

Clean Up Australia Limited

ABN 93 003 884 991

General purpose (RDR) financial report
for the year ended 30 June 2020

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Directors' report

Your directors submit their report on Clean Up Australia Limited (the "Company") for the year ended 30 June 2020.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period.

Belinda Diprose

Catriona Dixon

Brett Hearnden

Philippa (Kiernan) Hill

Maurene Horder

Terrie-Ann Johnson

Andrew Post

Daniel Ratner

Names, qualifications, experience and special responsibilities

Belinda Diprose

Director

Date Appointed: 29 January 2019

Experience and special responsibilities: Marketing and Communications

Catriona Dixon

Director

Date Appointed: 18 December 2018

Experience and special responsibilities: Marketing and Communications

Brett Hearnden

Director and Company Secretary

Date Appointed: 22 March 2019

Experience and special responsibilities: Legal

Philippa (Kiernan) Hill

Director and Chairman

Date Appointed: 16 October 2018 as Director and 7 December 2018 as Chairman

Experience and special responsibilities: Public Affairs and Communications

Directors' report (continued)

Directors (continued)

Maurene Horder

Director

Date appointed: 24 April 2018

Experience and special responsibilities: Company Director

Terrie-Ann Johnson

Director

Date appointed: 9 December 2011

Experience and special responsibilities: Managing Director

Andrew Post

Director

Date Appointed: 10 April 2019

Experience and special responsibilities: Finance

Daniel Ratner

Director

Date Appointed: 24 January 2019

Experience and special responsibilities: Management Consultant

Company Secretary

Brett Hearnden was re-appointed to the position of Company Secretary on 12 December 2019.

Dividends

The Company is limited by guarantee and has no share capital therefore dividends are not payable.

Principal activities

The principal activities of the Company during the year were that of promoter of national and world-wide clean up campaigns and other environmental activities. There have been no significant changes in the nature of these activities during the year.

Operating results

The net surplus after tax of the Company for year ended 30 June 2020 was \$275,880 (2019: \$453,774).

Clean Up Australia's vision is to empower communities to reduce the environmental impacts of waste.

We are focused on action and meaningful outcomes and guided by the underlying principles of:

- Relevance: working on what matters, framed in a narrative that resonates with communities and industry;
- Leadership: being an eminent and trusted voice on waste and a leader in community-based activation;
- Integrity: retaining our integrity and political independence;
- Partnership: creating partnerships and opportunities with and across communities, business and government;
- Innovation: harnessing grassroots and global innovative thinking and solutions;
- Sustainability: securing our financial and operational sustainability.

The Company's activities can be separated into two broad categories:

- Clean Up events, where volunteers remove rubbish from the environment; and
- Advocacy and projects to prevent rubbish entering environment and to reduce waste to landfill.

Directors' report (continued)

Clean Up Australia Events

Clean Up Australia Limited supports events for four major categories of participation: businesses, youth groups (including high schools), primary and pre-schools and community groups.

Clean Up Australia Limited maintains a web site for event registration, provides public liability cover and physical Clean Up materials supported by safety and delivery instructions.

Councils around Australia support us by removing rubbish after Clean Ups.

Clean Up Australia Day

Australia's largest community mobilisation event is held on the first Sunday in March each year. Our week of targeted action starts with Business Clean Up Day the Tuesday before, and Schools Clean Up Day the Friday before.

In 2020 there were 7,175 Clean Up sites, which attracted an estimated 661,345 volunteers who removed around 15,538 ute loads of rubbish.

Since the national event started 30 years ago, 18.3 million Australians have donated more than 36 million volunteer hours, removing the equivalent of 380 thousand ute loads of rubbish from over 190,000 sites across the country.

Great North Clean Up

North of the Tropic of Capricorn, this event is held between August and October, a more suitable time for Clean ups in the far north, because March is hot and wet.

In 2019 we supported 126 locations reflecting an additional 37,507 volunteers.

Everyday Clean Up

We encourage year-round Clean Up action by making it easier for communities to adopt an area and hold a regular Clean Up event.

During 2020, we registered 771 locations (an increase of 41% from 2019) which reflects an additional 55,260 volunteers who heeded our call since our national event in March. An impressive result in the restricted COVID environment.

Clean Up the World

In 2019, our international outreach program celebrated 154 locations across 56 countries.

