

# **Fairtrade Australia and New Zealand Ltd**

A.C.N: 114 571 881

## **Financial Statements**

**For the Year Ended 30 June 2015**

# **Fairtrade Australia and New Zealand Ltd**

A.C.N: 114 571 881

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**For the Year Ended 30 June 2015**

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## **Directors' Report**

**30 June 2015**

The directors present their report on Fairtrade Australia and New Zealand Ltd for the financial year ended 30 June 2015.

### **1. General information**

#### **Information on directors**

The names of each person who has been a director during the year and to the date of this report are:

**Valentina Tripp**

**Qualifications**

MBA, B.Comms (Melb), CPA

**Experience**

20 years commercial experience in corporate strategy, operational restructuring, turnaround, commercial due diligence, supply chain, international trade, manufacturing, sourcing, brand and portfolio management.

**Special responsibilities**

Chair of Board  
Member of Finance and Risk Committee  
Member of Marketing and Strategy Committee  
Member of Nominations Committee

**Theo Simos**

**Qualifications**

MBA (Curtin)

**Experience**

35 years' experience in the Australian food industry including senior executive roles in operations, management, sales and marketing

**Special responsibilities**

Chair of Finance and Risk Committee  
Member of Marketing and Strategy Committee  
Member of PSR Committee until October 2014.

**Gareth Edgecombe**

**Qualifications**

BMS (Hons)

**Experience**

Experience in sales, marketing and strategy roles in FMCG, with 15 years in business leadership roles.

**Special responsibilities**

Chair of Marketing and Strategy Committee  
Chair of Business Development Committee

**Lisa Barker**

**Qualifications**

B.A, LL.B. and LL.M (International Law)

**Experience**

Experience in international law, human rights and trade and development for both government and private sector.

**Special responsibilities**

Member of the Nominations Committee  
Mentor of the PSR Committee until October 2014

**Kim McKay AO**

**Qualifications**

BA (Communications)

**Experience**

Over 30 year's International experience in social innovation, marketing, communications and management.

**Special responsibilities**

Member of the Marketing and Strategy Committee



## **Directors' Report**

**30 June 2015**

Karen Mapusua	
Qualifications	BA (History and Politics), Dip Ed (Macquarie) and Post Graduate Diploma in Not-for-profit management.
Experience	Experience in the Pacific organic and Fairtrade movement, including the development of the Pacific Organic Standard and Guarantee Scheme.
Special responsibilities	Member of the PSR Committee until October 2014
Markerita Poutasi	Appointed: 6 August 2014
Qualifications	LL.B, BA
Experience	Experience in promoting trade in the Pacific region; public and administrative law; and promoting workforce development for Pacific managers, with 10 years' experience in senior leadership roles.
Special responsibilities	Chair of the Producers Support and Relations Committee since February 2015. Member of the Finance and Risk Committee.
Delia Rickard	Appointed: 22 August 2014 (Assumed duties from January 2015)
Qualifications	B.A, LL.B
Experience	Extensive experience in regulation, communications and consumer protection with ACCC, ASIC and working for several Federal Consumer Affairs Ministers.
Special responsibilities	Member of the Finance and Risk Committee.
Jim Willett	Resigned: 22 November 2014
Qualifications	MA (Econ)
Experience	Experience: experience working in economic development in the Pacific region since the 1970s, including managing companies exporting and importing products from developing countries.
Special responsibilities	Member of Finance and Risk Committee Member of Producer Support and Relations Committee until October 2014

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### **Principal activities**

The principal activity of Fairtrade Australia and New Zealand Ltd during the financial year was to improve economic and community development of rural communities in developing countries through Fairtrade certification and market access. These activities included:

- Sign with Mary Easter Campaign
- Fairtrade Fortnight Campaign
- Trade Shows
- Fairtrade Supporter Awards
- Participation in Industry Forums / Presentations
- PSR Work in supporting producers in the Pacific region, particularly in PNG, Samoa, Vanuatu and Tonga.

No significant changes in the nature of the Company's activity occurred during the financial year.

