

THE NEW DEMOCRACY FOUNDATION

ABN 28 349 680 213

FINANCIAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2014

**THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213**

DIRECTOR'S DECLARATION

The director of the trustee company declares that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The director of the trustee company declares that:

1. the financial statements and notes, which comprise the balance sheet as at 30 September 2014, the profit and loss statement for the year then ended, a summary of significant accounting policies and other explanatory notes, present fairly the trust's financial position as at 30 September 2014 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. in the director's opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

Director

Mr Luca Belgiorno-Nettis

Dated:

THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014

| | 2014 | 2013 |
|---------------------------------|------------|------------|
| | \$ | \$ |
| INCOME | | |
| Consultancy Fees | 6,054.55 | 950.00 |
| Merchandise Sales | - | 72.73 |
| Donations Received | 128,670.00 | 65,325.00 |
| Interest Received | 1,140.10 | 1,802.95 |
| Trading Income: | | |
| Sales | | |
| Project Income: | | |
| Activities Income | 8,066.00 | - |
| Consultancy Fees | 308.55 | 4,950.00 |
| Printing Reimbursement | - | 22,000.00 |
| Project Facilitators | 500.00 | 45,000.00 |
| Project Fees | 140,727.27 | - |
| Project Reimbursements | 15,731.40 | - |
| Research Funding | 20,000.00 | 40,000.00 |
| Travel Reimbursement | - | 7,000.00 |
| | 185,333.22 | 118,950.00 |
| Less Cost of Goods Sold | | |
| Project Expenses: | | |
| Audio Conference | - | 3,010.00 |
| Catering | 9,189.73 | 2,863.64 |
| Communications/Video | 2,950.00 | - |
| Consultancy | - | 18.66 |
| Insurance | 774.50 | - |
| IT Expenses | 500.00 | 300.00 |
| Administration Services | - | 345.00 |
| Miscellaneous Expenses | 378.15 | - |
| Participant Remuneration | 15,440.00 | - |
| Printing & Promotional Material | 41,704.95 | 20,148.44 |
| Project Facilitators | 46,400.01 | 45,000.00 |
| Research | 26,000.00 | - |
| Stationery & Postage | 6,436.14 | - |
| Telephone | - | 120.00 |
| Travel | 8,680.03 | 4,793.47 |
| Venue Hire | 5,892.73 | - |
| | 164,346.24 | 76,599.21 |
| | 164,346.24 | 76,599.21 |
| Gross profit on trading | 20,986.98 | 42,350.79 |
| | 156,851.63 | 110,501.47 |

The accompanying notes form part of these financial statements.

THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014

| | 2014 | 2013 |
|--|-------------------------|--------------------------|
| | \$ | \$ |
| LESS EXPENDITURE | | |
| Accountancy Fees | 250.00 | 2,750.00 |
| Amortisation | 1,036.00 | 434.27 |
| Bank Charges | 21.59 | - |
| Bookkeeping Fees | 6,000.00 | 5,250.00 |
| Catering | 17.27 | 510.99 |
| Communications | 3,705.00 | 1,327.38 |
| Computer Expenses | - | 318.18 |
| Consultancy Fees | 154,900.64 | 128,995.32 |
| Contractors | 6,666.00 | - |
| Depreciation | - | 132.83 |
| Donations | - | 190.00 |
| Filing Fees | 44.00 | 115.00 |
| General Expenses | 403.37 | - |
| Merchandise | - | 4,045.00 |
| Postage | 374.68 | 291.45 |
| Printing & Stationery | 1,958.15 | 864.86 |
| Telephone | 1,799.31 | 1,865.59 |
| Travelling Expenses | 6,810.21 | 4,420.07 |
| Website Maintenance | 2,824.02 | 2,487.15 |
| | <u>186,810.24</u> | <u>153,998.09</u> |
| | <u>(29,958.61)</u> | <u>(43,496.62)</u> |
| NET OPERATING PROFIT (LOSS) | <u>(29,958.61)</u> | <u>(43,496.62)</u> |
| Retained profits at the beginning of the financial year | <u>102,179.11</u> | <u>145,675.73</u> |
| TOTAL AVAILABLE FOR DISTRIBUTION | <u>72,220.50</u> | <u>102,179.11</u> |
| RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR | <u><u>72,220.50</u></u> | <u><u>102,179.11</u></u> |

The accompanying notes form part of these financial statements.

THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213

BALANCE SHEET
AS AT 30 SEPTEMBER 2014

| | Note | 2014 \$ | 2013 \$ |
|---|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Commonwealth Bank Account No 06 2009 10467976 | | 57,813.91 | 101,445.49 |
| Good and Services Tax | 2 | 3,723.93 | 2,637.89 |
| Cash on Hand | | 10.00 | 10.00 |
| Sundry Debtors | | 6,972.93 | 25,300.00 |
| | | <u>68,520.77</u> | <u>129,393.38</u> |
| INTANGIBLE ASSETS | | | |
| Website Development Expenditure | | 5,180.00 | 5,180.00 |
| Less: Accumulated Amortisation | | <u>(1,470.27)</u> | <u>(434.27)</u> |
| | | 3,709.73 | 4,745.73 |
| TOTAL ASSETS | | <u>72,230.50</u> | <u>134,139.11</u> |
| CURRENT LIABILITIES | | | |
| Loans - Unsecured | 4 | - | 2,750.00 |
| | | - | 2,750.00 |
| NON-CURRENT LIABILITIES | | | |
| Project Holding Account | | - | 29,200.00 |
| | | - | 29,200.00 |
| TOTAL LIABILITIES | | - | 31,950.00 |
| NET ASSETS | | <u>72,230.50</u> | <u>102,189.11</u> |
| TRUST FUNDS | | | |
| Trust Funds | 5 | 10.00 | 10.00 |
| Undistributed profits | | 72,220.50 | 102,179.11 |
| TOTAL TRUST FUNDS | | <u>72,230.50</u> | <u>102,189.11</u> |

The accompanying notes form part of these financial statements.

THE NEW DEMOCRACY FOUNDATION

ABN 28 349 680 213

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

1 Summary of Significant Accounting Policies

The director of the trustee company has prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of beneficiaries.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the director has determined are appropriate to meet the needs of the member. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless stated otherwise in the notes. The accounting policies that have been adopted in the preparation of the financial statements are as follows:

(a) Property, Plant and Equipment

All property, plant and equipment except for freehold land and buildings are initially measured at cost and are depreciated over their useful lives to the trust.

The carrying amount of plant and equipment is reviewed annually by the trustee to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Freehold land and buildings are carried at their recoverable amounts, based on periodic, but at least triennial, valuations by the directors.

(b) Intangibles Other Than Goodwill

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(c) Cash and Cash Equivalents

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

**THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

(d) Goods and Services Tax (GST)

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

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

THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

| | 2014 \$ | 2013 \$ |
|--|-------------------|-------------------|
| 2 Good and Services Tax: | | |
| Input Tax Credit | <u>3,723.93</u> | <u>2,637.89</u> |
| 3 Plant and equipment: | | |
| Plant and Equipment | 7,831.83 | 7,831.83 |
| Less: Accumulated Depreciation | <u>(7,831.83)</u> | <u>(7,831.83)</u> |
| Total plant and equipment: | <u>-</u> | <u>-</u> |
| 4 Loans - Unsecured: | | |
| Belgiorno-Nettis, Luca | <u>-</u> | <u>2,750.00</u> |
| Beneficiaries current accounts: | | |
| Total of beneficiaries current accounts | <u>-</u> | <u>-</u> |
| 5 Trust Funds: | | |
| Settlement Sum | <u>10.00</u> | <u>10.00</u> |

**THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213**

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF
THE NEW DEMOCRACY FOUNDATION**

We have audited the accompanying financial report, being a special purpose financial report, of The New Democracy Foundation (the trust) which comprises the statement of financial position as at 30 September 2014 and the income statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Director's of the Trustee Company's (the trustee's) Declaration.

Trustee's Responsibility for the Financial Report

The trustee of the trust is responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 of the financial report, are appropriate to meet the financial reporting requirements of the trust deed and are appropriate to meet the needs of the trustee. The trustee's responsibility also includes such internal controls as the trustee determine is necessary to enable the preparation of a financial report that is free of 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 whether the financial report is free of 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 or material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluation 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 complied with the independence requirements of Australian professional ethical pronouncements.

**THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213**

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF
THE NEW DEMOCRACY FOUNDATION**

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of The New Democracy Foundation as at 30 September 2014 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial report.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the trustee financial reporting responsibilities under the trust deed. As a result, the financial report may not be suitable for another purpose.

Spiro Tzannes
Chartered Accountant
Moore Stephens, Level 15, 135 King Street, SYDNEY NSW 2000

, ,

:

Dated: