WorkVentures Ltd

ABN 74 002 721 217

Financial Statements for the Year Ended

31 December 2011

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WORKVENTURES LTD
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DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 31 December 2011.

DIRECTORS

The names of the directors in office at any time during or since the end of the year are:

Neville Cox	Richard Goldman
Lisa Hagan	Jim Hungerford
John Nixon	Melissa Richardson
Phillip Small	Mark Tweddell

Directors have been in office since the start of the financial year to the date of this report, except Mark Tweddell who passed away in August 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were:

a) Provision of affordable, refurbished computers to disadvantaged householders
b) Provision of employment counselling, job preparation and job placement services to unemployed people
c) Provision of vocational skills training services
d) Creation of new jobs through operation of community enterprises
e) Support for the establishment of small businesses
f) Electronic repair services

COMPANY OBJECTIVES

WorkVentures' mission statement is "We engage with individuals and communities to build the capacity to improve lives through new skills, access to technology, community contribution, and fulfilling employment". WorkVentures aims to have all programs and activities guided by its social impact objective of improving the employability of the people it works with, in order to maximize social value.

The short term objectives are to build strategies with financial sustainability and growth objectives to increase its social impact in the communities in which WorkVentures serves. In the longer term its goals are to increase its capabilities and develop potential new activities that will support its sustainability and increase its social impact.

PERFORMANCE MEASUREMENT

Performance measurement in WorkVentures is undertaken by the executive team and the Board of WorkVentures. The executive team reviews the performance on a monthly basis and performance updates against agreed key performance indicators are provided to the Board for review. The Board reviews and approves the WorkVentures and divisional business plans and budgets, which are regularly updated at every Board meeting. The executive team provides business plan updates to the Board in face to face sessions twice each year.

DIRECTORS' REPORT

OPERATING RESULTS

The deficit of the Company for the financial year amounted to $518,449 (2010: $299,872).

MATTERS SUBSEQUENT TO END OF THE FINANCIAL YEAR

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.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there have been no significant changes in the state of affairs of the Company during the financial year other than referred to in the financial statement or notes thereto.

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DIRECTORS' REPORT

INFORMATION ON DIRECTORS AND SECRETARIES OF THE COMPANY

Neville Cox - Grad Dip CM, FPNA, FCIS, F Fin, JP
Joined the board in May 2005. Appointed Board President in 2006. Neville had senior executive roles in the Commonwealth Bank until 2001. He chaired the Board or was a Board member in several subsidiaries/affiliates of the Bank during this time. He continues to hold Board memberships in several organisations including AMP Bank Limited and Advertiles Corporation Pty Ltd. Neville is a member of the Board's Finance Audit and Risk Management Sub-Committee. Neville attended 6 out of 6 meetings in 2011.

Richard Goldman - BBus, MBA, FCPA, FAICD
Joined the board in May 2005. Richard is a management consultant. He is currently driving eHealth and shared services reform as the acting Director Strategy and Architecture and Head of the ePMO for NSW Health. Richard was previously the CFO for IT with Macquarie Group Limited. His industry experience includes senior executive appointments within banking, financial services, fmcg, airlines, telecommunications, professional services, health care and Government. Richard is a member of the Board's Finance Audit and Risk Management, and Board Recruitment Sub-Committees. Richard attended 6 out of 6 meetings in 2011.

Lisa Hagan - BA LLB, MBA
Lisa joined the Board in November 2006. Lisa is a consultant, assisting commercial and non-profit organisations to develop strategy and improve organisational capacity. She worked with Social Ventures Australia for 4 years before joining Second Road as a senior facilitator. Prior to this, she practiced law in Brisbane. Lisa is a member of the Board's Membership Sub-Committee. Lisa was granted a leave of absence from meetings due to her work commitments and attended 3 out of 6 meetings in 2011.