### **Short term objectives**

The Company's short term objectives are to:

- Expand market access in Australia and New Zealand for Fairtrade certified producers with a particular focus on Indo-Pacific supply chains;



## **Directors' Report**

**30 June 2015**

- Building awareness of the Fairtrade Mark and convert awareness of the Fairtrade Mark into regular product purchase;
- Provide assurance to consumers of the Fairtrade Mark via a credible and independent certification program; and
- Improve economic and community development of the Pacific rural communities through Fairtrade certification and market access.

### **Long term objectives**

The Company's long term objectives are to:

- Improve the livelihoods for small-scale farmers and workers;
- Increase Fairtrade Producer Organisation income; and
- Facilitate community development, driven by use of the Fairtrade Premium.

### **Strategy for achieving the objectives**

To achieve these objectives, the Company has adopted the following strategies:

- Undertaking a market assessment of current market access for Fairtrade certified products, developing new opportunities for Fairtrade certified products, managing and regular engagement with existing licensees and participating in trade shows;
- Carrying out research into quality and trust, developing networks and alliances / partnerships, advocacy and campaigning for trade justice, consumer campaigns, community grants and media relations and monitoring;
- Conducting scheduled audits of licensees in accordance with the Assurance Code; and
- Developing Fairtrade producer organisations among producing communities in the Pacific region, providing market access to Fairtrade producers in the Pacific region and improved regional participation in Fairtrade International.

### **How principal activities assisted in achieving the objectives**

The principal activities assisted the Company in achieving its objectives by raising public awareness regarding the Fairtrade Mark, expanding market access in Australia and New Zealand of Fairtrade certified product and building the capacity for poor farmers in the Pacific region to obtain Fairtrade certification.

### **Performance measures**

The Company measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the Company and whether Fairtrade's objectives are being achieved.

### **Members guarantee**

Fairtrade Australia and New Zealand Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 100 for members that are corporations and \$ 100 for all other members, subject to the provisions of the company's constitution.

At 30 June 2015 the collective liability of members was \$ 400 (2014: \$ 400).

## Directors' Report

30 June 2015

### Meetings of directors

During the financial year, four meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance and Risk Committee		Business Development Committee		Marketing and Strategy Committee		PSR Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Valentina Tripp	4	4	5	5	-	-	3	2	-	-
Theo Simos	4	4	5	4	-	-	3	3	1	1
Gareth Edgecombe	4	2	-	-	3	2	3	2	-	-
Lisa Barker	4	3	-	-	-	-	-	-	1	1
Kim McKay AO	4	3	-	-	-	-	3	2	-	-
Karen Mapusua	4	3	-	-	-	-	-	-	1	1
Markerita Poutasi	4	3	5	3	-	-	-	-	1	1
Delia Rickard	3	2	2	1	-	-	-	-	-	-
Jim Willett	2	2	2	2	-	-	-	-	1	1

### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2015 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Dated this 27th day of November 2015

Fairtrade Australia and New Zealand Ltd

A.C.N: 114 571 881

**Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Fairtrade Australia and New Zealand Ltd**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

- (i) *no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 and Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and*
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*Hayes Knight Audit*

