

Clean Up Australia Limited

ABN 93 003 884 991

General purpose (RDR) financial report
for the year ended 30 June 2017

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Directors' report

Your directors submit their report on Clean Up Australia Limited (the "Company") for the year ended 30 June 2017.

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.

Ian Kiernan AO

Graham Woodlock

Terrie-Ann Johnson

Bruce Kerridge

Names, qualifications, experience and special responsibilities

Ian Kiernan AO

Executive Chairman

Date appointed: 8 November 1989

Experience and special responsibilities

Chairman, Clean Up Australia Limited

Graham Woodlock

Date appointed: 15 May 2014

Experience and special responsibilities

Marketing and Advertising

Company Director

Terrie-Ann Johnson

Company Secretary

Date appointed: 9 December 2011

Experience and special responsibilities

Managing Director, Clean Up Australia

Bruce Kerridge

Date appointed: 9 August 2016

Experience and special responsibilities

Management Consultant

Company Director

Company Secretary

Terrie-Ann Johnson was appointed to the position of company secretary on 18 December 2012.

Dividends

As the Company is limited by guarantee and has no share capital, no dividends are payable.

Principal activities

The principal activities of the Company during the year was that of a 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.

Directors' report (continued)

Operating results

The net surplus after tax of the Company for year ended 30 June 2017 was \$30,687 (2016: net deficit after tax of \$53,673).

Short and long term objectives and strategy

Clean Up Australia Limited's mission is to inspire and empower communities to clean up, fix up and conserve their environment.

In 2017 the Company delivered this through a number of initiatives including:

- Clean Up Australia Day - Schools, Business and Community Days
- The Great Northern Clean Up
- Everyday Clean Up
- Clean Up the World
- Advocacy for waste management reform focusing on beverage related rubbish aiming for national introduction of container refund schemes and elimination of single use lightweight plastic bags
- Supporting individuals and communities by providing information and resources to enable them to bring about change in their local area

Our imperatives for the financial year 2016/17 were to:

- Focus on delivery of fully funded events and activities
- Grow volunteer participation to bring about positive change
- Continue to diversify sources of funding

The Company's strategies for achieving these objectives included:

- Continuing to reduce expenses to only those required to deliver key initiatives
- Leveraging the 20th Anniversary of Business Clean Up Day to encourage new and recognise repeat participation
- Encouraging donor support of waste management initiatives
- Encouraging youth participation in core activities - future proofing the organisation

Recognition of sponsorship revenue

The Company entered into a major partnership with Cleanaway in May 2016. This partnership will continue through to FY19.

A full year of cash associated with this sponsorship was received during the year. As a result of timing of the receipt, 50% has been deferred to recognition in FY18. The remainder was recognised in revenue in the current year, in addition to a portion earned in arrears received in the prior year.

Performance measures

- Reviewing and reducing or offsetting expenses to focus on delivering key initiatives
- Partnering with like-minded organisations to increase efficiency of delivery models
- Contain liabilities on the statement of financial position
- Exploring new avenues of funding including community donations
- Focusing attention on increasing participation in core activities by key demographics
- Engaging communities in actions that reduce their environmental footprint every day of the year

Directors' report (continued)

Performance measures (continued)

| Performance Measure | | 2017 | 2016 |
|---|--|---|---|
| Reviewing and reducing expenses to only those required to deliver key campaigns | <ul style="list-style-type: none"> - Costs of fundraising - Project costs - Administration expenses | <p style="text-align: right;">\$98,231</p> <p style="text-align: right;">\$1,689,031*</p> <p style="text-align: right;">\$396,840</p> <p>* increase in project costs reflects increase in advertising received from in-kind donations</p> | <p style="text-align: right;">\$316,351</p> <p style="text-align: right;">\$752,196</p> <p style="text-align: right;">\$336,690*</p> <p>* increase in administration costs reflects 12 months of rental payments offset by a donation of rent</p> |
| Reviewing delivery models to increase efficiency | Staffing: | <ul style="list-style-type: none"> • 1 full time • 2 part-time • 4 casuals Dec - March for delivery of Clean Up Day • 12 office volunteers for periods between 2 weeks – 6 months @ average 10 hrs per week. 2017 volunteers recruited for specific professional experience | <ul style="list-style-type: none"> • 1 full time • 1 part-time • 5 casuals Dec - March for delivery of Clean Up Day • 23 office volunteers for periods between 2 weeks – 6 months @ 16 hrs per week for the full year. 2016 volunteers recruited for specific professional experience |
| | Partnerships: | <ul style="list-style-type: none"> • Re-appointment of Ozanam as logistics partner for CUAD delivery • Continued membership and leveraging of Boomerang Alliance networks and expertise to progress debate on waste management reform. Continued rent offsetting partnership with Luxmy Furniture | <ul style="list-style-type: none"> • Re-appointment of Ozanam as logistics partner for CUAD delivery • Continued membership and leveraging of Boomerang Alliance networks and expertise to progress debate on waste management reform. Continued rent offsetting partnership with Luxmy Furniture |