Jim Hungerford - BVSc, GAICD
Joined the Board in July 2010. Jim is the CEO of The Shepherd Centre, a charity that is focussed on enabling children who are deaf and hearing-impaired to develop spoken language so they may fully participate in the hearing world and in so doing reach their full potential. Jim joined The Shepherd Centre in February 2011, following 30 years' experience in health sciences. Prior to joining The Shepherd Centre, Jim held CEO positions in Australia and internationally, most recently CEO of Pareto Fundraising. Jim's prior roles include CEO of Intervet in the United Kingdom, various senior management positions in companies in Germany and in the United States, as well as positions in the biotechnology sector and as a Veterinarian in private practice. Jim attended 5 out of 6 meetings in 2011.

John Nixon - B.Com, MBA (UNSW), CA, FCPA, FIMC
Joined the board in September 2005. John has extensive experience in strategic and business planning and managing professional services organisations. He was a partner with Ernst & Young from 1985 to December 2000, and Advisor on Business Planning and Infrastructure to October 2002. Between 1993 and 1994 he was Managing Director of KnowledgeWare Pacific Pty Ltd. John is Chair of the Board's Finance Audit and Risk Management Sub-Committee. John attended 4 out of 6 meetings in 2011.

Melissa Richardson - BSc, Grad Dip (Strategic Marketing), Grad Dip (Counselling), AFAIM, ICFM
Joined the Board in July 2010. Melissa's company Horizons Unlimited helps individuals, teams and organisations perform to their potential. Melissa has worked as an executive coach, workshop facilitator, mentor program designer and strategic consultant for nearly twenty years. Her business experience spans various roles in Marketing, including Marketing Director at Inilever, and running a strategy and market research consultancy with two partners. Melissa attended 6 out of 6 meetings in 2011.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS AND SECRETARIES OF THE COMPANY (continues)

Phillip Small - BEc, MSc, FCPA, GAICD
Joined the Board in July 2010. Philip had senior executive roles in software and services companies from 1985 until 2001. He was a non executive director of Paxus Corporation, and Regional President of Continuum Inc and Computer Sciences. He is a non executive director of Konekt Limited, Pillar Administration and FINEOS Corporation. Philip attended 3 out of 6 meetings in 2011.

Mark Tweddell - BA (Behavioural Sciences), Grad Dip (Psychology), MAICD.
Joined the Board on 29th August 2006. Mark is the Principal of Xyris Consulting, where he draws on more than 25 years experience as an HR Director, General Manager, Consultant and Coach to assist organisations become more productive and employees to be more productive and fulfilled in their work. Mark has substantial experience in business, organisational and leadership effectiveness. Due to health reasons he was granted a leave of absence from meetings and attended 1 out of 3 meetings in 2011. Unfortunately Mark passed away due to illness in August 2011.

Luisa Hallam - BA Hons, PhD (Italian Linguistics), JP (Company Secretary)
Joined WorkVentures in September, 2005 as Administration Manager and currently holds the position of Executive Support and Office Manager. In addition, was appointed Company Secretary on 30th October 2007. Her previous experience includes roles in administration for community based associations and in the education field; teaching Italian at the University of Wollongong and interpreting for legal, medical and welfare matters.

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DIRECTORS' REPORT

DIVIDENDS PAYABLE

In accordance with the Company's Constitution, the company is prevented from paying a dividend.

AUDITOR

Pitcher Partners has been appointed as company auditors. The auditors' independence declaration is attached on page 9.

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

Director..

Director..

Dated this 27th day of March 2012

Location Sydney

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DIRECTORS' DECLARATION

The Directors of the Company have determined that the Company is not a reporting entity. The Directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Directors of the Company declare that:

1. the financial statements comprising of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Statement and Notes to the Financial Statements are in accordance with the *Corporations Act 2001:*

   (a) comply with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Regulations 2001 to the extent set out in Note 1 to the financial statements;

   (b) give a true and fair view of the Company's financial position as at 31 December 2011 and of the performance for the year ended on that date of the company.

2. the financial statements comprising of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Statement and Notes to the Financial Statements are in accordance with the *Charitable Fundraising Act 1991* (NSW) and *Charitable Fundraising Regulations 1993* (NSW).

3. in the Director's 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.

4. the provisions of the *Charitable Fundraising Act 1991* (NSW) and *Charitable Fundraising Regulations 1993* (NSW) have been complied with.

5. the internal controls exercised by the company are appropriate and effective in accounting for all income received and applied from fundraising appeals.