Hayes Knight Audit Pty Ltd  
Melbourne

Dated this 8<sup>th</sup> day of July 2015

*A. Wehrens*

Andrew S. Wehrens FCA  
Director



# Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Grant income		1,387,386	1,005,489
Interest received		35,849	28,952
License fees		2,216,432	1,943,363
Other income		4,577	49,170
<b>Total Revenue</b>	<b>4</b>	<b>3,644,244</b>	<b>3,026,974</b>
Advertising and marketing expenses		(48,540)	(122,590)
Annual general meeting expenses		(2,518)	(5,172)
Auditors remuneration		(34,258)	(12,799)
Bad debts and provision for doubtful debt movement		(70,659)	16,127
Bank charges		(2,715)	(537)
Business development costs		(5,767)	-
Campaign expenses		(28,154)	(14,765)
Certification audit expenses		(84,184)	(64,828)
Cleaning expense		(5,863)	(4,128)
Computer expenses		(29,275)	(22,398)
Depreciation expense		(36,143)	(20,006)
Electricity, gas and water expenses		(4,078)	(2,993)
Employee expenditure		(1,314,083)	(1,104,681)
Entertainment expenses		(1,859)	(2,381)
Financial administration expenses		(88,587)	(90,147)
FLO Expenses		(637,308)	(502,560)
Foreign exchange gains / losses		1,349	(44,906)
FTAANZ Contributions		(100,000)	(100,000)
General office expenses		(65,299)	(75,422)
Grant related activity expenses		(643,848)	(491,177)
Insurance expenses		(14,252)	(12,318)
Interest expenses		(2,837)	(10)
Legal expenses		-	(9,262)
Loss on disposal of assets		(5,284)	-
Promotional activity expenses		(55,368)	(65,677)
Publication and distribution materials expenses		(16,734)	(27,619)
Relocation expenses		(22,698)	-
Rental expenses		(91,092)	(77,244)
Staff amenities		(2,272)	(1,549)
Staff recruitment and training expenses		(2,581)	(11,375)
Stationery and postage		(8,294)	(4,887)
Telephone and internet expenses		(29,319)	(26,303)
Travel expenses		(149,702)	(144,370)
Website expenses		(12,799)	(6,944)
<b>Total Expenditure</b>		<b>(3,615,021)</b>	<b>(3,052,921)</b>
<b>Surplus / (Deficit) before income tax</b>	<b>5</b>	<b>29,223</b>	<b>(25,947)</b>
Income tax expense		-	-
<b>Surplus / (Deficit) for the year</b>		<b>29,223</b>	<b>(25,947)</b>

The accompanying notes form part of these financial statements.



**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2015**

	Note	2015 \$	2014 \$
Profit for the year		29,223	(25,947)
Other comprehensive income, net of income tax			
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign operations		(30,756)	29,465
Total comprehensive income for the year		<u>(1,533)</u>	<u>3,518</u>

The accompanying notes form part of these financial statements.

**Statement of Financial Position**  
**30 June 2015**

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	2,767,035	2,026,000
Trade and other receivables	7	701,125	409,783
Other assets	8	47,087	48,030
<b>TOTAL CURRENT ASSETS</b>		<b>3,515,247</b>	<b>2,483,813</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	41,415	25,176
Intangible assets	10	38,343	58,822
<b>TOTAL NON-CURRENT ASSETS</b>		<b>79,758</b>	<b>83,998</b>
<b>TOTAL ASSETS</b>		<b>3,595,005</b>	<b>2,567,811</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	918,004	520,533
Other financial liabilities	12	1,995,919	1,362,292
Employee benefits	13	76,406	65,147
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,990,329</b>	<b>1,947,972</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	13	317	13,947
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>317</b>	<b>13,947</b>
<b>TOTAL LIABILITIES</b>		<b>2,990,646</b>	<b>1,961,919</b>
<b>NET ASSETS</b>		<b>604,359</b>	<b>605,892</b>
<b>EQUITY</b>			
Reserves		315,789	322,625
Retained earnings		288,570	283,267
<b>TOTAL EQUITY</b>		<b>604,359</b>	<b>605,892</b>

The accompanying notes form part of these financial statements.

# **Statement of Changes in Equity**

**For the Year Ended 30 June 2015**

**2015**

	Note	Retained Earnings \$	Foreign Currency Translation Reserve \$	General Reserves \$	Total \$
Balance at 1 July 2014		283,267	49,769	272,856	605,892
Surplus attributable to members of the entity		29,223	-	-	29,223
Exchange differences on translating foreign operations		-	(30,756)	-	(30,756)
Transfers from retained earnings to general reserve		(23,920)	-	23,920	-
Balance at 30 June 2015		288,570	19,013	296,776	604,359

**2014**

	Note	Retained Earnings \$	Foreign Currency Translation Reserve \$	General Reserves \$	Total \$
Balance at 1 July 2013		416,430	20,304	165,640	602,374
Deficit attributable to members of the entity		(25,947)	-	-	(25,947)
Exchange differences on translating foreign operations		-	29,465	-	29,465
Transfers from retained earnings to general reserve		(107,216)	-	107,216	-
Balance at 30 June 2014		283,267	49,769	272,856	605,892

**a. Foreign currency translation reserve**

Exchange differences arising on translation of the foreign branch are recognised in other comprehensive income - foreign currency translation reserve.

**b. General Reserves**

The general reserve records funds set aside for future expansion of the company.

**Statement of Cash Flows**  
**For the Year Ended 30 June 2015**

	2015	2014
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from grants	2,021,013	1,448,407
Payments to suppliers and employees	(3,177,548)	(3,027,182)
Receipts from Licensees	1,925,090	1,873,372
Other income	4,577	49,170
Interest received	35,849	28,952
Net cash provided by / (used in) operating activities	14b 808,981	372,719
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(38,096)	(73,731)
Net cash used by investing activities	(38,096)	(73,731)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Effects of exchange rate changes on cash and cash equivalents	(29,850)	27,531
Net cash used by financing activities	(29,850)	27,531
Net increase / (decrease) in cash and cash equivalents held	741,035	326,519
Cash and cash equivalents at beginning of year	2,026,000	1,699,481
Cash and cash equivalents at end of financial year	6 2,767,035	2,026,000

The accompanying notes form part of these financial statements.



## Notes to the Financial Statements

For the Year Ended 30 June 2015

The financial report covers Fairtrade Australia and New Zealand Ltd as an individual entity. Fairtrade Australia and New Zealand Ltd is a Not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs. The presentation currency is Australian dollars and the amounts presented in the financial statements have been rounded to the nearest dollar.

The following financial statements have been prepared in accordance with the requirements set out in the ACFID Code of Conduct. For further information on the Code please refer to the ACFID website [www.acfid.asn.au](http://www.acfid.asn.au).

The financial statements were authorised for issue by the Board of Directors on the 27<sup>th</sup> of November 2015.

### 2 Summary of Significant Accounting Policies

#### (a) Income Tax

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

#### (b) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies continued**

#### **(c) Revenue and other income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

##### **Grant revenue**

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

##### **License fees**

Under most of our patent license agreements, we receive license fee payments based upon our licensees' net sales of covered products. Generally, under these agreements we receive flow of goods reports (sales reports) from our licensees approximately one quarter in arrears, that is, generally in the second month of the quarter after the licensee has sold the royalty-bearing product.

We recognise license fee revenues when we can reliably estimate such amounts and collectability is reasonably assured. As such, we generally recognise license fee revenues in the quarter reported to us by our licensees, that is, license fee revenues are generally recognised one quarter following the quarter in which sales by our licensees occurred.

Under this accounting policy, the license fee revenues we report are not based upon our estimates and such license fee revenues are typically reported in the same period in which we receive payment from our licensees.

##### **Interest revenue**

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

#### **(d) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) or the New Zealand Inland Revenue Department (IRD).

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies continued

#### (d) Goods and Services Tax (GST) continued

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included 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 operating cash flows.

#### (e) Property, Plant and Equipment

Property, plant and equipment is carried at cost less any accumulated depreciation and impairment of losses.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

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

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(h) for details of impairment).

#### Depreciation

The depreciable amount of property, plant and equipment is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	20.00%
Computer Equipment	33.33%
Leasehold improvements	20.00%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.



## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2015**

#### **2 Summary of Significant Accounting Policies continued**

##### **(f) Intangible Assets**

###### **Software**

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

###### **Amortisation**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### **(g) Financial Instruments**

###### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

###### **Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.



## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies continued**

#### **Classification and subsequent measurement continued**

**i) Financial assets at fair value through profit and loss.**

Financial assets are classified as 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

**ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

**iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

**iv) Available-for-sale investments**

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

**v) Financial liabilities**

Nonderivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised

## Notes to the Financial Statements

### For the Year Ended 30 June 2015

#### 2 Summary of Significant Accounting Policies continued

##### Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets recognised at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets recognised at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

##### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

##### (h) Impairment of non-financial assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the



## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 2 Summary of Significant Accounting Policies continued

#### (h) Impairment of non-financial assets continued

revaluation surplus for that same class of asset.

#### (i) Cash and cash equivalents

Cash on hand includes 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 short-term borrowings in current liabilities on the statement of financial position.

#### (j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, regardless of the classification of the liability for measurement purposes under AASB 119.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of accounts payable and other payables in the statement of financial position.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

#### (k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period.

#### (l) Trade and other receivables

Accounts receivable and other debtors include amounts due from licensees and any outstanding grant receipts. 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.

#### (m) 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 company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **2 Summary of Significant Accounting Policies continued**

#### **(n) Consumables - Promotional materials**

The cost of promotional material is written off in the year of the expenditure and any income arising from the sale of such materials is brought to account upon receipt.

#### **(o) Foreign currency transactions and balances**

##### **Transaction and balances**

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

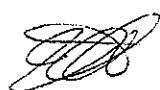
Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

##### **Foreign operations**

The translation of foreign operations with different functional currency from Australian dollars is performed as follows:

- Assets and liabilities (including goodwill and fair value adjustments on acquisition) for each statement of financial position presented are translated at the closing rate at the date of the statement;
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at the rate at the date of the transaction (or an average rate if that rate approximates the rate at the date of transaction);
- All resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount of the exchange difference related to that foreign operation recognised in other comprehensive income is reclassified from equity to profit or loss.



## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **3 Critical Accounting Estimates and Judgments**

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### **Key estimates - provisions**

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

#### **Key estimates - receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

### **4 Revenue and Other Income**

#### **Revenue from continuing operations**

	2015	2014
	\$	\$
Grant income		
- ICCO Grants	72,851	-
- NZAID Grants	838,379	846,173
- BACP Grants	3,710	123,674
- IFAD Grants	85,333	21,848
- FLO PSR income	4,602	13,794
- DFAT Grants	382,511	-
<b>Total grants</b>	<b>1,387,386</b>	<b>1,005,489</b>
Interest received - financial institutions	35,849	28,952
License fees	2,216,432	1,943,363
Other revenue		
- Other income	4,577	49,170
<b>Total Revenue</b>	<b>3,644,244</b>	<b>3,026,974</b>

No income in the form of donations, gifts, bequests or legacies have been received in the current or prior financial period, nor has any income been received in relation to International Political or Religious Adherence Promotion Programs.



# Notes to the Financial Statements

For the Year Ended 30 June 2015

## 5 Result for the Year

### (a) Expenses

	2015 \$	2014 \$
Depreciation and Amortisation		
Computer equipment	9,959	9,005
Office furniture and equipment	3,719	5,110
Leasehold improvements	2,573	1,352
Website and software	19,892	4,539
Total Depreciation and Amortisation	36,143	20,006
Auditors remuneration		
- current year	24,294	3,074
- prior year	9,964	9,725
	34,258	12,799
Bad debts and provision for doubtful debt movement	70,659	(16,127)
Employee expenditure	1,314,083	1,104,681
Grant related activity expenses		
BACP activity expenses	-	95,322
ICCO activity expenses	72,850	-
IFAD activity expenses	85,331	21,848
NZAID activity expenses	337,129	374,007
DFAT activity expense	148,538	-
Total Grant related activity expenses	643,848	491,177
Rental expense on operating leases		
minimum lease payments	91,092	77,244

No expenditure has been incurred in relation to International Aid and Development Programs or International Political or Religious Adherence Promotion Programs abroad, as the organisations primary activities is to improve economic and community development of rural communities in developing countries through Fairtrade certification and market access within the Australian and New Zealand geographical location.

Expenditure included within the profit and loss statement on page 6 - 7 relate to domestic program expenditure and the administration and accountability of funds received through grants and licensee fees received. No fundraising costs were incurred.

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 6 Cash and cash equivalents

	2015	2014
	\$	\$
Cash at bank and in hand	348,604	320,672
Investment and interest-bearing accounts	1,327,604	1,432,473
General reserve funds in hand	292,797	272,855
Donor funds in hand	798,030	-
	<u>2,767,035</u>	<u>2,026,000</u>

Included in the cash and cash equivalents balance is unexpended grant funds amounting to \$1,995,919 (2014: \$1,362,292). Refer to Note 12 and 26.

