

WORKVENTURES LTD

ABN 74 002 721 217

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2013

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DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 31 December 2013.

DIRECTORS

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

| | |
|--------------------|----------------|
| Neville Cox | Lisa Hagan |
| Jim Hungerford | Dan Lunoe |
| Melissa Richardson | Melos Sulicich |
| Phillip Small | Steve Walz |

Directors have been in office since the start of the financial year to the date of this report, except Melisa Richardson who resigned in April 2013 and Dan Lunoe, Melos Sulicich and Steve Walz who joined the Board in July 2013.

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) Electronic repair services

COMPANY OBJECTIVES

WorkVentures' mission statement is to "connect people with choices so they can improve their own lives, using the benefits of technology." WorkVentures aims to have all programs and activities guided by its social impact objective of improving the employability and well-being 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 is undertaken by the executive team and the Board. 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 each Board meeting. The executive team provides business plan updates to the Board in face to face sessions twice each year.

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DIRECTORS' REPORT

OPERATING RESULTS

The deficit of the Company for the financial year amounted to \$80,194 (2012: \$500,367).

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.

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 5 out of 6 meetings in 2013.

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 Conversation Designer. Prior to this, she practiced law in Brisbane. Lisa is a member of the Board's Membership Sub-Committee. Lisa attended 3 out of 6 meetings in 2013.

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. He is also the Chairperson of First Voice, a charity that provides national representation for five leading Australian charities dedicated to assisting deaf children gain the gift of speech. 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 2013.

Dan Lunoe - BBus, MCom, CPA

Joined the Board in July 2013. Dan is a finance professional with experience across several large, listed organisations. Dan is a CPA and has completed a Masters of Commerce from UNSW. Dan started his career at Deloitte before moving across to Coca Cola Amatil, Woolworths and more recently Stockland. Dan also holds a Board position with Left Right Think Tank, a non-partisan think tank of young minds with a mission to involve young people in public policy. Dan attended 3 out of 3 meetings in 2013.

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2013 DIRECTORS' REPORT

INFORMATION ON DIRECTORS AND SECRETARIES OF THE COMPANY (continues)

Melissa Richardson - BSc, Master of Organisational Coaching, Grad Dip (Strategic Marketing), Grad Dip (Counselling), AFAIM, ICFM, MAICD.
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 Unilever, and running a strategy and market research consultancy with two partners. Melissa did not stand for re-election at the AGM in April and attended none out of 2 meetings in 2013.

Melos Sulicich - BBus (Mktg), FAIM, GAICD
Joined the Board in August 2013. Melos has had over 31 years of extensive leadership experience spanning a diverse range of industries including the petroleum marketing, transport, healthcare, shipping and financial services both in Australia and the United Kingdom. Melos was previously the Chief Executive Officer of RAMS Financial Group and held a number of other senior executive roles with the Westpac Group. Melos attended 3 out of 3 meetings in 2013.

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 5 out of 6 meetings in 2013.

Steve Walz - MAICD
Joined the Board in July 2013. Steve has a background in both the corporate and the not-for-profit worlds and held senior executive roles with Thomas Cook, Soletron Corp. (US), BAE Systems and Woolworths. In 2005 he started Move 4 Life Pty Ltd which is now Australia's leading provider of training and consulting in the prevention of sprain & strain injuries. Steve is Chairman of Left Right Think-Tank (Australia's only non-partisan policy think-tank run by volunteer staff who are all under age 25) and a Member of the Board of Youth Action (the peak body for young people and youth services in NSW). Steve is a former Director and Chief Executive Officer of CanTeen – the Australian Organisation for Young People Living with Cancer and has advised or been a Board member of a number of other not-for-profit organisations. Steve has particular interests in strategy, organisational change and renewal, leadership and governance together with a passion for young people and social inclusion. Steve attended 3 out of 3 meetings in 2013.

Luisa Hallam - BA Hons, PhD (Italian Linguistics), JP (Company Secretary)
Joined WorkVentures in September, 2005 as Administration Manager and held the position of Executive Support and Office Manager until April, 2013 when she ceased full-time employment in the organisation. Luisa was appointed Company Secretary on 30th October 2007 and continues in this capacity on a contractual basis. 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

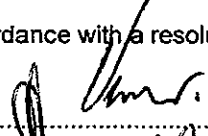
DIVIDENDS PAYABLE

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 15th day of March 2014

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 2013 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 24 day of March 2014



PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

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Australia

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Australia

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Pitcher Partners is a registered company
under the Corporations Act 2001.
Pitcher Partners is a member of the
Chartered Accountants in Australia.