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

Director ....

Director ....

Dated this 27th day of March 2012

PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

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AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of WorkVentures Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2011 there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

M A GODLEWSKI
Partner
PITCHER PARTNERS
Sydney

27 March 2012

WORKVENTURES LTD
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STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	Notes	2011 $	2010 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**3,866,674**	5,031,526
Receivables	7	**3,203,577**	3,106,870
Inventories	8	**527,715**	514,769
Other	9	**261,408**	261,460
Total current assets		**7,859,374**	8,914,625
Non-current assets			
Receivables	10	**-**	5,000
Property, plant & equipment	11	**170,854**	306,951
Total non-current assets		**170,854**	311,951
Total assets		**8,030,228**	9,226,576
LIABILITIES			
Current liabilities			
Payables	12	**1,524,479**	2,017,193
Provisions	13	**1,785,834**	1,650,642
Total current liabilities		**3,310,313**	3,667,835
Non-current liabilities			
Provisions	14	**863,876**	1,184,253
Total non-current liabilities		**863,876**	1,184,253
Total liabilities		**4,174,189**	4,852,088
NET ASSETS		**3,856,039**	4,374,488
EQUITY			
Accumulated funds	15 & 18	**3,856,039**	4,374,488
Total equity		**3,856,039**	4,374,488

The accompanying notes form part of these financial statements.

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2011

	Notes	2011 $	2010 $
Revenue from continuing operations	3	**16,601,801**	18,383,639
Other income	4	**-**	6,266
Changes in inventories		**12,945**	28,268
Raw materials and consumables used		**(1,823,798)**	(2,464,807)
Employee benefits expenses		**(10,712,976)**	(10,674,864)
Cost of sub-contracted repair services		**(1,093,055)**	(2,277,074)
Lease expenses	5	**(2,020,404)**	(1,937,465)
Communication expenses		**(735,921)**	(547,348)
Administration expenses		**(241,064)**	(288,115)
Depreciation and amortisation	5	**(145,959)**	(161,425)
Bad and doubtful debts		**(12,452)**	(4,796)
Cost of fundraising appeals		**(31,847)**	(35,386)
Marketing and promotion		**(51,406)**	(47,018)
Other expenses from continuing operations		**(264,313)**	(279,747)
Loss for the year		**(518,449)**	(299,872)
Income tax expense		**-**	-
Loss for the year		**(518,449)**	(299,872)
Other comprehensive income		**-**	-
Comprehensive income		**(518,449)**	(299,872)

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011 $	2010 $
Total equity at the beginning of the financial year	**4,374,488**	4,674,360
Deficit for the year	**(518,449)**	(299,872)
Total equity at the end of the financial year	**3,856,039**	4,374,488

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31ST DECEMBER 2011

	Notes	2011 $	2010 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods & services tax)		**17,844,153**	21,872,285
Payments to suppliers and employees (inclusive of goods & services tax)		**(19,209,110)**	(21,093,212)
Interest received		**209,968**	225,386
Other revenue		**-**	887
Net cash (outflow) / inflow from operating activities	16	**(1,154,989)**	1,005,346
Cash flows from investing activities			
Payments for property, plant & equipment		**(9,863)**	(162,362)
Proceeds from sale of property, plant & equipment		**-**	6,267
Net cash outflow from investing activities		**(9,863)**	(156,095)
Net (decrease) / increase in cash and cash equivalents		**(1,164,852)**	849,251
Cash and cash equivalents at the beginning of the financial year		**5,031,526**	4,182,275
Cash and cash equivalents at the end of the financial year	6	**3,866,674**	5,031,526

The accompanying notes form part of these financial statements.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2011

1 Summary of significant accounting policies

Basis of preparation
In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the *Corporations Act 2001* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report covers WorkVentures Limited as an individual entity. The company is limited by guarantee, incorporated and domiciled in Australia.

This special purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001* with the exception of the disclosure requirements in the following.