### 7 Trade and other receivables

#### CURRENT

Trade receivables	779,674	421,585
Provision for impairment	(a) (78,549)	(11,802)
<b>Total trade and other receivables</b>	<u>701,125</u>	<u>409,783</u>

#### (a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

Balance at beginning of the year	11,802	17,360
Additional impairment loss recognised	66,747	-
Reversal of impairment	-	(5,558)
<b>Balance at end of the year</b>	<u>78,549</u>	<u>11,802</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

### 8 Other non-financial assets

#### CURRENT

Prepayments	6,128	36,396
Rental bonds	40,959	11,634
	<u>47,087</u>	<u>48,030</u>

## Notes to the Financial Statements

### For the Year Ended 30 June 2015

#### 9 Property, plant and equipment

	2015	2014
	\$	\$
<b>PLANT AND EQUIPMENT</b>		
Office furniture and equipment		
At cost	41,878	38,610
Accumulated depreciation	(31,448)	(31,110)
<b>Total office furniture and equipment</b>	<b>10,430</b>	<b>7,500</b>
Computer equipment		
At cost	34,880	30,486
Accumulated depreciation	(21,252)	(18,449)
<b>Total computer equipment</b>	<b>13,628</b>	<b>12,037</b>
Leasehold improvements		
At cost	18,281	8,123
Accumulated depreciation	(924)	(2,484)
<b>Total leasehold improvements</b>	<b>17,357</b>	<b>5,639</b>
<b>Total property, plant and equipment</b>	<b>41,415</b>	<b>25,176</b>
<b>Total property, plant and equipment</b>	<b>41,415</b>	<b>25,176</b>

#### (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office furniture and equipment	Computer Equipment	Leasehold improvements	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2015</b>				
Balance at the beginning of year	7,500	12,037	5,639	25,176
Additions	6,799	12,532	18,765	38,096
Disposals - written down value	(31)	(779)	(4,474)	(5,284)
Depreciation expense	(3,719)	(9,959)	(2,573)	(16,251)
Foreign exchange movements	(119)	(203)	-	(322)
<b>Balance at the end of the year</b>	<b>10,430</b>	<b>13,628</b>	<b>17,357</b>	<b>41,415</b>



## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 10 Intangible Assets

	2015	2014
	\$	\$
Website		
Cost	62,603	63,832
Accumulated amortisation and impairment	(24,260)	(5,010)
<b>Net carrying value</b>	<b>38,343</b>	<b>58,822</b>
<b>Total Intangibles</b>	<b>38,343</b>	<b>58,822</b>

#### (a) Movements in carrying amounts of intangible assets

	Website	Total
	\$	\$
<b>Year ended 30 June 2015</b>		
Balance at the beginning of the year	58,822	58,822
Amortisation	(19,892)	(19,892)
Foreign exchange movements	(587)	(587)
<b>Closing value at 30 June 2015</b>	<b>38,343</b>	<b>38,343</b>

### 11 Trade and other payables

	2015	2014
	\$	\$
<b>CURRENT</b>		
Trade payables	57,136	180,624
GST payable	220,547	173,761
Sundry payables and accrued expenses	109,550	7,019
Fairtrade International	-	(11,702)
Fairtrade International - Membership fees	502,225	109,131
Accrued wages and superannuation payable	1,191	26,512
Other payables	27,355	35,188
	<b>918,004</b>	<b>520,533</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 12 Other Financial Liabilities

	2015	2014
	\$	\$
<b>CURRENT</b>		
Fairtrade International - Producer support services	11,282	12,630
Interchurch Organisation for Development Cooperation (ICCO)	-	62,019
Biodiversity and Agricultural Commodities Program (BACP)	-	3,705
The Ministry of Foreign Affairs and Trade (MFAT) - New Zealand	1,058,393	1,085,564
Indigenous Peoples Assistance Facility (IFAD)	108,755	198,374
Department of Foreign Affairs and Trade (DFAT)	817,489	-
<b>Total</b>	<b>1,995,919</b>	<b>1,362,292</b>

### 13 Employee Benefits

<b>Current liabilities</b>		
Annual leave	76,406	65,147
<b>Non-current liabilities</b>		
Long service leave	317	13,947

Provision for employee benefits represent amounts accrued for long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual

The non-current portion for this provision includes amounts accrued for long services leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criterion for employee benefits has been discussed in Note 2(j).

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 14 Cash Flow Information

#### (a) Reconciliation of cash

	2015	2014
	\$	\$
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>2,767,035</u>	<u>2,026,000</u>

#### (b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:		
Profit / (Loss) for the year	29,223	(25,947)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	36,143	20,006
- net gain on disposal of property, plant and equipment	5,284	-
Changes in assets and liabilities		
- increase in trade and other receivables	(291,342)	(69,991)
- decrease / (increase) in other assets	943	(19,715)
- increase in grants in advance	633,627	442,918
- increase in trade and other payables	397,474	51,839
- decrease in employee benefits	(2,371)	(26,391)
Cashflow from operating activities	<u>808,981</u>	<u>372,719</u>

### 15 Leasing Commitments

#### (a) Operating leases

Minimum lease payments under non-cancellable operating leases:		
- not later than one year	56,429	49,570
- between one year and five years	<u>260,848</u>	<u>22,905</u>
	<u>317,277</u>	<u>72,475</u>

The properties leased at Level 3, 838 Collins Street, Melbourne, Victoria are non-cancellable leases with a 60 month term, with rental payable in advance. Contingent rental provisions within the lease agreement impose an annual 4% increase.

The property leased at 84c Hurstmere Road, Takapuna, Auckland is a non-cancellable lease with a 24 month term, with rental payable in advance.

The photocopiers leased from Fuji Xerox are for a term of 36 months.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **16 Members' Guarantee**

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 100 each towards meeting any outstandings and obligations of the Company. At 30 June 2015 the number of members was 4 (2014: 4).

### **17 Key Management Personnel Disclosures**

The totals of remuneration paid to the key management personnel of Fairtrade Australia and New Zealand Ltd during the year are as follows:

	2015	2014
	\$	\$
Short-term employee benefits	<u>216,695</u>	<u>232,904</u>

### **18 Financial Risk Management**

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and accounts payables.

The carrying amount for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

#### **Financial assets**

- Cash and cash equivalents	2,767,035	2,026,000
- Loans and receivables	<u>701,125</u>	<u>409,783</u>
<b>Total financial assets</b>	<u><b>3,468,160</b></u>	<u><b>2,435,783</b></u>

#### **Financial liabilities**

- Trade and other payables	<u>918,004</u>	<u>520,533</u>
<b>Total financial liabilities</b>	<u><b>918,004</b></u>	<u><b>520,533</b></u>

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **19 Prior period adjustment**

During the 2015 financial period when performing a reconciliation of the Fairtrade International membership fees paid in previous years, to membership fees calculated as payable based on total license fees received by Fairtrade Australia and New Zealand Limited, it was determined that membership fees relating to the 2013 and 2014 financial period had been under paid. This error has resulted in prior period figures being impacted as disclosed below.

	2014 Adjustment \$	2013 Adjustment \$
<b>Profit and loss</b>		
(Increase) in FLO membership expenditure	(20,044)	92,206
(Increase) in unrealised foreign exchange loss	1,569	-
<b>Decrease in profit after tax</b>	<u>(18,475)</u>	<u>92,206</u>
 <b>Statement of financial position</b>		
Increase in Fairtrade International - Memberships fees payable (Note 11)	<u>73,731</u>	<u>92,206</u>
<b>Decrease in net assets</b>	<u>73,731</u>	<u>92,206</u>
 Adjustment against opening retained earnings	<u>-</u>	<u>-</u>

### **20 Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2015 (30 June 2014: None).



## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2015**

#### **21 Related Parties**

- (a) The Company's main related parties are as follows:

*(i) Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 17: Key Management Personnel (KMP).

*(ii) Other related parties include close family members of key management personnel and entities that are controlled.*

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

#### **22 Events Occurring After the Reporting Date**

The financial report was authorised for issue on 30 October 2015 by the Board of Directors.

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

#### **23 Segment information**

The Company operates predominately in one business and geographical segment being the maximisation of trade opportunities for smallholder producers and disadvantaged workers in developing countries by increasing sales of Fairtrade certified products throughout Australia and New Zealand markets.