Directors' report (continued)

Performance measures (continued)

| Performance Measure | | 2017 | 2016 |
|--|---|--|---|
| | | and the Rao family. Offered branding benefits to offset cost of selected kit materials | and the Rao family. Receipt of pro-bono merchandise for on-line store from Concept Partners |
| Contain liabilities on the balance sheet | Accrued annual leave | <ul style="list-style-type: none"> Casual staff retained on pro-rata hourly basis and encouraged to take annual leave prior to the end of their contracts to reduce liability to zero | <ul style="list-style-type: none"> CEO and Chairman forfeited annual leave May/June to reduce the Organisation's Liabilities Reduced accrued annual leave for casual staff to zero by encouraging them to take leave prior to the completion of their contracts Contracting casual staff pro-rate based on hourly rates Rental agreement offset by donor agreement to reduce overheads |
| Diversifying funding by encouraging new ways to support the organisation | Donation income: - General donations - Payroll giving - Merchandise sales - Business participation - Licensing - Advocacy | \$179,714 \$2,751 \$25,683 \$89,909 \$27,730 - | \$117,579 \$3,878 \$32,298 \$76,372 \$36,721 \$354 |
| Focusing attention on increasing participation in core activities to future proof the organisation | Clean Up Australia Day sites: <ul style="list-style-type: none"> Community Business School Youth Great Northern Clean Up sites: <ul style="list-style-type: none"> Northern Territory Queensland Western Australia Everyday Clean Up sites | 3,277 320 2,088 792 9 73 14 335 | 3,282 268 2,567 688 6 65 10 321 |

Directors' report (continued)

Significant changes in the state of affairs

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

Significant events after the reporting date

The Australia Post partnership was not renewed after the balance sheet date. A new agreement with Sodastream for \$20,000 was signed. A donation of \$51,907 from Harris Farm markets received in August 2017 (for the period May to July 2017).

Application for a grant from Clean Up Australia Day ('CUAD') and Great Northern Clean Up ('GNCU') worth \$18,000 was submitted to Northern Territory Environmental Protection Authority ('NTEPA'). Potential partnership discussions with Canon and Coles commenced on 7 September 2017.

There have been no other significant events occurring after the reporting date 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, the Clean Up Australia Limited paid a premium of \$3,185 (2016: \$2,866) 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 |
| Ian Kiernan AO | 3 | 3 |
| Graham Woodluck | 3 | 3 |
| Terrie-Ann Johnson | 3 | 3 |
| Bruce Kerridge | 3 | 3 |

A = Number of meetings attended

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

Directors' report (continued)

Members' contribution in winding up

The Company has 55 members (2016: 52) 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 per member.

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 auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, 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 during or since the financial year.

Auditor independence

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

Signed in accordance with a resolution of the directors.



Ian Kiernan AO
Director
Sydney
11 October 2017



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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 2017, 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.

Ernst & Young

Ryan Fisk
Partner
11 October 2017

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2017

| | | 2017 | 2016 |
|---|--------------|---------------|-----------------|
| | Notes | \$ | \$ |
| Revenue | 4 | 2,216,979 | 1,351,365 |
| Employee benefits expense | | (374,128) | (302,939) |
| Depreciation expense | 5 | - | (3,495) |
| Travel expenses | | (7,352) | (12,852) |
| Insurance expenses | | (32,045) | (38,484) |
| Lease expenses | 5 | (110,000) | (110,091) |
| Consultant services | | (109,903) | (98,350) |
| Marketing and support costs | | (1,387,964) | (662,812) |
| Other operating expenses | | (164,900) | (176,015) |
| Profit/(deficit) for the year | | 30,687 | (53,673) |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) for the year | | 30,687 | (53,673) |