AASB 124 – Related Party Disclosures
AASB 7 – Financial Instruments: Disclosures
AASB 132 – Financial Instruments: Disclosure and Presentation (the classification standards in AASB 132 have been complied with)
AASB139 – Financial Instruments: Recognition and Measurement

Reporting basis and convention
The financial report is prepared on an accruals basis and is in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

a) Foreign currency translation
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The company's financial statements are presented in Australian dollars, which is WorkVentures Limited's functional and presentation currency.

b) Revenue recognition
Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on accrual basis taking into account the interest rates applicable to the financial assets. Funding received is recognised in the period to which it relates. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

c) Income Tax
No income tax is charged on the profit / (loss) for the year as the company has exempt status under the *Income Tax Assessment Act of 1997.*

d) Leases

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (Note 20). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term (Note 3).

e) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

h) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. The amounts are unsecured and are usually paid within 90 days of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

i) Inventories
Inventories are primarily replacement parts purchased and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, when required, and the estimated costs necessary to make the sale.

j) Property, plant and equipment
Land and buildings are shown at cost. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts over their estimated useful lives, as follows:

Plant and equipment:	3 – 10 years
Leasehold improvements:	based on lease period

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance date.

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 carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is the company's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

k) Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition.

l) Interest bearing liabilities
Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of balance.

Loans are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

m) Borrowing costs
Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and short-term borrowings.

n) Provisions
Provisions for legal claims and service warranties are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

From 2008 there is a provision for Alter-Tech's entitlements arising from the management agreement, as explained in the Note 18.

o) Employee benefits

(i) *Wages, salaries and annual leave*
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the current rate (annual and long service leave liability is increased for expected salary increase), however this reasonably approximates the amounts expected to be paid when the liabilities are settled.

(ii) *Long service leave*
The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled after 12 months is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. To simplify the calculation of the present value, the company adopted the Commonwealth Government's "short hand" method which uses a net factor of .95. This means that the liability at the reporting date is discounted by 5%. The method will be reviewed on an annual basis to establish whether a more detailed calculation is appropriate.

(iii) *Employee benefit on-costs*
Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

p) Donated goods and services

Donated goods and services in the form of time, facilities and equipment have not been brought to account in the financial statements. During the year ended 31st December 2011 these amounted to $2,440,393 (2010: $1,990,253).

2 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The policy for Warranty and Alter-Tech's entitlement are covered separately under the Note for Provisions (Note 1 n).

Inventories

The company's inventories are made up primarily of parts it uses for its electronic repair business. The company reviews its inventories based on a 3-year usage cycle and the carrying value is written off to the statement of comprehensive income in the current year for items older than 3 years which have had no activity in the previous 3 years. Those with activity are individually assessed to determine whether they are likely to be used in the coming 3 years and if not are also written off. In 2011 there was a write off of $9,204.

		2011 $	2010 $
3	**Revenue**		
	From continuing operations		
	Services rendered	12,806,881	13,931,865
	Sale of goods	3,201,050	3,710,018
	Gross proceeds from fundraising appeal (Note 21)	383,903	515,483
		16,391,834	18,157,366
	Other revenue		
	Rents and sub-lease rentals	-	887
	Interest revenue	209,967	225,386
		209,967	226,273
	Revenue	16,601,801	18,383,639
4	**Other income**		
	Net gain on disposal of property, plant & equipment	-	6,266
5	**Expenses**		
	Profit includes the following specific expenses:		
	Depreciation	106,120	105,301
	Amortisation	39,839	56,124
	Operating lease expenses	2,020,404	1,937,466
	Loss on sale of property, plant and equipment	5,000	2,900
	Bad debts	3,844	3,061
	Provision for doubtful debts	8,608	1,735

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2011

		2011 $	2010 $
6	**Current assets- Cash and cash equivalents**		
	Cash on hand and bank	**2,086,503**	2,883,853
	Deposits at call	**1,780,171**	2,147,673
		3,866,674	5,031,526

Commonwealth Bank and Westpac Bank provide total bank guarantees of $500,000 and $246,659 respectively, which are used as security deposit guarantees for properties leased by the Company.

		2011 $	2010 $
7	**Current assets-Receivables**		
	Trade receivables	**3,223,765**	3,117,540
	Provision for doubtful debts	**(20,188)**	(10,670)
		3,203,577	3,106,870

The company had a loss of $12,453 (2010: $4,796) in respect of bad and doubtful trade receivables during the year ended December 31, 2011. The loss is shown in the statement of comprehensive income.

