett (Partner)
37 Bligh Street, Sydney. NSW. 2000

Date 27 October, 2014.