Clean Up Australia Limited
ABN 93 003 884 991

General purpose (RDR) financial report
for the year ended 30 June 2016

Contents

Directors' report

Your directors submit their report for the year ended 30 June 2016.

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

Matthew Tomaszewski	(Resigned: 25 October 2015)
Bruce Kerridge	(Appointed: 9 August 2016)

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: 09 December 2011
Experience and special responsibilities
Managing Director, Clean Up Australia

Matthew Tomaszewski
Date appointed: 17 December 2014
Resigned: 25 October 2015
Experience and special responsibilities
Environmental scientist and filmmaker

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 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 deficit after tax of the Company for year ended 30 June 2016 was $53,673 (2015: net surplus after tax of $46,975).

This result reflects the cessation of the Commonwealth Bank's major partnership of Clean Up Australia Day (expired FY 2015). In May 2016, the Company secured a new major partner Cleanaway commencing 1 May. This partnership focused on everyday clean up support for the calendar year ending December 2016, after which Cleanaway will replace the Commonwealth Bank as a major sponsor of Clean Up Australia Day 2017-2019 inclusive. Income from the Cleanaway major partnership is recognised FY2016 - 2019, with limited recognition in FY2016.

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 2016 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
- Clean Up Mobile Phones
- Advocacy for waste management reform focusing on beverage related rubbish and the banning 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 2015/16 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
- Influence waste management reform

The Company's strategies for achieving these objectives included:
- Continuing to reduce expenses to only those required to deliver key initiatives
- Leveraging the 25th Anniversary of Schools Clean Up Day to encourage new and recognise repeat participation
- Encouraging donor support of specific initiatives
- Increasing youth participation in core activities - future proofing the organisation

Directors' report (continued)

Performance measures

- Reviewing and reducing expenses to only those required to deliver 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 group types e.g. youth

Performance Measure		2016	2015
Reviewing and reducing expenses to only those required to deliver key campaigns	- Costs of fundraising	$316,351	$292,605
	- Project costs	$752,196	$782,008
	- Administration expenses	$336,690* * increase in administration costs reflects 12 months of rental payments offset by a donation of rent	$283,363* * increase in administration costs reflects rental payments for new premises (offset by donation of rent) plus costs of the office move and refurbishment
Reviewing delivery models to increase efficiency	Staffing:	• 1 full time • 1 part-time • 5 casuals Dec - March for delivery of Clean Up Day	• 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 @ average 10 hrs per week. 2016 volunteers recruited for specific professional experience	• 31 office volunteers for periods between 2 weeks – 6 months @ 16 hrs per week for the full year. 2015 volunteers recruited for specific professional experience
	Partnerships:	• Re-appointment of Ozanam as logistics partner for CUAD delivery	• 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	• Partnering with and leveraging Boomerang Alliance networks and events to progress debate on waste management

Directors' report (continued)

Performance measures (continued)

Performance Measure		2016	2015
		and the Rao family. Receipt of pro-bono merchandise for on-line store from Concept Partners	reform Rent offsetting partnership with Luxmy Furniture and the Rao family
Contain liabilities on the balance sheet	Accrued annual leave	• 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	• CEO and Chairman 'took' 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	$117,579	$107,277
	- Payroll giving	$3,878	$3,901
	- Merchandise sales	$32,298	$35,015
	- Business participation	$76,372	$59,023
	- Licensing	$36,721	$35,811
	- Advocacy	$354	$5,617
Focusing attention on increasing participation in core activities to future proof the organisation	Clean Up Australia Day sites:		
	• Community	3,282	2,994
	• Business	268	255
	• School	2,567	2,359
	• Youth	688	623
	Great Northern Clean Up sites:		
	• Northern Territory	6	9
	• Queensland	65	39
	• Western Australia	10	18
	Everyday Clean Up sites	321	201

Directors' report (continued)

Significant changes in the state of affairs

The relationship ceased with Commonwealth Bank's major sponsorship of Clean up Australia Day in FY 2015. In May 2016, the Company secured a new major partner Cleanaway commencing 1 May. This partnership focused on everyday clean up support for the calendar year ending December 2016, after which Cleanaway will replace the Commonwealth Bank as a major sponsor of Clean Up Australia Day 2017-2019 inclusive. Income from the Cleanaway major partnership is recognised FY2016 - 2019, with limited recognition in FY2016.

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

Significant events after the reporting date

There have been no 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 $2,866 (2015: $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
Terrie-Ann Johnson	3	3
Graham Woodlock	3	3
Matthew Tomaszewski	-	-

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 52 members (2015: 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.

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 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 7 of the report.

Signed in accordance with a resolution of the directors.