Greening the Green

The Company has been developing 'Greening the Green' for roll out in 2021. Working alongside sporting clubs, this program will reduce the amount of litter and waste produced at local sporting grounds. Our twelve-week program will educate club officials, supporters, volunteers, players and spectators on how to implement simple and effective practices to reduce waste.

Advocacy

The Company is strongly focused on prevention of waste and tackling our waste challenges at the source. Progressively we are moving up the supply chain to tackle production and drive greater circularity in how products are designed and collected and dealt with at their end of life. This spans all waste streams including plastics, textiles, e-waste, food and green waste.

Clean Up our Waste

The Company has actively lobbied for many years for anti-littering initiatives, such as the introduction of container deposit/refund legislation and banning single-use plastic bags at checkouts.

Directors' report (continued)

Clean Up our Waste (continued)

Our current focus is reducing waste to landfill by encouraging resource recovery.

Areas of community concern we support include:

- Items associated with beverage consumption (e.g. single use cups, cutlery and straws);
- Food packaging including hard and soft single use plastics;
- Single use plastic bags and food packaging (other than carry bags);
- Food waste;
- Electronic waste (including batteries);
- Cigarette butts; and
- Tyres.

Education

The Company provides educational materials to encourage and support sustainable living and responsible consumption. Our motto is Refuse. Reduce. Reuse. Recycle.

We also collaborate with agencies such as The Commonwealth Scientific and Industrial Research Organisation (CSIRO) to analyse and publish data collected by our volunteers across 30 years of clean up action. This data is then used to reinforce the need and actions for better resource recovery.

Mobilisation

The Company works with partners to provide opportunities for our volunteers and the broader community to get involved in activities that reduce waste to landfill. An example of this is collaborating with NSW container deposit scheme operators (Return and Earn) at Clean Up events and partnering with Citizen Blue to separate eligible containers for deposit.

Celebrating Innovation

The Company actively supports and partners with numerous organisations that are exploring and delivering innovative solutions that move us towards a circular economy.

Australia's waste challenges continue to grow. Now more than ever we need solutions that inspire individuals and communities to engage in the journey towards a circular economy, where everything is a resource and there is no such thing as waste.

The Company's Buy Recycled program launching in October 2020 and will empower all consumers to buy recycled when it comes to products and packaging. This program works to extend the life of resources we have already used and reduce the need to extract new ones from our precious planet.

Recognition of sponsorship revenue

During financial year 2018 the Company extended its partnership with McDonald's Australia for three years to December 2020. As a result of timing within the Sponsorship Agreement, 50% of cash received has again been deferred to financial year 2021.

In 2020 Clean Up successfully secured a grant of USD150,000 from the PepsiCo Foundation via Give2Asia for development of Greening the Green. Due to the program being developed and pilots being delivered across the full calendar year, 50% of cash received has also been deferred to financial year 2021.

Significant changes in the state of affairs

COVID 19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of Governments in dealing with the pandemic has seen a corresponding increase in financial market volatility and corresponding fluctuations in Company's earnings, cash flow and financial condition. The scale and duration of these developments remain uncertain as at the date of this report.

Directors' report (continued)

Significant changes in the state of affairs (continued)

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Company at this time.

There have been no other significant changes in the state of affairs of the Company during the year.

Significant events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Likely developments and expected results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental regulation and performance

The Company is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

Indemnification and insurance of directors and officers

During the financial year, Clean Up Australia Limited paid a premium of \$3,190 (2019: \$3,031) to insure the directors and officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Full meeting of directors	
	A	B
Belinda Diprose	5	6
Catriona Dixon	6	6
Brett Hearnden	5	6
Philippa (Kiernan) Hill	6	6
Maureen Horder	5	6
Terrie-Ann Johnson	6	6
Andrew Post	4	6
Daniel Ratner	5	6

A = Number of meetings attended

B = Number of meetings held during the time the director held office

Members' contribution in winding up

The Company has 60 members (2019: 63) who are not required under the Company's constitution to contribute capital and are not entitled to participate in dividends or proceedings on winding up of the Company. The guarantee in the case of winding up the Company is limited to \$10 (2019: \$10) per member.

Directors' report (continued)

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnification of auditor

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young (Australia), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young (Australia) during or since the financial year.

Auditor's independence

The directors received an independence declaration from the auditor, Ernst & Young (Australia). A copy has been included on page 7 of the report.

