

THE NEW DEMOCRACY FOUNDATION

ABN 28 349 680 213

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213

TABLE OF CONTENTS

	PAGE
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 9
Trustee's Declaration	10
Auditor's Independence Declaration	11
Independent Auditor's Report	12 - 14

THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 \$	2016 \$
Revenue	2(a)	833,663	566,673
Project costs		(409,618)	(206,087)
Employee benefits and related costs		(58,405)	(7,359)
Depreciation and amortisation	2(b)	(1,804)	(1,804)
Promotional expenses		(61,038)	(7,912)
Consulting fees		(247,716)	(241,859)
Other expenses from ordinary activities		(61,157)	(39,931)
(Deficit)/Surplus before income tax expense		(6,075)	61,721
Income tax expense	1(b)	-	-
Net (deficit)/surplus after income tax expense		(6,075)	61,721
Other comprehensive income after income tax		-	-
Total comprehensive (loss)/income attributable for the year		(6,075)	61,721

The accompanying notes form part of these financial statements.

THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	134,368	159,010
Trade and other receivables	4	13,037	6,490
Other assets	5	4,100	4,069
TOTAL CURRENT ASSETS		<u>151,505</u>	<u>169,569</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	-	-
Intangible Asset	7	2,138	3,942
TOTAL NON-CURRENT ASSETS		<u>2,138</u>	<u>3,942</u>
TOTAL ASSETS		<u>153,643</u>	<u>173,511</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade Creditors	8	20,973	26,929
Other liabilities	9	65,006	72,843
TOTAL CURRENT LIABILITIES		<u>85,979</u>	<u>99,772</u>
TOTAL LIABILITIES		<u>85,979</u>	<u>99,772</u>
NET ASSETS		<u>67,664</u>	<u>73,739</u>
TRUST FUNDS			
Settled Sum		10	10
Accumulated surplus		67,654	73,729
TOTAL TRUST FUNDS		<u>67,664</u>	<u>73,739</u>

The accompanying notes form part of these financial statements.

THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Trust Funds \$	Retained Surplus \$	Total \$
Balance at 1 October 2015	10	12,008	12,018
Comprehensive income			
Surplus for the year	-	61,721	61,721
Other comprehensive income for the year	-	-	-
	<u>-</u>	<u>61,721</u>	<u>61,721</u>
Balance at 30 September 2016	10	73,729	73,739
Comprehensive income			
Deficit for the year	-	(6,075)	(6,075)
Other comprehensive income for the year	-	-	-
	<u>-</u>	<u>(6,075)</u>	<u>(6,075)</u>
Balance at 30 September 2017	<u>10</u>	<u>67,654</u>	<u>67,664</u>

The accompanying notes form part of these financial statements.

THE NEW DEMOCRACY FOUNDATION

ABN 28 349 680 213

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		834,715	559,514
Payments to suppliers and employees		(860,236)	(487,816)
Interest received		879	669
Net cash (used in)/provided by operating activities	10(a)	<u>(24,642)</u>	<u>72,367</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash provided by investing activities		<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash held		(24,642)	72,367
Cash at the beginning of the financial year		<u>159,010</u>	<u>86,643</u>
Cash at the end of the financial year	3	<u><u>134,368</u></u>	<u><u>159,010</u></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 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The directors of the trustee company have prepared the financial statements on the basis that The New Democracy Foundation ("The Trust") is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the members and the Australian Charities and Not-for-profits Commission Act 2012. The Trust is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest Australian dollar.

The financial statements were authorised for issue on _____ by the directors of the Trustee Company.

Accounting Policies

(a) Revenue

Revenue recognition in relation to project income is determined with reference to the signing of the project proposal (contract) at which point a deposit is received and is recognised as revenue in advance. The contract outlines the relevant fee scope schedule and payment due dates at each stage of completion of the project. Revenue is recognised in line with the stage of completion and is determined with reference to the contract as agreed. Where a project does not proceed, revenue is only recognised to the extent that payment was received in accordance with the contract. Project expenses are recognised when incurred.

Donations are accounted for on a cash basis and recognised when received at their fair value.

Interest revenue is recognised as it accrues using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Other revenue is recognised when the right to receive the revenue has been established.

(b) Income Tax

No provision for income tax has been raised as the trust is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Intangible Other Than Goodwill

Research and Development

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

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

THE NEW DEMOCRACY FOUNDATION

ABN 28 349 680 213

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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 current liabilities on the Statement of Financial Position.

(e) Trade and Other Receivables

Trade and other receivables include amounts due from other parties in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(f) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the trust during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being paid within 30 days of recognition liability.