Ian Kiernan AO
Director
Sydney
20 October 2016

Building a better
working world

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Auditor's Independence Declaration to the Directors of Clean Up Australia Limited

As lead auditor for the audit of Clean Up Australia for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Ernst & Young

Ryan Fisk
Partner
20 October 2016

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2016

	Notes	2016 $	2015 $
Revenue	4	1,351,365	1,404,950
Employee benefits expense		(302,939)	(307,859)
Depreciation expense	5	(3,495)	(2,330)
Travel expenses		(12,852)	(13,544)
Insurance expenses		(38,484)	(39,003)
Lease expenses		(110,091)	(87,500)
Consultant services		(98,350)	(115,801)
Marketing and support costs		(662,812)	(629,174)
Other expenses		(176,015)	(162,643)
Finance costs	5	-	(121)
(Deficit)/surplus for the year		**(53,673)**	**46,975**
Other comprehensive income		**-**	**-**
Total comprehensive (loss)/income for the year		**(53,673)**	**46,975**

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 2016

	Notes	2016 $	2015 $
Assets			
Current assets			
Cash	6	82,674	211,070
Trade and other receivables	7	51,460	43,370
Inventories		33,879	26,991
Prepayments		2,341	3,123
Total current assets		170,354	284,554
Non-current assets			
Property, plant and equipment	8	-	3,495
Total non-current assets		-	3,495
Total assets		**170,354**	**288,049**
Liabilities and equity			
Current liabilities			
Trade and other payables	9	19,412	30,145
Deferred revenue		144,886	137,500
Total current liabilities		164,298	167,645
Non-current liabilities			
Employee benefit liabilities	10	65,880	57,805
Deferred revenue		-	68,750
Total non-current liabilities		65,880	126,555
Total liabilities		**230,178**	**294,200**
Equity			
Accumulated losses		(59,824)	(6,151)
Total deficit		**(59,824)**	**(6,151)**
Total equity and liabilities		**170,354**	**288,049**

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 2016

	Issued capital	Accumulated losses	Total
	$	$	$
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)**
At 1 July 2014	**-**	**(53,126)**	**(53,126)**
Surplus for the year	-	46,975	46,975
Other comprehensive income	-	-	-
Total comprehensive income	-	46,975	46,975
At 30 June 2015	**-**	**(6,151)**	**(6,151)**

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 2016

	Note	2016 $	2015 $
Operating activities			
Receipts from customers		876,585	1,158,089
Payments to suppliers and employees		(1,005,558)	(982,330)
Interest paid		-	(121)
Net cash flows (used in)/from operating activities		**(128,973)**	**175,638**
Investing activities			
Net cash flows from/(used in) investing activities		**-**	**-**
Financing activities			
Proceeds from borrowings - related party		577	35,627
Repayments of borrowings		-	(9,216)
Net cash flows from financing activities		**577**	**26,411**
Net (decrease)/increase in cash and cash equivalents		(128,396)	202,049
Cash and cash equivalents at 1 July		211,070	9,021
Cash and cash equivalents at 30 June	6	**82,674**	**211,070**

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 2016

1. Corporate information

The financial statements of Clean Up Australia Limited (the "Company") for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 20 October 2016.

Clean Up Australia Limited is a 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

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. Where necessary, the prior year financial data was restated for comparability purposes. The financial report has also been prepared on a historical cost basis.

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

2.2 Statement of compliance

The Company is a not-for-profit entity. The financial statements for the Company comply with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB).

2.3 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 2015/2016 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 2016, the Company's total liabilities exceeded total assets by $59,824 (2015: $6,151).

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, replacing the Commonwealth Bank partnership which ceased in FY15.

Notes to the financial statements (continued)

For the year ended 30 June 2016

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.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(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.

Receivables from related parties are at fair value, carry no interest and are repayable on demand.

(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:

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

An item of property, 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.

(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 right is not explicitly specified in an arrangement.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(h) Leases (continued)

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.

(i) Impairment of non-financial assets

For assets, an 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 liability

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.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(k) Employee benefit liability (continued)

Wages, salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

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.

(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.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(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.