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 2017

| | Notes | 2017 \$ | 2016 \$ |
|--------------------------------------|-------|-----------------------|-----------------------|
| Assets | | | |
| Current assets | | | |
| Cash | 6 | 104,015 | 82,674 |
| Trade and other receivables | 7 | 10,034 | 51,460 |
| Inventories | | 76,821 | 33,879 |
| Prepayments | | 13,805 | 2,341 |
| Total current assets | | <u>204,675</u> | <u>170,354</u> |
| Total non-current assets | | - | - |
| Total assets | | <u><u>204,675</u></u> | <u><u>170,354</u></u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 22,161 | 19,412 |
| Employee benefit liabilities | 10 | 7,129 | - |
| Deferred revenue | | 112,500 | 144,886 |
| Total current liabilities | | <u>141,790</u> | <u>164,298</u> |
| Non-current liabilities | | | |
| Employee benefit liabilities | 10 | 92,022 | 65,880 |
| Total non-current liabilities | | <u>92,022</u> | <u>65,880</u> |
| Total liabilities | | <u><u>233,812</u></u> | <u><u>230,178</u></u> |
| Equity | | | |
| Accumulated losses | | (29,137) | (59,824) |
| Total deficit | | <u>(29,137)</u> | <u>(59,824)</u> |
| Total liabilities and equity | | <u><u>204,675</u></u> | <u><u>170,354</u></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 2017

| | Issued capital | Accumulated losses | Total |
|----------------------------|-------------------|-----------------------|-----------------|
| | \$ | \$ | \$ |
| At 1 July 2016 | - | (59,824) | (59,824) |
| Profit for the year | - | 30,687 | 30,687 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | - | 30,687 | 30,687 |
| At 30 June 2017 | - | (29,137) | (29,137) |
| At 1 July 2015 | - | (6,151) | (6,151) |
| Deficit for the year | - | (53,673) | (53,673) |
| Other comprehensive income | - | - | - |
| Total comprehensive loss | - | (53,673) | (53,673) |
| At 30 June 2016 | - | (59,824) | (59,824) |

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 2017

| | 2017 | 2016 |
|---|-------------------------|-------------------------|
| Note | \$ | \$ |
| Operating activities | | |
| Receipts from customers | 1,147,026 | 876,585 |
| Payments to suppliers and employees | <u>(1,125,685)</u> | <u>(1,005,558)</u> |
| Net cash flows from/(used in) operating activities | <u>21,341</u> | <u>(128,973)</u> |
| Investing activities | | |
| Net cash flows from investing activities | <u>-</u> | <u>-</u> |
| Financing activities | | |
| Proceeds from borrowings - related party | - | 577 |
| Net cash flows from financing activities | <u>-</u> | <u>577</u> |
| Net increase/(decrease) in cash and cash equivalents | 21,341 | (128,396) |
| Cash and cash equivalents at 1 July | 82,674 | 211,070 |
| Cash and cash equivalents at 30 June | 6 <u>104,015</u> | <u>82,674</u> |

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

Notes to the financial statements

For the year ended 30 June 2017

1. Corporate information

The financial statements of Clean Up Australia Limited (the "Company") for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 11 October 2017.

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. Summary of significant accounting policies

2.1 Basis of preparation

Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, 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 116 Property, Plant and Equipment, AASB 138 Intangible Assets, AASB 136 Impairment of Assets and AASB 1004 Contributions. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars (\$).

2.2 Changes in accounting policy, disclosures, standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year.

The new and amended Australian Accounting Standards and AASB Interpretations and amendments applied for the first time in 2016/2017 do not impact the financial statements of the Company.

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. At 30 June 2017, the Company's total liabilities exceeded total assets by \$29,137 (2016: \$59,824).

The Company is dependent on sponsorship income and donations to fund operations and, accordingly, each year it relies mainly on the support of international corporations, corporate Australia and public donations for funding. The quantum of this support is not predictable; however, management maintains ongoing fundraising initiatives to ensure income is received and projects can be completed.

Sponsorship contracts vary in length of time with periods up to seven years. Prior to the expiry of contracts, negotiations are held with the sponsor in order to renew or where new projects are undertaken it is necessary to engage new or additional sponsors or donors.

In 2016, the Company secured a new major partner, Cleanaway Pty Ltd. The sponsorship began in May 2016 and will extend to 31 December 2019. Income from this sponsorship will increase until its expiration.

Notes to the financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

a) Going concern (continued)

As a result of the matters, there is material uncertainty whether the Company will 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.

However, the directors believe that sufficient sponsorship income and donations will be received during the year to support 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.

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 banks and on hand.