Signed in accordance with a resolution of the directors.



Philippa (Kiernan) Hill
Director
Sydney
15 October 2020



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**Building a better
working world**

Auditor's independence declaration to the directors of Clean Up Australia Limited

In relation to our audit of the financial report of Clean Up Australia Limited for the financial year ended 30 June 2020, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized font.

Ernst & Young

A handwritten signature in black ink that reads 'R. Fisk' in a cursive, stylized font.

Ryan Fisk
Partner
15 October 2020

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue from contracts with customers	4.1	43,960	-
Revenue from charitable/fundraising activities	4.2	3,163,322	-
Revenue	4.3	-	1,772,788
Finance income		402	591
Employee benefits expense		(506,597)	(366,003)
Travel expenses		(4,167)	(7,598)
Insurance expenses		(31,031)	(34,401)
Lease expenses		(110,000)	(110,000)
Consultant services		(378,676)	(111,613)
Marketing and support costs		(1,756,103)	(499,353)
Other operating expenses		(145,230)	(190,637)
Surplus for the year		275,880	453,774
Other comprehensive income		-	-
Total comprehensive income for the year		275,880	453,774

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash	5	775,168	438,487
Trade and other receivables	6	31,632	142,965
Inventories		61,540	51,330
Prepayments		7,299	13,997
Total current assets		<u>875,639</u>	<u>646,779</u>
Total assets		<u>875,639</u>	<u>646,779</u>
Liabilities and equity			
Current liabilities			
Trade and other payables	7	5,481	21,010
Employee benefit liabilities	8	59,394	48,857
Funds in advance		160,087	202,179
Total current liabilities		<u>224,962</u>	<u>272,046</u>
Non-current liabilities			
Employee benefit liabilities	8	2,015	1,951
Total non-current liabilities		<u>2,015</u>	<u>1,951</u>
Total liabilities		<u>226,977</u>	<u>273,997</u>
Members' equity			
Retained surplus		648,662	372,782
Total members' equity		<u>648,662</u>	<u>372,782</u>
Total liabilities and members' equity		<u>875,639</u>	<u>646,779</u>

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

Statement of changes in equity

For the year ended 30 June 2020

	Retained surplus	Total members' equity
	\$	\$
At 1 July 2019	372,782	372,782
Surplus for the year	275,880	275,880
Other comprehensive income	-	-
Total comprehensive income for the year	<u>275,880</u>	<u>275,880</u>
At 30 June 2020	<u>648,662</u>	<u>648,662</u>
At 1 July 2018	(80,992)	(80,992)
Surplus for the year	453,774	453,774
Other comprehensive income	-	-
Total comprehensive income for the year	<u>453,774</u>	<u>453,774</u>
At 30 June 2019	<u>372,782</u>	<u>372,782</u>

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

Statement of cash flows

For the year ended 30 June 2020

	2020	2019
Note	\$	\$
Operating activities		
Cash receipts from operations	1,561,866	1,452,400
Payments to suppliers and employees	(1,225,587)	(1,170,080)
Interest income	402	591
Net cash flows from operating activities	336,681	282,911
Investing activities		
Net cash flows from investing activities	-	-
Financing activities		
Net cash flows from financing activities	-	-
Net increase in cash and cash equivalents	336,681	282,911
Cash and cash equivalents at 1 July	438,487	155,576
Cash and cash equivalents at 30 June	5 775,168	438,487

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

Notes to the financial statements

For the year ended 30 June 2020

1. Corporate information

The financial statements of Clean Up Australia Limited (the "Company") for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 15 October 2020.

Clean Up Australia Limited is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The registered office and principal place of business is 193 Darlinghurst Rd, Darlinghurst, NSW 2010.

The nature of the operations and principal activities of the Company are described in the directors' report.

2. Significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. Australian Accounting Standards contain requirements specific to not-for-profit entities, including standards AASB 136 *Impairment of Assets* and AASB 1004 *Contributions*.

The financial report is presented in Australian dollars (\$), and been prepared on a historical cost basis.

2.2 Changes in accounting policy, disclosures, standards and interpretations

New and amended standards and interpretations

The Company applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-For-Profit Entities* and AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Company.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in scope of other standards. The new Standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Company has adopted this Standard from 1 July 2019 and did not have a material impact on the Company's financial statements, accordingly there were no adjustments made to opening retained earnings.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.2 Changes in accounting policy, disclosures, standards and interpretations (continued)

New and amended standards and interpretations (continued)

AASB 1058 *Income of Not for Profit Entities*

AASB 1058 clarifies the income recognition requirements applying to not-for-profit entities and works in conjunction with AASB 15 *Revenue from Contracts with Customers*. AASB 1058 establishes principles applying to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives, and the receipt of volunteer services. The Company has adopted this Standard from 1 July 2019 and did not have a material impact on the Company's financial statements, accordingly there were no adjustments made to opening retained earnings.

AASB 16 *Leases*

AASB 16 supersedes AASB 117 *Leases* and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation-115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Upon adoption of AASB 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

The Company has adopted AASB 16 *Leases* with an application date of 1 July 2019. It is noted that the Company is not a lessor and lessee to any contracts that contain a lease. There were no adjustments made to opening retained earnings. Therefore, the classification and measurement requirements of AASB 16 did not have any material impact on the financial statements of the Company.

Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting year ended 30 June 2020. The directors have not early adopted any of these new or amended standards or interpretations.

2.3 Summary of significant accounting policies

a) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company has several sponsorship contracts in place that will continue to provide income in financial year 2021. The Company also expects to negotiate additional sponsorship contracts and receive donations throughout the year. However, the uncertainty relating to quantum and timing of any additional sponsorship or donations, accompanied with the broader uncertainty relating to the impact COVID-19 will have on the economy, means the Company will closely monitor its cash flows to ensure it has sufficient funds to support its operations.

As a result of the nature and uncertainty relating to the Company's revenue streams, there is a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The directors believe that sufficient sponsorship income and donations will be received during the year to support the operating plans of the Company. The financial report does not include adjustments relating to the recoverability and classification of recorded assets amount, or to the amount and classification of liabilities that might be necessary should the Company not continue as a going concern.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

b) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

c) Cash

Cash in the statement of financial position comprises cash at bank.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash as defined above.

d) Cash flows

The statement of cash flows represents cash receipts and cash payments that occurred in the financial year. Both cash receipts from operations and payments made to suppliers and employees exclude donations in kind as there was no cash exchanged. This policy has been applied in the current and prior financial years.

e) Trade and other receivables

Trade and other receivables represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). They are generally due for settlement within 30 days and therefore are all classified as current. Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Company holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using effective interest rate (EIR) method.

f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

With respect to not-for-profit entities, where the inventories are acquired at no cost or nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

g) Leases

For the year ended 30 June 2020:

The Company applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

For the year ended 30 June 2019:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

h) Trade and other payables

Trade and other payables are recognised at fair value and carried at amortised cost. Due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

i) Employee benefit liabilities

Long service leave and annual leave

The Company does not expect its long service leave benefits to be settled wholly within 12 months of each reporting date. The Company recognises a liability for long service leave and annual leave 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 expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

j) Revenue

For the year ended 30 June 2020:

Revenue recognition policy for revenue from contracts with customers (AASB 15).

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

j) Revenue (continued)

For the year ended 30 June 2020 (continued)

Sales of goods

Revenue from sales of goods comprises revenue earned from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer which is at the time that the goods are physically transferred.

Merchandise sales comprises revenue earned (net of returns, discounts and allowances) from the sale of goods purchased for resale and gifts donated for resale.

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the company at significantly below its fair value.

Once the asset has been recognised, the Company recognises any related liability amounts (e.g. provisions, financial liabilities).

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Government grant - JobKeeper payment

The government introduced a JobKeeper Payment scheme to support businesses significantly affected by the Coronavirus pandemic to help keep more Australians in jobs. The JobKeeper Payment is available to eligible employers to enable them to pay their eligible employee's salary or wages of at least \$1,500 (before tax) per fortnight. Eligible employers are reimbursed a fixed amount of \$1,500 per fortnight for each eligible employee from 30 March 2020, for up to 13 fortnights.

Employers are required to pay eligible employees a minimum of \$1,500 (before tax) per fortnight to claim the JobKeeper payment. This is paid to the employer in arrears each month by the Australian Taxation Office (ATO). If employers do not continue to pay their employees for each pay period, they cease to qualify for the JobKeeper payment.

The Company is eligible for this payment and has claimed a total amount of \$24,000 as at 30 June 2020.

The Company has recognised a receivable and income when it obtained control over the funding.

Revenue from fundraising

The Company receive revenue from fundraising via Donations and In-kind donations. Below is the recognition criteria for them:

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the company gains control of the asset.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

j) Revenue (continued)

For the year ended 30 June 2020 (continued)

In-kind donations

Facilities donated are included at the fair value to the company where this can be quantified, and a third party is bearing the cost.

No amounts are included in the financial report for services donated by volunteers.

For the year ended 30 June 2019:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sponsorship revenue

The Company brings sponsorship revenue to account on an accrual basis.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Company gains control, economic benefits are probable and the amount of the donation can be measured reliably. For the contractual donation income that is received in advance, a deferred revenue will be recognised as a current liability in the statement of financial position.

Merchandise sales

Merchandise sales comprises revenue earned (net of returns, discounts and allowances) from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as revenue on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as revenue in equal amounts over the expected useful life of the related asset.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

k) Taxes

The Company is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

l) Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

3. Significant accounting judgements, estimates and assumptions

Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Notes to the financial statements (continued)

For the year ended 30 June 2020

4. Revenue

4.1 Revenue from contracts with customers

	<u>2020</u>
	\$
Revenue from contracts with customers - AASB 15	
Merchandise sales	36,939
Other revenue	926
Freight revenue	5,411
Membership subscription	684
	<u>43,960</u>

4.2 Revenue from charitable/fundraising activities

Revenue recognised under AASB 1058	
Donations	552,239
Government grants	54,000
Sponsorship money	732,935
Sponsorship in kind	1,800,148
Government grant - Jobkeeper payment	24,000
	<u>3,163,322</u>
Total revenue	<u><u>3,207,282</u></u>

4.3 Revenue

	<u>2019</u>
	\$
Sponsorship money	600,524
Sponsorship in kind	309,206
Donations	647,224
Membership subscriptions	707
Government grant	144,000
Merchandise sales	30,829
Other revenue	35,878
Freight revenue	4,420
Total Revenue	<u><u>1,772,788</u></u>

5. Cash

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash at bank	<u><u>775,168</u></u>	<u><u>438,487</u></u>

Notes to the financial statements (continued)

For the year ended 30 June 2020

6. Trade and other receivables

	<u>2020</u>	<u>2019</u>
	\$	\$
Current		
Trade receivables	1,844	15,494
Accrued income	29,788	127,471
	<u>31,632</u>	<u>142,965</u>

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair values.

7. Trade and other payables

	<u>2020</u>	<u>2019</u>
	\$	\$
Current		
Trade payables	363	968
Other payables	3,458	10,817
Goods and services tax	1,660	9,225
	<u>5,481</u>	<u>21,010</u>

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

8. Employee benefit liabilities

	<u>2020</u>	<u>2019</u>
	\$	\$
Current		
Annual leave	25,257	18,238
Long service leave	34,137	30,448
Superannuation	-	171
	<u>59,394</u>	<u>48,857</u>
Non-current		
Long service leave	<u>2,015</u>	<u>1,951</u>

Notes to the financial statements (continued)

For the year ended 30 June 2020

9. Commitments

Future minimum rentals payable under non-cancellable leases as at 30 June were as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
<i>(i) Lease commitments</i>		
Commitments for minimum lease payments in relation to non-cancellable leases are payable as follows:		
Within one year	36,256	110,000
After one year but not more than three years	-	27,500
	<u><u>36,256</u></u>	<u><u>137,500</u></u>

The Company leases a property. The lease runs for a period of 2 years. Lease payments are adjusted every year based on the Consumer Price Index. The Company is not subletting any part of the leased premises under this new agreement.

(ii) Capital commitments

The Company did not have any capital commitments as at 30 June 2020 (2019: nil).

10. Contingencies

There were no contingent assets or contingent liabilities at reporting date that require disclosure in this financial report (2019: nil).

11. Related party disclosures

(i) Key management personnel compensation

Key management personnel compensation includes remuneration for the Chairman and CEO as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Total key management personnel compensation	<u><u>153,326</u></u>	<u><u>144,330</u></u>

There were no other transactions with key management personnel (2019: \$Nil).

(ii) Other related party transactions

There were no other related party transactions during the year (2019: Nil).