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 2013 there has 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
25 March 2013

WORKVENTURES LTD
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STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

| | Notes | 2013 \$ | 2012 \$ |
|--------------------------------|---------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 3,460,726 | 3,258,045 |
| Receivables | 7 | 2,723,065 | 2,870,332 |
| Inventories | 8 | 475,345 | 501,293 |
| Other | 9 | 207,029 | 213,707 |
| Total current assets | | <u>6,866,165</u> | <u>6,843,377</u> |
| Non-current assets | | | |
| Property, plant & equipment | 10 | <u>69,099</u> | <u>91,888</u> |
| Total non-current assets | | <u>69,099</u> | <u>91,888</u> |
| Total assets | | <u>6,935,264</u> | <u>6,935,265</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 11 | 1,298,228 | 1,239,180 |
| Provisions | 12 | <u>2,106,447</u> | <u>1,625,638</u> |
| Total current liabilities | | <u>3,404,675</u> | <u>2,864,818</u> |
| Non-current liabilities | | | |
| Provisions | 13 | <u>255,111</u> | <u>714,775</u> |
| Total non-current liabilities | | <u>255,111</u> | <u>714,775</u> |
| Total liabilities | | <u>3,659,786</u> | <u>3,579,593</u> |
| NET ASSETS | | <u>3,275,478</u> | <u>3,355,672</u> |
| EQUITY | | | |
| Accumulated funds | 14 & 17 | <u>3,275,478</u> | <u>3,355,672</u> |
| Total equity | | <u>3,275,478</u> | <u>3,355,672</u> |

The accompanying notes form part of these financial statements.

WORKVENTURES LTD
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2013

| | | 2013 \$ | 2012 \$ |
|---|-------|--------------------|-------------|
| | Notes | | |
| Revenue from continuing operations | 3 | 14,568,180 | 14,466,960 |
| Other income | 4 | 5,000 | 1,500 |
| Changes in inventories | | 25,948 | 26,421 |
| Raw materials and consumables used | | (1,378,453) | (1,330,183) |
| Employee benefits expenses | | (8,793,725) | (9,264,548) |
| Cost of sub-contracted repair services | | (1,555,713) | (1,131,987) |
| Lease expenses | 5 | (1,906,290) | (2,090,377) |
| Communication expenses | | (469,002) | (606,547) |
| Administration expenses | | (237,982) | (224,716) |
| Depreciation and amortisation | 5 | (53,129) | (91,329) |
| Bad and doubtful debts | | (5,209) | (15,546) |
| Cost of fundraising appeals | | (16,411) | (24,433) |
| Marketing and promotion | | (49,564) | (70,097) |
| Other expenses from continuing operations | | (213,844) | (145,485) |
| Deficit for the year | | (80,194) | (500,367) |
| Income tax expense | | - | - |
| Deficit for the year | | (80,194) | (500,367) |
| Other comprehensive income | | - | - |
| Comprehensive income | | (80,194) | (500,367) |

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2013

| | 2013 \$ | 2012 \$ |
|--|--------------------------|--------------------------|
| Total equity at the beginning of the financial year | 3,355,672 | 3,856,039 |
| Deficit for the year | (80,194) | (500,367) |
| Total equity at the end of the financial year | <u>3,275,478</u> | <u>3,355,672</u> |

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31ST DECEMBER 2013

| | | 2013 \$ | 2012 \$ |
|---|-------|------------------|------------------|
| | Notes | | |
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of goods & services tax) | | 16,821,549 | 16,752,896 |
| Payments to suppliers and employees (inclusive of goods & services tax) | | (16,678,302) | (17,499,610) |
| Interest received | | 104,515 | 148,948 |
| Net cash inflow / (outflow) from operating activities | 15 | <u>247,762</u> | <u>(597,766)</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant & equipment | | (50,081) | (12,363) |
| Proceeds from sale of property, plant & equipment | | 5,000 | 1,500 |
| Net cash outflow from investing activities | | <u>(45,081)</u> | <u>(10,863)</u> |
| Net increase / (decrease) in cash and cash equivalents | | 202,681 | (608,629) |
| Cash and cash equivalents at the beginning of the financial year | | <u>3,258,045</u> | <u>3,866,674</u> |
| Cash and cash equivalents at the end of the financial year | 6 | <u>3,460,726</u> | <u>3,258,045</u> |

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 2013

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)
- AASB 139 – Financial Instruments: Recognition and Measurement
- AASB 13 – Fair Value 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*.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2013

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 19). 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2013

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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2013

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 17.