(g) 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 Tax 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.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

	2017	2016
	\$	\$
NOTE 2: SURPLUS FROM OPERATIONS		
(a) Revenue		
Revenue consisted of the following items:		
Operating activities		
- Project income	455,086	381,078
- Donations income	288,445	183,091
- Research fee	87,836	-
- Interest earned	879	669
- Other income	1,417	1,835
	<u>833,663</u>	<u>566,673</u>

THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 \$	2016 \$
NOTE 2: SURPLUS FROM OPERATIONS (Continued)		
(b) Expenses		
- Depreciation and amortisation	1,804	1,804
- Remuneration of the auditor of the trust for: - auditing the financial report	4,000	4,000
	<u>4,000</u>	<u>4,000</u>

NOTE 3: CASH AND CASH EQUIVALENTS

Cash on hand	10	10
Cash at bank	134,358	159,000
	<u>134,368</u>	<u>159,010</u>

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

- Cash and Cash Equivalents	<u>134,368</u>	<u>159,010</u>
-----------------------------	----------------	----------------

NOTE 4: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade receivables	4,559	6,490
Net GST receivable	8,478	-
	<u>13,037</u>	<u>6,490</u>

NOTE 5: OTHER ASSETS

CURRENT		
Prepayments	4,100	4,069
	<u>4,100</u>	<u>4,069</u>

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Office furniture and equipment	7,832	7,832
At cost	(7,832)	(7,832)
Less accumulated depreciation	-	-
Total property, plant and equipment	<u>-</u>	<u>-</u>

THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 \$	2016 \$
NOTE 7: INTANGIBLE ASSETS		
Website development		
At cost	9,020	9,020
Add accumulated Amortisation	(6,882)	(5,078)
	<u>2,138</u>	<u>3,942</u>
Total intangible asset	<u><u>2,138</u></u>	<u><u>3,942</u></u>

Movements in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year:

At the beginning of the year	3,942	5,746
Additions	-	-
Depreciation expense	(1,804)	(1,804)
At the end of the year	<u><u>2,138</u></u>	<u><u>3,942</u></u>

NOTE 8: TRADE AND OTHER PAYABLES

CURRENT		
Trade creditors	14,484	20,444
Accruals	1,760	-
Other payables	4,729	1,475
GST Payable	-	5,010
	<u><u>20,973</u></u>	<u><u>26,929</u></u>

NOTE 9: OTHER LIABILITIES

CURRENT		
Research Holding Account	<u><u>65,006</u></u>	<u><u>72,843</u></u>

NOTE 10: CASH FLOW INFORMATION

(a) Reconciliation of cash flows from operations with (deficit)/surplus after tax

Net (deficit)/surplus after income tax	(6,075)	61,721
Non cash flows in (deficit)/surplus		
- Depreciation and amortisation	1,804	1,804
Changes in assets and liabilities:		
- Increase in trade and other receivables	(6,547)	(6,010)
- Increase in other assets	(31)	(4,069)
- (Decrease)/Increase in trade and other payables	(5,956)	26,021
- Increase/(Decrease) in other liabilities	(7,837)	(7,100)
Cash flows (used in)/provided by operating activities	<u><u>(24,642)</u></u>	<u><u>72,367</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

NOTE 11: CONTINGENT LIABILITIES

There are no contingent liabilities to be disclosed in this financial report.

NOTE 12: EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the trust, the results of those operations, or the state of affairs of the trust in future financial years.

NOTE 13: OFFICE DETAILS

The registered office and its principal place of business of the Office is:

23 Hickson Road
Sydney NSW 2000

THE NEW DEMOCRACY FOUNDATION
ABN 28 349 680 213

Trustee's Declaration for the year ended 30 September 2017

The director of the trustee company declare that The New Democracy Foundation ("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.

In accordance with a resolution of the directors, the directors of the trustee company declare that:

- 1 the financial statements and notes, as set out on pages 1 to 9, present fairly the Trust's financial position as at 30 September 2017 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and the Australian Charities and Not-for-profits Commission Act 2012.
- 2 In the directors' 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.



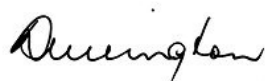
Director

Dated in Sydney, this 20th day of March 2018

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE TRUSTEE OF THE NEW DEMOCRACY FOUNDATION
ABN: 28 349 680 213**

In relation to the independent audit for the year ended 30 September 2017, to the best of my knowledge and belief there have been:

- i. no contraventions of the auditor's independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
- ii. no contraventions of any applicable code of professional conduct.



Carl Millington
Partner

PITCHER PARTNERS
Sydney

23 March 2018

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE NEW DEMOCRACY FOUNDATION
ABN: 28 349 680 213**

Report on the Audit of the Financial Report

We have audited the financial report of the New Democracy Foundation ('the entity'), which comprises the statement of financial position as at 30 September 2017, the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the responsible entities declaration.

In our opinion the financial report of the New Democracy Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the entity's financial position as at 30 September 2017 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Trustee's in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and 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.

Emphasis of Matter – Basis of Accounting

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 entity's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE NEW DEMOCRACY FOUNDATION
ABN: 28 349 680 213**

Responsibilities Entities' Responsibility for the Financial Report

The responsible entities of the entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the needs of members. The responsible entities' responsibility also includes such internal control as the responsible entities 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 responsible entities are responsible for assessing the ability of the entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the entity or to cease operations, or has 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 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 the financial report.

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

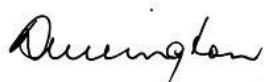
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 entity'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

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE NEW DEMOCRACY FOUNDATION
ABN: 28 349 680 213**

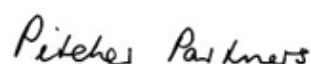
based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- 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.
- Obtain sufficient appropriate evidence regarding the financial information of the entity or business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the entity audit. We remain solely responsible for our audit opinion.

We communicate with the responsible entities of the entity 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.



C MILLINGTON
Partner



PITCHER PARTNERS
Sydney

23 March 2018