		2011 $	2010 $
8	**Current assets – Inventories**		
	Inventories	**527,715**	514,769

Write-downs of inventories recognised as an expense during the year ended December 31, 2011 amounted to $9,204 (2010: no write-downs).

		2011 $	2010 $
9	**Current assets – Other**		
	Prepayments	**72,998**	77,000
	Security deposit	**30,644**	30,644
	GST input tax	**157,766**	153,816
		261,408	261,460
10	**Non-current assets – Receivables**		
	Unsecured loan	**-**	5,000

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2011

11 Non-current assets – Property, plant and equipment

	Equipment	Leasehold Improvements	Total
	$	$	$
Year ended 31 December 2011			
Opening net book amount	220,424	86,527	306,951
Additions	9,862	-	9,862
Disposals	-	-	-
Depreciation charge	(106,120)	(39,839)	(145,959)
Closing net book amount	**124,166**	**46,688**	**170,854**
At 31 December 2011			
Cost or fair value	1,005,650	381,165	1,386,815
Accumulated depreciation	(881,484)	(334,477)	(1,215,961)
Net book amount	**124,166**	**46,688**	**170,854**
Year ended 31 December 2010			
Opening net book amount	234,291	74,623	308,914
Additions	94,334	68,028	162,362
Disposals	(2,900)	-	(2,900)
Depreciation charge	(105,301)	(56,124)	(161,425)
Closing net book amount	**220,424**	**86,527**	**306,951**
At 31 December 2010			
Cost or fair value	995,788	381,165	1,376,953
Accumulated depreciation	(775,364)	(294,638)	(1,070,002)
Net book amount	**220,424**	**86,527**	**306,951**

Non-current assets are carried at cost as at December 31, 2011.

	2011	2010
	$	$
12 Current liabilities - Payables		
Trade payables and accrued charges	**823,961**	958,424
Grants in advance	**147,514**	533,574
Tenants' bonds	**5,623**	4,732
Fees received in advance	**106,408**	128,054
GST output tax	**440,973**	392,409
	1,524,479	2,017,193
13 Current liabilities - Provisions		
Employee benefits	**1,185,834**	1,050,642
Provision for net asset allocation (Note 18)	**600,000**	600,000
	1,785,834	1,650,642

	2011	2010
	$	$
14 Non-current liabilities - Provisions		
Employee benefits	**505,012**	584,236
Provision for net asset allocation (Note 18)	**358,864**	600,017
	863,876	1,184,253
Movements in the provision for net asset allocation:		
	$	$
Opening balance 1 January	**1,200,017**	1,149,207
Additional provision raised during the year	**178,069**	656,115
Amounts used	**(419,222)**	(605,305)
Transfer to current liability – Provisions (Note 13)	**(600,000)**	(600,000)
Closing balance 31 December	**358,864**	600,017

15 Equity – Accumulated funds (see Note 18 for explanation)

	2011	2010
Balance at 1 January	**4,374,488**	4,674,360
Net loss for the year	**(518,449)**	(299,872)
Balance at 31 December	**3,856,039**	4,374,488

16 Reconciliation of profit / (loss) from continuing operations to net cash flows from operating activities.

	2011	2010
Loss for the year	**(518,449)**	(299,872)
Depreciation and amortisation	**145,959**	161,425
Net profit on sale of non-current assets	**-**	(3,367)
Unsecured loan write off	**5,000**	-
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	**(96,708)**	1,082,932
(Increase) / decrease in inventories	**(12,946)**	28,268
Decrease in other assets	**52**	52,588
Decrease in payables	**(492,714)**	(319,556)
(Decrease) / increase in provisions	**(185,184)**	302,928
Net cash (outflow) / inflow from operating activities	**(1,154,989)**	1,005,346

17 Members' guarantee

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $100 towards meeting any outstanding obligations of the Company. At 31st December 2011 the number of members was thirty five (2010: thirty six).