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. Notwithstanding the aforementioned measurement criteria, long service leave vested as at the reporting date shall be classified as current and all other remaining long service leave be classified as non-current.

(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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2013

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 2013 these amounted to \$1,983,848 (2012: \$1,858,823).

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 2013 there was a write off of \$38,084.

| | 2013 \$ | 2012 \$ |
|---|-------------------|-------------------|
| 3 Revenue | | |
| From continuing operations | | |
| Services rendered | 11,105,511 | 11,157,501 |
| Sale of goods | 3,193,089 | 2,952,820 |
| Gross proceeds from fundraising appeal (Note 20) | <u>165,065</u> | <u>207,691</u> |
| | <u>14,463,665</u> | <u>14,318,012</u> |
| Other revenue | | |
| Interest revenue | <u>104,515</u> | <u>148,948</u> |
| | <u>104,515</u> | <u>148,948</u> |
| Revenue | <u>14,568,180</u> | <u>14,466,960</u> |
| 4 Other income | | |
| Net gain on disposal of property, plant & equipment | <u>5,000</u> | <u>1,500</u> |

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2013

| | 2013 \$ | 2012 \$ |
|--|------------------|------------------|
| 5 Expenses | | |
| Surplus (deficit) includes the following specific expenses: | | |
| Depreciation | 42,392 | 76,082 |
| Amortisation | 10,737 | 15,247 |
| Operating lease expenses | 1,906,290 | 2,090,377 |
| Loss on sale of property, plant and equipment | 4,230 | - |
| Bad debts | 21,128 | 15,985 |
| Provision for doubtful debts | <u>(15,919)</u> | <u>(439)</u> |
| 6 Current assets- Cash and cash equivalents | | |
| Cash on hand and bank | 1,680,556 | 1,477,875 |
| Deposits at call | <u>1,780,170</u> | <u>1,780,170</u> |
| | <u>3,460,726</u> | <u>3,258,045</u> |
| Commonwealth Bank and Westpac Bank provide bank guarantees of \$598,260 and \$100,986 respectively, which are used as security deposit guarantees for properties leased by the Company. | | |
| 7 Current assets- Receivables | | |
| Trade receivables | 2,726,776 | 2,895,826 |
| Provision for doubtful debts | <u>(9,575)</u> | <u>(25,494)</u> |
| | 2,717,201 | 2,870,332 |
| Grants owing | 5,864 | 0 |
| | <u>2,723,065</u> | <u>2,870,332</u> |
| The company had a loss of \$5,209 (2012: \$15,546) in respect of bad and doubtful trade receivables during the year ended December 31, 2013. The loss is shown in the statement of comprehensive income. | | |
| 8 Current assets – Inventories | | |
| Inventories | <u>475,345</u> | <u>501,293</u> |
| Write-downs of inventories recognised as an expense during the year ended December 31, 2013 amounted to \$38,084 (2012: no write-downs). | | |
| 9 Current assets – Other | | |
| Prepayments | 39,569 | 30,380 |
| Security deposit | 30,644 | 42,991 |
| GST input tax | <u>136,816</u> | <u>140,336</u> |
| | <u>207,029</u> | <u>213,707</u> |

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2013

10 Non-current assets – Property, plant and equipment

| | Equipment | Leasehold Improvements | Total |
|------------------------------------|---------------|---------------------------|---------------|
| | \$ | \$ | \$ |
| Year ended 31 December 2013 | | | |
| Opening net book amount | 55,595 | 36,293 | 91,888 |
| Additions | 23,780 | 26,301 | 50,081 |
| Disposals | (4,230) | (15,511) | (19,741) |
| Depreciation charge | (42,392) | (10,737) | (53,129) |
| Closing net book amount | 32,753 | 36,346 | 69,099 |
| At 31 December 2013 | | | |
| Cost or fair value | 952,033 | 358,951 | 1,310,984 |
| Accumulated depreciation | (919,280) | (322,605) | (1,241,885) |
| Net book amount | 32,753 | 36,346 | 69,099 |
| Year ended 31 December 2012 | | | |
| Opening net book amount | 124,166 | 46,688 | 170,854 |
| Additions | 7,511 | 4,852 | 12,363 |
| Disposals | (15,894) | - | (15,894) |
| Depreciation charge | (60,188) | (15,247) | (75,435) |
| Closing net book amount | 55,595 | 36,293 | 91,888 |
| At 31 December 2012 | | | |
| Cost or fair value | 997,268 | 386,017 | 1,383,285 |
| Accumulated depreciation | (941,673) | (349,724) | (1,291,397) |
| Net book amount | 55,595 | 36,293 | 91,888 |