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

d) Cash flows

The cash flow statement represents cash receipts and cash payments occurred in the financial year. Both cash receipts from customers and payments made to suppliers and employees in the statement exclude in-kind donation as there was no cash has been exchanged. This policy has been applied in the current and prior financial years.

e) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

Notes to the financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

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.

g) Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|--------------------------|-------------|
| - Office equipment | 8 years |
| - Furniture and fittings | 3 years |
| - Motor vehicles | 4 - 5 years |
| - Leasehold improvements | 5 years |

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

All property, plant and equipment were fully depreciated in FY16.

h) Leases

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.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Notes to the financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

i) Impairment of non-financial assets

Assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

j) Trade and other payables

Trade and other payables are carried at amortised cost and 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.

k) Employee benefit liabilities

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Long service 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 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 national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

Notes to the financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

l) Revenue recognition

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 income 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.

Interest income

Interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in revenue in the statement of profit or loss and other comprehensive income.

m) 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.

Notes to the financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

n) 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 income 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 income in equal amounts over the expected useful life of the related asset.

Notes to the financial statements (continued)

For the year ended 30 June 2017

3. Significant accounting judgements, estimates and assumptions

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. 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.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash-generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Notes to the financial statements (continued)

For the year ended 30 June 2017

4. Revenue

| | <u>2017</u> | <u>2016</u> |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Sponsorship monies received and receivable | 464,388 | 362,804 |
| Sponsorship in kind | 1,300,691 | 553,305 |
| Donations | 318,696 | 275,821 |
| Membership subscriptions | 410 | 890 |
| Merchandise sales | 25,683 | 32,298 |
| Other revenue | 3,473 | 5,488 |
| Government grant | 100,000 | 100,000 |
| Freight revenue | 3,480 | 19,671 |
| Interest income | 158 | 1,088 |
| | <u><u>2,216,979</u></u> | <u><u>1,351,365</u></u> |

5. Expenses

| | <u>2017</u> | <u>2016</u> |
|--|-------------|-------------|
| | \$ | \$ |

Profit before income tax includes the following specific expenses:

Depreciation expense

Depreciation of non-current assets

| | | |
|--|----------|--------------|
| Motor vehicle | - | 2,279 |
| Leasehold improvements | - | 1,216 |
| Total depreciation of non-current assets | <u>-</u> | <u>3,495</u> |

Rental expenses relating to operating leases

| | | |
|------------------------|----------------|----------------|
| Minimum lease payments | <u>110,000</u> | <u>110,091</u> |
|------------------------|----------------|----------------|

6. Cash

| | <u>2017</u> | <u>2016</u> |
|--------------------------|----------------|---------------|
| | \$ | \$ |
| Cash at bank and on hand | <u>104,015</u> | <u>82,674</u> |

For the purpose of the statement of cash flows, cash and cash equivalents comprise the the above.

Notes to the financial statements (continued)

For the year ended 30 June 2017

7. Trade and other receivables

| | <u>2017</u> | <u>2016</u> |
|------------------------|----------------------|----------------------|
| | \$ | \$ |
| Current | | |
| Trade receivables | 10,034 | 49,529 |
| Goods and services tax | - | 1,931 |
| | <u>10,034</u> | <u>51,460</u> |

Due to their short term nature, the carrying value approximates fair value of trade receivables.

8. Property, plant and equipment

| | <u>Office equipment</u> | <u>Furniture and fittings</u> | <u>Motor vehicles</u> | <u>Leasehold improvements</u> | <u>Total</u> |
|----------------------------------|-----------------------------|-----------------------------------|---------------------------|-----------------------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | |
| At 1 July 2016 | 26,154 | 5,648 | 20,000 | 27,666 | 79,468 |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| At 30 June 2017 | <u>26,154</u> | <u>5,648</u> | <u>20,000</u> | <u>27,666</u> | <u>79,468</u> |
| Depreciation | | | | | |
| At 1 July 2016 | 26,154 | 5,648 | 20,000 | 27,666 | 79,468 |
| Depreciation charge for the year | - | - | - | - | - |
| At 30 June 2017 | <u>26,154</u> | <u>5,648</u> | <u>20,000</u> | <u>27,666</u> | <u>79,468</u> |
| Net book value | | | | | |
| At 30 June 2016 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| At 30 June 2017 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Notes to the financial statements (continued)

For the year ended 30 June 2017

9. Trade and other payables

| | <u>2017</u> | <u>2016</u> |
|------------------------|----------------------|----------------------|
| | \$ | \$ |
| Current | | |
| Trade payables | 12,665 | 19,412 |
| Goods and services tax | 9,496 | - |
| | <u>22,161</u> | <u>19,412</u> |

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

10. Employee benefit liabilities

| | <u>2017</u> | <u>2016</u> |
|--------------------|---------------|---------------|
| | \$ | \$ |
| Current | | |
| Annual leave | <u>7,129</u> | <u>-</u> |
| Non-current | | |
| Long service leave | <u>92,022</u> | <u>65,880</u> |

11. Commitments

| | <u>2017</u> | <u>2016</u> |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| <i>(i) Operating lease commitments</i> | | |
| Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows: | | |
| Within one year | 110,000 | 110,000 |
| After one year but not more than five years | 247,500 | 27,500 |
| | <u>357,500</u> | <u>137,500</u> |

The Company leases a property under an operating lease. The lease runs for a period of 3 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) Finance lease commitments

The Company did not have any capital commitments as at 30 June 2017 (2016: nil).

