

THE NEW DEMOCRACY FOUNDATION

ABN 28 349 680 213

FINANCIAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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 2013, 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 2013 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:

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PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Note	2013 \$	2012 \$
INCOME			
Consultancy Fees		950.00	-
Merchandise Sales		72.73	-
Donations Received		65,325.00	305,419.00
Interest Received		1,802.95	3,481.56
Project Income	2	118,950.00	-
		187,100.68	308,900.56
LESS EXPENDITURE			
Accountancy Fees		2,750.00	5,250.00
Advertising		-	2,185.00
Amortisation		434.27	-
Bank Charges		-	(311.00)
Bookkeeping Fees		5,250.00	19,180.88
Catering		510.99	672.71
Communications		1,327.38	3,725.95
Computer Expenses		318.18	497.00
Consultancy Fees		128,995.32	116,898.16
Research Contributions		-	14,481.58
Depreciation		132.83	1,963.00
Donations		190.00	-
Filing Fees		115.00	42.00
General Expenses		-	511.50
Legal Costs		-	2,280.00
Merchandise		4,045.00	-
Postage		291.45	638.18
Printing & Stationery		864.86	2,912.42
Project Expenses	3	76,599.21	21,756.74
Promotional Expenses	4	-	14,935.45
Seminars and Conferences		-	1,772.73
Telephone		1,865.59	1,905.55
Travelling Expenses		4,420.07	8,210.77
Website Maintenance		2,487.15	28,420.07
		230,597.30	247,928.69
		(43,496.62)	60,971.87
NET OPERATING PROFIT (LOSS)		(43,496.62)	60,971.87
Retained profits at the beginning of the financial year		145,675.73	84,703.86
TOTAL AVAILABLE FOR DISTRIBUTION		102,179.11	145,675.73
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		102,179.11	145,675.73

The accompanying notes form part of these financial statements.

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BALANCE SHEET
AS AT 30 SEPTEMBER 2013

	Note	2013 \$	2012 \$
CURRENT ASSETS			
Commonwealth Bank Account No 06 2009 10467976		101,445.49	138,263.78
Good and Services Tax	5	2,637.89	5,281.12
Cash on Hand		10.00	10.00
Sundry Debtors		25,300.00	-
Amounts Withheld	6	-	1,998.00
		<u>129,393.38</u>	<u>145,552.90</u>
FIXED ASSETS			
Plant and equipment	7	-	132.83
		<u>-</u>	<u>132.83</u>
INTANGIBLE ASSETS			
Website Development Expenditure		5,180.00	-
Less: Accumulated Amortisation		(434.27)	-
		<u>4,745.73</u>	<u>-</u>
TOTAL ASSETS		<u>134,139.11</u>	<u>145,685.73</u>
CURRENT LIABILITIES			
Loans - Unsecured	8	2,750.00	-
		<u>2,750.00</u>	<u>-</u>
NON-CURRENT LIABILITIES			
Project Holding Account		29,200.00	-
		<u>29,200.00</u>	<u>-</u>
TOTAL LIABILITIES		<u>31,950.00</u>	<u>-</u>
NET ASSETS		<u>102,189.11</u>	<u>145,685.73</u>
TRUST FUNDS			
Trust Funds	9	10.00	10.00
Undistributed profits		102,179.11	145,675.73
TOTAL TRUST FUNDS		<u>102,189.11</u>	<u>145,685.73</u>

The accompanying notes form part of these financial statements.

THE NEW DEMOCRACY FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

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.

Depreciation

The depreciable amount of property, plant and equipment (excluding freehold land) is depreciated on a straight-line or a diminishing-value basis. Depreciation commences from the time the asset is available for its intended use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

(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.

(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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	2013	2012
	\$	\$
2 Project Income:		
Consultancy Fees	4,950.00	-
Printing Reimbursement	22,000.00	-
Project Facilitators	45,000.00	-
Research Funding	40,000.00	-
Travel Reimbursement	7,000.00	-
	<u>118,950.00</u>	<u>-</u>
3 Project Expenses:		
Audio Conference	3,010.00	150.45
Catering	2,863.64	6,599.80
Consultancy	18.66	-
IT Expenses	300.00	-
Administration Services	345.00	-
Miscellaneous Expenses	-	2,951.32
Printing & Promotional Material	20,148.44	7,728.36
Project Facilitators	45,000.00	-
Telephone	120.00	-
Travel	4,793.47	-
Venue Hire	-	4,326.81
	<u>76,599.21</u>	<u>21,756.74</u>
4 Promotional Expenses:		
Audio Conference	-	2,726.36
Venue Hire	-	12,209.09
	<u>-</u>	<u>14,935.45</u>
5 Good and Services Tax:		
Input Tax Credit	<u>2,637.89</u>	<u>5,281.12</u>
6 Amounts Withheld:		
Amounts Withheld from Interest	<u>-</u>	<u>1,998.00</u>
7 Plant and equipment:		
Plant and Equipment	7,831.83	7,831.83
Less: Accumulated Depreciation	<u>(7,831.83)</u>	<u>(7,699.00)</u>
Total plant and equipment:	<u>-</u>	<u>132.83</u>
8 Loans - Unsecured:		
Belgiorno-Nettis, Luca	<u>2,750.00</u>	<u>-</u>
Beneficiaries current accounts:		
Total of beneficiaries current accounts	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	2013 \$	2012 \$
9 Trust Funds:		
Settlement Sum	<u>10.00</u>	<u>10.00</u>

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

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of The New Democracy Foundation ("the foundation"), which comprises the balance sheet as at 30 September 2013, the profit and loss statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Trustees' Responsibilities for the Financial Report

The trustees of the foundation are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are consistent with the financial reporting requirements of the foundation and are appropriate to meet the needs of the beneficiaries of The New Democracy Foundation ("the beneficiaries"). The trustees' responsibilities also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the foundation's preparation and fair presentation of the financial report 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 foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the foundation's financial reporting requirements under the constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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 professional ethical pronouncements.

Audit Opinion

In our opinion the financial report presents fairly in accordance with the accounting policies described in Note 1 to the financial statements, the financial position of The New Democracy Foundation as at 30 September 2013 and the results of the trust's operations for the year then ended.

Basis of Opinion

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 in order to fulfil the requirements of the foundation's reporting requirements and the information needs of members. As a result, the financial report may not be suitable for another purpose.

Moore Stephens Sydney

Chartered Accountants

Spiro Tzannes

Partner

Dated in Sydney this ___ day of June 2014