(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 2016

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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 2016

4. Revenue

	2016	2015
	$	$
Sponsorship monies received and receivable	362,804	458,900
Sponsorship in kind	553,305	552,303
Donations	275,821	255,846
Membership subscriptions	890	450
Merchandise sales	32,298	35,015
Other revenue	6,576	2,256
Government grant	100,000	100,000
Freight revenue	19,671	180
	1,351,365	**1,404,950**

5. Expenses

	2016	2015
	$	$
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid	**-**	**121**
Depreciation expense		
Depreciation of non-current assets		
Motor vehicle	2,279	1,519
Leasehold improvements	1,216	811
Total depreciation of non-current assets	**3,495**	**2,330**
Rental expenses relating to operating leases		
Minimum lease payments	**110,091**	**87,500**

6. Cash

	2016	2015
	$	$
Cash at bank and on hand	82,674	211,070
	82,674	**211,070**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	2016	2015
	$	$
Cash at bank and on hand	82,674	211,070
Cash and cash equivalents	**82,674**	**211,070**

Notes to the financial statements (continued)

For the year ended 30 June 2016

7. Trade and other receivables

	2016	2015
	$	$
Current		
Trade receivables	49,529	42,793
Related party receivables (Note 13)	-	577
Goods and services tax	1,931	-
	51,460	**43,370**

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

8. Property, plant and equipment

	Office equipment	Furniture and fittings	Motor vehicles	Leasehold improvements	Total
	$	$	$	$	$
Cost					
At 30 June 2015	26,154	5,648	20,000	27,666	79,468
At 30 June 2016	**26,154**	**5,648**	**20,000**	**27,666**	**79,468**
Depreciation					
At 1 July 2015	26,154	5,648	17,721	26,450	75,973
Depreciation charge for the year	-	-	2,279	1,216	3,495
At 30 June 2016	**26,154**	**5,648**	**20,000**	**27,666**	**79,468**
Net book value					
At 30 June 2015	-	-	2,279	1,216	3,495
At 30 June 2016	**-**	**-**	-	-	-

9. Trade and other payables

	2016	2015
	$	$
Current		
Trade payables	19,412	14,104
Goods and services tax	-	16,041
	19,412	**30,145**

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

Notes to the financial statements (continued)

For the year ended 30 June 2016

10. Employee benefit liabilities

	2016	2015
	$	$
Non-current		
Long service leave	65,880	57,805
	65,880	**57,805**

11. Commitments

	2016	2015
	$	$
(i) Operating lease commitments		
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	27,500	137,000
	137,500	**247,000**

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 2016 (30 June 2015: nil).

The weighted average interest rate implicit in the telephone system financing agreement is nil (2015: nil).

12. Contingencies

There were no contingent assets or contingent liabilities at balance date that require disclosure in this financial report (2015: nil).

Notes to the financial statements (continued)

For the year ended 30 June 2016

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
Matthew Tomaszewski (Resigned: 25 October 2015)

(ii) Key management personnel compensation

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

	2016	2015
	$	$
Total key management personnel compensation	**216,494**	**219,959**

(iii) Transactions with related parties

The following balances are outstanding at the end of each reporting period in relation to transactions with related parties:

	2016	2015
	$	$
Current receivables		
Loan to key management personnel	**-**	**577**

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:

	2016	2015
	$	$
Gross proceeds from sponsorship and fundraising appeals	1,351,364	1,426,641
Less: Direct costs of sponsorship and fundraising appeals	(316,151)	(323,171)
	1,035,213	**1,103,470**

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

	2016	2015
Direct costs incurred in delivering project objectives	752,196	705,319
Administration expenses of delivering project objectives	336,690	348,515
	1,088,886	**1,053,834**

Notes to the financial statements (continued)

For the year ended 30 June 2016

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

Included in gross proceeds from sponsorship and fundraising appeals is sponsorship "In kind". The value of sponsorship in kind ascertainable for the year totalled $552,716 (2015: $691,968). This amount was received from various sponsors.

(iii) Comparison of certain monetary figures and percentages

	2016	**2016**	2015	2015
	$	**%**	$	%
Total cost of fund raising	316,151	23	323,171	26
Gross income from fund raising	1,351,364		1,426,641	
Total direct costs of services	752,196	54	705,319	67
Total expenditure	1,405,037		1,053,835	
Total direct costs of services	752,196	56	705,319	56
Gross income from fund raising	1,351,364		1,426,641	

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 2016 is as follows with the balance of expenditure being applied for the administration and general environmental activities of the Company.

	2016	**2015**
	$	**$**
Clean Up Australia Day	752,196	705,319
	752,196	**705,319**

15. Events after the reporting period

There have been no 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 52 (2015: 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 (2015: $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 2016 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
20 October 2016

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working world

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Independent auditor's report to the members of Clean Up Australia Limited

Report on the financial report

We have audited the accompanying financial report of Clean Up Australia Limited, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*. We have given to the directors of the company a written Auditor's Independence Declaration.

Opinion

In our opinion:

a. the financial report of Clean Up Australia Limited is 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 financial position of Clean Up Australia Limited at 30 June 2016 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; and

b. 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(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.

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 2016, 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 2016 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
Sydney
20 October 2016