Notes to the financial statements (continued)

For the year ended 30 June 2020

12. Information and declaration to be furnished under the Charitable Fundraising Act 1991

Clean Up Australia Limited holds an authority under the *Charitable Fundraising (NSW) Act 1991* in respect of its own activities. The directors provide the following information regarding those activities.

Fundraising appeals conducted during the financial period included mail appeals and various other sundry fundraising projects and general receiving of indirectly solicited donations.

(i) *Gross sponsorship and fundraising appeal receipts:*

	2020	2019
	\$	\$
Gross proceeds from sponsorship and fundraising appeals	3,207,282	1,772,788
Less: Direct costs of sponsorship and fundraising appeals	(25,018)	(22,382)
	<u>3,182,264</u>	<u>1,750,406</u>

(ii) *Application of net surplus from sponsorship and fundraising:*

Direct costs incurred in delivering project objectives	2,314,100	986,307
Administration expenses of delivering project objectives	592,686	310,916
	<u>2,906,786</u>	<u>1,297,223</u>

Included in gross proceeds from sponsorship and fundraising appeals is sponsorship "In kind". The value of sponsorship in kind ascertainable for the year totalled \$1,800,148 (2019: \$309,206). This amount was received from various sponsors.

(iv) *Comparison of certain monetary figures and percentages*

	2020	2020	2019	2019
	\$	%	\$	%
Total cost of fund raising	25,018	-	22,382	1
Gross income from fund raising	3,207,282		1,772,788	
Total direct costs of services	2,314,100	79	986,307	75
Total expenditure	2,931,804		1,319,605	
Total direct costs of services	2,314,100	72	986,307	56
Gross income from fund raising	3,207,282		1,772,788	

The objective of the Company is to encourage and educate the Australian community to clean up the Australian environment. Fundraising is negotiated by management and directors and normally is not subject to organised fundraising activities.

All net proceeds raised are expended on education and promotion in accordance with the Company's objective or administration of the Company in pursuit of that objective.

Notes to the financial statements (continued)

For the year ended 30 June 2020

12. Information and declaration to be furnished under the Charitable Fundraising Act 1991 (continued)

Statement showing how funds received were applied to charitable purposes

Expenditure on specific projects is as follows with the balance of expenditure being applied for the administration and general environmental activities of the Company.

	<u>2020</u>	<u>2019</u>
	\$	\$
Clean Up Australia Day	<u>2,314,100</u>	<u>986,307</u>

13. Events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

14. Members' guarantee

The Company has 60 members (2019: 63) who are not required under the Company's constitution to contribute capital and are not entitled to participate in dividends or the proceeds on winding up of the Company. The guarantee in the case of winding up the Company is limited to \$10 per member (2019: \$10).

Directors' declaration

In accordance with a resolution of the directors of Clean Up Australia Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements including Australian Accounting Interpretations, the *Australian Charities and Not-for-Profits Commission Regulation 2013*;
- (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;
- (c) the statement of profit or loss and other comprehensive income gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals;
- (d) the statement of financial position and statement of cash flows gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;
- (e) the provisions and regulations of the *NSW Charitable Fundraising Act 1991* and the conditions attached to the authority to fundraise have been complied with by the Company; and
- (f) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

On behalf of the board



Philippa (Kiernan) Hill
Director
Sydney
15 October 2020



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Independent Auditor's Report to the Members of Clean Up Australia Limited

Opinion

We have audited the financial report of Clean Up Australia Limited, which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not for profits commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not for profits commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.3(a) in the financial report which describes the events or conditions that raise doubt about the entity's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors 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 *Australian Charities and Not for profits commission Act 2012* 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.



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In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulations 2015

We have audited the financial report as required by Section 24(2) of the NSW Charitable Fundraising Act 1991 and the WA Charitable Collections Act (1946). Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulations 2015 and the WA Charitable Collections Act (1946) and the WA Charitable Collections Regulations (1947).

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Act(s) and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

- a) the financial report of Clean Up Australia Limited has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2020, in all material respects, in accordance with:
 - i sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - ii sections 10(6) and 11 of the *NSW Charitable Fundraising Regulations 2015*;
- b) the money received as a result of fundraising appeals conducted by the Company during the financial year ended 30 June 2020 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.

Ernst & Young

Ryan Fisk
Partner
Sydney
15 October 2020