

# **Global Compact Network Australia Limited**

ABN 95 147 380 998

## **Financial Statements**

For the Year Ended 30 June 2016

# Global Compact Network Australia Limited

ABN 95 147 380 998

## Contents

For the Year Ended 30 June 2016

### Page

#### Financial Statements

Directors' Report	3
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	17
Independent Audit Report	18

## **Directors' Report**

**30 June 2016**

The directors present their report on Global Compact Network Australia Limited for the financial year ended 30 June 2016.

### **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:

Catherine Hunter

Qualifications	Chair
Experience	Director since 3 February 2011 (incorporation)
Special responsibilities	Nominations and Governance Committee

Richard Boele

Qualifications	Deputy Chair
Experience	Director since 14 October 2011 (Resigned 23 September 2015)
Special responsibilities	Finance, Risk and Audit Committee

Rachel Nicolson

Qualifications	Director
Experience	Director since 3 February 2011 (incorporation)
Special responsibilities	Finance, Risk and Audit Committee

Megan Christensen (Saussey)

Qualifications	Director
Experience	Director since 29 October 2012
Special responsibilities	Nominations and Governance Committee

Alison Ewings

Qualifications	Director
Experience	Director since 27 February 2013 (Resigned 18 November 2015)
Special responsibilities	Nominations and Governance Committee

Vanessa Zimmerman

Qualifications	Director
Experience	Director since 27 November 2013
Special responsibilities	Nominations and Governance Committee

Celia Reynolds

Qualifications	Director
Experience	Director since 22 January 2015
Special responsibilities	Finance, Risk and Audit Committee

Terrence Hughes

Qualifications	Director
Experience	Director since 18 November 2015
Special responsibilities	Nominations and Governance Committee

## **Directors' Report**

**30 June 2016**

### **1. General information continued**

#### **Information on directors continued**

Katherine Hughes

Qualifications	Director
Experience	Director since 18 November 2015
Special responsibilities	Finance, Risk and Audit Committee

Ian Anderson

Qualifications	Director
Experience	Director since 18 November 2015

Sasha Courville

Qualifications	Director
Experience	Director since 23 May 2016

Chantelle Pritchard

Qualifications	Director
Experience	Director since 18 November 2015 (Resigned 23 May 2016)
Special responsibilities	Finance, Risk and Audit Committee

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 Global Compact Network Australia Limited during the financial year was providing a platform through which companies can build capacity around corporate sustainability and implementing the principles of the UN Global Compact in the areas of human rights, labour, the environment and anti-corruption.

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

### **2. Operating results and review of operations for the year**

#### **Operating results**

The profit of the Company after providing for income tax amounted to \$ 74,695 (2015: Loss of \$ 11,697).

#### **Environmental matters**

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

#### **Company secretary**

The following person held the position of Company secretary at the end of the financial year:

Celia Reynolds has been the company secretary since 24 September 2015.

## Directors' Report

30 June 2016

### Meetings of directors

During the financial year, 7 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance, Risk & Audit Committee		Nominations & Governance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Catherine Hunter	7	7	-	-	5	5
Richard Boele	1	1	2	1	-	-
Rachel Nicolson	7	6	3	3	-	-
Megan Christensen (Saussey)	7	7	-	-	5	5
Alison Ewings	3	3	-	-	2	2
Vanessa Zimmerman	7	5	-	-	5	4
Celia Reynolds	7	6	3	3	-	-
Terrence Hughes	4	2	-	-	2	1
Katherine Hughes	4	3	1	1	-	-
Ian Anderson	4	3	-	-	-	-
Sasha Courville	1	1	-	-	-	-
Chantelle Pritchard	3	3	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 2016 has been received and can be found on page 18 of the financial report.

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



Director: .....

Catherine Hunter



Director: .....

Celia Reynolds

Dated this 28<sup>th</sup> day of October 2016

**Global Compact Network Australia Limited**

ABN 95 147 380 998

**Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Global Compact Network Australia Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

LWM Auditing Pty Limited



Matthew Moore  
Registered Company Auditor

Level 1, 106 Erina Street GOSFORD NSW 2250

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**Global Compact Network Australia Limited**

ABN 95 147 380 998

**Statement of Profit or Loss and Other Comprehensive Income****For the Year Ended 30 June 2016**

	Note	2016 \$	2015 \$
Revenue	4	316,117	160,948
Employee benefits expense		(194,171)	(148,111)
Depreciation and amortisation expense		(3,012)	-
Other expenses		(43,938)	(24,258)
Finance costs		(302)	(276)
<b>Profit before income tax</b>		<b>74,694</b>	<b>(11,697)</b>
Income tax expense		-	-
<b>Profit from continuing operations</b>		<b>74,694</b>	<b>(11,697)</b>
<b>Profit for the year</b>		<b>74,694</b>	<b>(11,697)</b>
<b>Total comprehensive income for the year</b>		<b>74,694</b>	<b>(11,697)</b>

The accompanying notes form part of these financial statements.



**Global Compact Network Australia Limited**

ABN 95 147 380 998

**Statement of Financial Position****30 June 2016**

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	501,158	554,232
Trade and other receivables	6	75,350	52,599
<b>TOTAL CURRENT ASSETS</b>		<b>576,508</b>	606,831
<b>NON-CURRENT ASSETS</b>			
<b>TOTAL ASSETS</b>		<b>576,508</b>	606,831
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	40,309	66,855
Other financial liabilities	8	440,158	288,629
<b>TOTAL CURRENT LIABILITIES</b>		<b>480,467</b>	355,484
<b>NON-CURRENT LIABILITIES</b>			
Other financial liabilities	8	-	230,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	230,000
<b>TOTAL LIABILITIES</b>		<b>480,467</b>	585,484
<b>NET ASSETS</b>		<b>96,041</b>	21,347
<b>MEMBERS' FUNDS</b>			
Members' Funds	9	96,041	21,347
<b>TOTAL MEMBERS' FUNDS</b>		<b>96,041</b>	21,347

The accompanying notes form part of these financial statements.



## Global Compact Network Australia Limited

ABN 95 147 380 998

### Statement of Changes in Equity

For the Year Ended 30 June 2016

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2015	21,347	21,347
Profit or loss attributable to members of the entity	74,694	74,694
Balance at 30 June 2016	96,041	96,041

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2014	33,044	33,044
Profit or loss attributable to members of the entity	(11,697)	(11,697)
Balance at 30 June 2015	21,347	21,347

The accompanying notes form part of these financial statements.

## Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		214,426	273,255
Payments to suppliers and employees		(264,957)	(172,760)
Interest received		469	371
Receipt from grants		-	350,000
Net cash provided by/(used in) operating activities		(50,062)	450,866
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(3,012)	-
Net cash used by investing activities		(3,012)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net increase/(decrease) in cash and cash equivalents held		(53,074)	450,866
Cash and cash equivalents at beginning of year		554,232	103,366
Cash and cash equivalents at end of financial year	5	501,158	554,232

The accompanying notes form part of these financial statements.

## Global Compact Network Australia Limited

ABN 95 147 380 998

### Notes to the Financial Statements

#### For the Year Ended 30 June 2016

The financial report covers Global Compact Network Australia Limited as an individual entity. Global Compact Network Australia Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Global Compact Network Australia Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Global Compact Network Australia Limited as an individual entity. Global Compact Network Australia Limited is a Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Global Compact Network Australia Limited is Australian dollars.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2016**

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

#### **(a) 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.

##### **Grant revenue**

Grant revenue is recognised at fair value where there is reasonable assurance that the grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

A significant portion of the company's income during the financial year was in the form of a government grant. The government grant expires in March 2017. The company will seek additional government funding in the future.

Any monies unspent from the government grant is required to be paid back to when the funding expires, March 2017. Unspent monies as at 30 June 2016 is classified as a current other financial liability

##### **Interest revenue**

Interest is recognised using the effective interest method.

##### **Membership income**

Membership income is recognised on a straight line basis over the financial year.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2016**

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

#### **(b) 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).

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.

#### **(c) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### **(d) 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.

### **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 - 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.



## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 4 Revenue and Other Income

#### Revenue from continuing operations

Finance income includes all interest-related income, other than those arising from financial assets at fair value through profit or loss. The following amounts have been included in the finance income line in the statement of profit or loss and other comprehensive income for the reporting periods presented:

	2016	2015
	\$	\$
Finance income		
- Bank interest	469	371
<b>Finance income</b>	<b>469</b>	<b>371</b>
<b>Other revenue</b>		
- government grants	95,721	5,121
- member subscriptions	217,225	149,976
- other revenue	2,702	5,480
<b>Total Revenue</b>	<b>316,117</b>	<b>160,948</b>

### 5 Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank	501,158	554,232
	<b>501,158</b>	<b>554,232</b>

### 6 Trade and other receivables

	2016	2015
	\$	\$
CURRENT		
Term receivables	75,350	51,700
	<b>75,350</b>	<b>51,700</b>
Prepayments	-	899
<b>Total current trade and other receivables</b>	<b>75,350</b>	<b>52,599</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 7 Trade and other payables

	2016	2015
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	65	444
GST payable	30,363	59,949
Employee benefits - Annual leave	2,335	6,462
Other payables	7,546	-
	<u>40,309</u>	<u>66,855</u>
	<u>40,309</u>	<u>66,855</u>

### 8 Other Financial Liabilities

Members subscriptions and government grants have been taken up as other financial liabilities as these amounts have been received in advance in relation to later financial years.

#### (a) Current

	2016	2015
	\$	\$
CURRENT		
Government Grants	249,158	114,879
Member Subscriptions	191,000	173,750
<b>Total</b>	<u>440,158</u>	<u>288,629</u>

#### (b) Non-Current

	2016	2015
	\$	\$
NON-CURRENT		
Government Grants	-	230,000
<b>Total</b>	<u>-</u>	<u>230,000</u>

### 9 Members' Funds

	2016	2015
	\$	\$
Members Funds (accumulated losses) at the beginning of the financial year	21,346	33,044
Net profit (loss) attributable to the members	74,695	(11,697)
<b>Members Funds at end of the financial year</b>	<u>96,041</u>	<u>21,347</u>



## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2016**

#### **10 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 \$ 1 each towards meeting any outstandings and obligations of the Company. At 30 June 2016 the number of members was 66

#### **11 Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2016 (30 June 2015: None).

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

The financial report was authorised for issue on 27 October 2016 by the board of directors.

UN Global Compact head office are currently undertaking a global strategic review including consideration of alternative business models for Local Networks which encompasses the company. The proposed business model would affect the amount of membership revenue currently receipted by the company.

The company is engaging with UN Global Compact head office in relation to the proposed new strategy in order to understand its potential impacts on the company.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

#### **13 Company Details**

The registered office of the company is:

Global Compact Network Australia Limited  
Deutsche Bank Place - Level 5  
126-130 Phillip Street  
SYDNEY NSW 2001

The principal place of business is:


Global Compact Network Australia Limited  
Level 15  
10 Shelley Street  
SYDNEY NSW 2001


## **Directors' Declaration**

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2016 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position and performance 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....  
  
Catherine Hunter

Director .....  
  
Celia Reynolds

Dated this 28<sup>th</sup> day of October 2016

**Global Compact Network Australia Limited**

ABN 95 147 380 998

**Independent Audit Report to the members of Global Compact Network Australia Limited****Report on the Financial Report**

We have audited the accompanying financial report of Global Compact Network Australia Limited, which comprises the statement of financial position as at 30 June 2016, 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 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.

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18

LWM AUDITING  
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Directors: R.I. Lamont FCA  
M.R. Moore FCA

**Global Compact Network Australia Limited**

ABN 95 147 380 998

**Independent Audit Report to the members of Global Compact Network Australia Limited***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 Global Compact Network Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

*Opinion*

In our opinion the financial report of Global Compact Network Australia Limited 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 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

LWM Auditing Pty Limited



Matthew Moore

Level 1, 106 Erina Street GOSFORD NSW 2250

Dated this 31<sup>ST</sup> day of OCTOBER 2016[www.lwm.com.au](http://www.lwm.com.au)