#### **24 Nonexistence of balance sheet line items. (ACFID Disclosure)**

At 30 June 2015 there were no balances in relation to the following Statement of Financial Positions categories: - Inventories, Assets held for sale, Non-current - Trade and other receivables, Non-current - Other financial assets, Other non-current assets, Current or Non-current borrowing and Current tax liabilities.



## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2015**

#### **25 Company Details**

The registered office and principal place of business of the company is:

Fairtrade Australia and New Zealand Ltd

Unit 312 -313, Level 3

838 Collins Street

Melbourne Victoria 3000

## Notes to the Financial Statements

### For the Year Ended 30 June 2015

#### 26 Table of cash movements for designated purpose.

The following table discloses the movements in the following grants: -

- Department of Foreign Affairs and Trade (DFAT)
- The Ministry of Foreign Affairs and Trade (MFAT) - New Zealand
- Interchurch Organisation for Development Cooperation (ICCO)
- Biodiversity and Agricultural Commodities Program (BACP)
- Indigenous Peoples Assistance Facility (IFAD)
- Fairtrade International - Producer support services (FLO)

	DFAT	MFAT	ICCO	BACP	IFAD	FLO Non-designated	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	-	1,017,412	-	(5,434)	(100,743)	8,139	1,699,481
Funding received*	-	914,324	62,019	132,814	320,965	18,285	3,427,432
Funding utilised	-	(846,173)	-	(123,674)	(21,848)	(13,794)	(3,100,913)
Balance at 1 July 2014	-	1,085,563	62,019	3,706	198,374	12,630	2,026,000
Funding received*	1,200,000	811,209	10,832	4	(4,286)	3,254	3,956,679
Funding utilised	(382,511)	(838,379)	(72,851)	(3,710)	(85,333)	(4,602)	(3,215,644)
Balance at 30 June 2015	817,489	1,058,393	-	-	108,755	11,282	2,767,035

The effect of foreign exchange differences on the translation of New Zealand Dollar figures to Australian Dollar figures is contained within the "Funding received" line item and amounts to a decrease in cash resources of \$ 29,850 for the 30 June 2015 financial year end, and an increase in cash resources of \$ 27,531 for the 30 June 2014 financial year end.



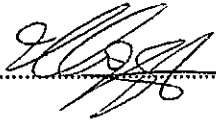
## Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 30, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - a. comply with Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Act 2012*; and
  - b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors and subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

Director .....



Dated this 27<sup>th</sup> day of November 2015



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Hayes Knight Audit Pty Ltd  
ABN: 86 005 105 975  
Level 12, 31 Queen St,  
Melbourne, VIC 3000  
T: 03 8613 8888 F: 03 8613 8800  
Email: [info@hayesknightsaudit.com.au](mailto:info@hayesknightsaudit.com.au)  
[www.hayesknightsaudit.com.au](http://www.hayesknightsaudit.com.au)  
Registered Audit Company 291969

## **Fairtrade Australia and New Zealand Ltd**

A.C.N: 114 571 881

# **Independent Audit Report to the members of Fairtrade Australia and New Zealand Ltd**

## **Report on the Financial Report**

We have audited the accompanying financial report of Fairtrade Australia and New Zealand Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other 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 - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *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 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 Company'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 Company's internal control. 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 *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Fairtrade Australia and New Zealand Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

An independent Member of the Hayes Knight Group and Morison International.

Liability limited by a scheme approved under Professional Standards Legislation.

Associated Offices : Adelaide | Auckland | Brisbane | Darwin | Melbourne | Perth | Sydney

**Fairtrade Australia and New Zealand Ltd**

A.C.N: 114 571 881

**Independent Audit Report to the members of Fairtrade Australia and New Zealand Ltd**

*Opinion*

In our opinion the financial report of Fairtrade Australia and New Zealand Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

*Hayes Knight Audit*

Hayes Knight Audit Pty Ltd  
Melbourne

*A. Wehrens*

Andrew S. Wehrens FCA  
Director

Dated this 27<sup>th</sup> day of November 2015