18 Contingent liabilities

The financial statements of WorkVentures Ltd ("WorkVentures") include its electronics /business equipment repair (and associated logistics) division trading as Sydney ITeC Repair Centre ("SIRC") with a branch operating in Melbourne. This division is managed by another company, Alter-Tech Pty Ltd ("Alter-Tech"), under a written Management Agreement signed in 2005. Alter-Tech has been providing management services as the manager of the SIRC division under prior agreements since the late 1980's.

The Management Agreement provides for termination of the arrangements as a consequence of sale, closure, material breach or default of either party, or if Alter-Tech engages in any conduct prejudicial to the interests of WorkVentures, or if it enters into compulsory or voluntary liquidation or compounds with its creditors or takes or suffers any similar action.

The termination of the agreement will trigger either the sale or the closure of the SIRC division and any net proceeds will be divided between the parties in the proportions provided for in the agreement. However, in all circumstances any liabilities which cannot be met by the division's funds or assets shall be payable by the parties in the same proportions. Any Intellectual Property which is developed by any party or employee during the term of the Agreement shall be the sole property of WorkVentures.

If there had been termination of the SIRC division at 31 December 2011 for any of the reasons noted above, the Net Assets of WorkVentures reflected in its statement of financial position at that date would diminish by $1,506,992, representing Alter-Tech's estimated share of the SIRC division's net proceeds for entitlements arising from periods prior to January 1, 2008. It should be noted that this is a hypothetical amount (for this purpose net assets would be equivalent to "net proceeds") and excludes any value which may arise from goodwill and any revaluation of assets or adjustments for contingent and expected liabilities such as redundancy payments not presently in the SIRC division's self-balancing accounts.

The WorkVentures Board decided that Alter-Tech's entitlements arising from the Management Agreement from January 1, 2008 onwards shall be provided for in WorkVentures' statement of financial position if not settled in the year and this amount as at December 31, 2011 is $956,864 (2010: $1,200,017).

The Directors are not aware of any circumstances that may trigger the Termination Clause in the Management Agreement with Alter-Tech.

19 Remuneration of auditors

During the year the following amounts were payable to the auditors:

	2011	2010
	$	$
Audit of the financial report	**32,000**	31,000
Government grant audits	**2,600**	5,000

Amounts are before GST. No other amounts were paid or benefits received by the auditors of the company.

20 Commitments

Lease commitments: Company as lessee (operating leases)
The company leases various offices under non-cancellable and cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are renegotiated.

Non-cancellable leases
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2011	2010
	$	$
Within one year	**954,398**	776,900
Later than one year but not later than five years	**457,372**	1,056,488

Cancellable leases

	2011	2010
Commitments for minimum lease payments in relation to cancellable operating leases which are payable within one year	**241,941**	360,815

There are no other material commitments.

21 Statement showing how funds received were applied to charitable purposes

During the year the organisation received proceeds from fundraising appeals and grants of $383,903. Of this amount, $5,455 was from the sale of donated clothing and the balance was mostly from corporate donations. The cost associated with the fundraising activities was $31,847.

22 Related party transactions

Transactions between related parties are on normal commercial terms and conditions were no more favourable than those available to other persons unless otherwise stated.
The following transactions occurred with related parties:

(a) Kenilworth Partners
A payment of $12,500 was made to Kenilworth Partners, a corporate advisory firm, for a valuation of Sydney iTech Repair Centre. Phillip Small is a Principal of this firm.

23 Other matters

The registered office and principal place of business is Level 11, 115 Bathurst St, Sydney NSW 2000.

PITCHER PARTNERS
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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF WORKVENTURES LIMITED

We have audited the accompanying financial report, being a special purpose financial report of WorkVentures Limited, which comprises the Statement of Financial Position as at 31 December 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration

Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements the *Corporations Act 2001* and is appropriate to meet the needs of the members.

This responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that 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 have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free 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 entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting estimates 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 can confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the company on 27 March 2012 would be in the same terms if provided to the directors as the date of this auditors report.

Auditor's Opinion

In our opinion, the financial report of WorkVentures 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 31 December 2011 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1

(b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

MARK GODLEWSKI

Partner

28 March 2012

PITCHER PARTNERS

Sydney