The weighted average interest rate implicit in the telephone system financing agreement is nil (2016: nil).

12. Contingencies

There were no contingent assets or contingent liabilities at balance date that require disclosure in this financial report (2016: nil).

Notes to the financial statements (continued)

For the year ended 30 June 2017

13. Related party disclosures

(i) Directors

The names of persons who were directors of the Company at any time during the financial year are as follows:

Ian Kiernan AO
Graham Woodlock
Terrie-Ann Johnson
Bruce Kerridge

(ii) Key management personnel compensation

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

| | 2017 | 2016 |
|---|----------------|----------------|
| | \$ | \$ |
| Total key management personnel compensation | <u>216,494</u> | <u>216,494</u> |

14. 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:

| | 2017 | 2016 |
|---|------------------|------------------|
| | \$ | \$ |
| Gross proceeds from sponsorship and fundraising appeals | 2,216,979 | 1,351,364 |
| Less: Direct costs of sponsorship and fundraising appeals | (98,231) | (316,151) |
| | <u>2,118,747</u> | <u>1,035,213</u> |

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

| | | |
|--|------------------|------------------|
| Direct costs incurred in delivering project objectives | 1,689,031 | 752,196 |
| Administration expenses of delivering project objectives | 396,840 | 336,690 |
| | <u>2,085,871</u> | <u>1,088,886</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 \$1,300,691 (2016: \$553,305). This amount was received from various sponsors.

(iii) Other related party transactions:

There were no other related party transactions during the year. (2016: nil)

Notes to the financial statements (continued)

For the year ended 30 June 2017

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

(iv) Comparison of certain monetary figures and percentages

| | 2017 | 2017 | 2016 | 2016 |
|---------------------------------------|-----------|------|-----------|------|
| | \$ | % | \$ | % |
| Total cost of fund raising | 98,231 | 4 | 316,151 | 23 |
| Gross income from fund raising | 2,216,979 | | 1,351,364 | |
| Total direct costs of services | 1,689,031 | 77 | 752,196 | 54 |
| Total expenditure | 2,184,102 | | 1,405,038 | |
| Total direct costs of services | 1,689,031 | 76 | 752,196 | 56 |
| Gross income from fund raising | 2,216,979 | | 1,351,364 | |

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.

Statement showing how funds received were applied to charitable purposes

Expenditure on specific projects for the year ended 30 June 2017 is as follows with the balance of expenditure being applied for the administration and general environmental activities of the Company.

| | 2017 | 2016 |
|------------------------|------------------|----------------|
| | \$ | \$ |
| Clean Up Australia Day | <u>1,689,031</u> | <u>752,196</u> |

15. Events after the reporting period

The Australia Post partnership was not renewed after the balance sheet date. A new agreement with Sodastream for \$20,000 was signed. A donation of \$51,907 from Harris Farm markets received in August 2017 (for the period May to July 2017).

Application for grant from CUAD and GNCU worth \$18,000 was submitted to NTEPA. Potential partnership discussions with Canon and Coles commenced on 7 September 2017.

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

16. Members' guarantee

The Company has 55 (2016: 52) members 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 (2016: \$10) per member.

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 Clean Up Australia Limited are in accordance with the *Corporations Act 2001* and 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 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001* and 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.

On behalf of the board



Ian Kiernan AO
Director
Sydney
11 October 2017

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 2017, 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 *Corporations Act 2001* and 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 2017 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and, the *Corporations Regulations 2001* and *Australian Charities and Not-for-Profits Commission Regulation 2013*; and
- c) complying with *Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2.2(a) in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters, there is significant uncertainty whether the company will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

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 (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.

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, the *Corporations Act 2001* 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.

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.

Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulations 2008

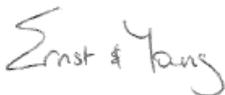
We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with 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*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or noncompliance may occur and not be detected. An audit is not designed to detect all instances of noncompliance with the requirements described in the above-mentioned Act 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.

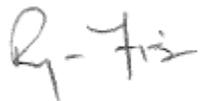
Opinion

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 2017, 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 2017 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
11 October 2017