Non-current assets are carried at cost as at December 31, 2013.

| | 2013 \$ | 2012 \$ |
|--|------------------|------------------|
| 11 Current liabilities - Payables | | |
| Trade payables and accrued charges | 632,825 | 653,133 |
| Grants in advance | 124,999 | 97,276 |
| Tenants' bonds | 2,068 | 5,623 |
| Fees received in advance | 177,666 | 163,631 |
| GST output tax | 360,670 | 319,517 |
| | <u>1,298,228</u> | <u>1,239,180</u> |
| 12 Current liabilities - Provisions | | |
| Employee benefits | 1,506,447 | 1,025,638 |
| Provision for net asset allocation (Note 17) | 600,000 | 600,000 |
| | <u>2,106,447</u> | <u>1,625,638</u> |

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2013

| | 2013 \$ | 2012 \$ |
|---|------------------|------------------|
| 13 Non-current liabilities - Provisions | | |
| Employee benefits | 232,190 | 537,784 |
| Provision for net asset allocation (Note 17) | <u>22,921</u> | <u>176,991</u> |
| | <u>255,111</u> | <u>714,775</u> |
| Movements in the provision for net asset allocation: | | |
| | \$ | \$ |
| Opening balance 1 January | 776,991 | 958,864 |
| Additional provision raised during the year | 120,868 | 245,721 |
| Amounts paid | (274,938) | (427,594) |
| Transfer to current liability – Provisions (Note 12) | <u>(600,000)</u> | <u>(600,000)</u> |
| Closing balance 31 December | <u>22,921</u> | <u>176,991</u> |
| 14 Equity – Accumulated funds (see Note 17 for explanation) | | |
| Balance at 1 January | 3,355,672 | 3,856,039 |
| Net deficit for the year | <u>(80,194)</u> | <u>(500,367)</u> |
| Balance at 31 December | <u>3,275,478</u> | <u>3,355,672</u> |
| 15 Reconciliation of surplus / (deficit) from continuing operations to net cash flows from operating activities. | | |
| Deficit for the year | (80,194) | (500,367) |
| Depreciation and amortisation | 53,129 | 91,329 |
| Net gain on sale of non-current assets | (770) | (1,500) |
| Lease improvement write off | 15,511 | - |
| Changes in operating assets and liabilities | | |
| Decrease in receivables | 147,266 | 333,245 |
| Decrease in inventories | 25,948 | 26,421 |
| Decrease in other assets | 6,678 | 47,701 |
| Increase / (decrease) in payables | 59,049 | (285,299) |
| Increase / (decrease) in provisions | <u>21,145</u> | <u>(309,296)</u> |
| Net cash inflow / (outflow) from operating activities | <u>247,762</u> | <u>(597,766)</u> |

16 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 2013 the number of members was thirty seven (2012: thirty four).

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2013

17 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 2013 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, 2013 is \$622,921 (2012: \$776,991).

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

18 Remuneration of auditors

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

| | 2013 | 2012 |
|-------------------------------|---------------------|--------------|
| | \$ | \$ |
| Audit of the financial report | 30,000 | 33,000 |
| Government grant audits | <u>1,625</u> | <u>1,250</u> |

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2013

19 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:

| | 2013 | 2012 |
|---|----------------|------------------|
| | \$ | \$ |
| Within one year | 991,458 | 1,130,256 |
| Later than one year but not later than five years | <u>968,788</u> | <u>1,960,246</u> |

Cancellable leases

Commitments for minimum lease payments in relation to cancellable operating leases which are payable within one year

| | |
|---------------|---------------|
| <u>80,000</u> | <u>80,800</u> |
|---------------|---------------|

There are no other material commitments.

20 Statement showing how funds received were applied to charitable purposes

During the year the organisation received proceeds from fundraising appeals and grants of \$165,065 mostly from corporate donations. The cost associated with the fundraising activities was \$16,411.

21 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.

22 Other matters

The registered office and principal place of business is Level 13, 80 Mount Street, North Sydney NSW 2060.

1st April 2014

Dear Member,

On behalf of the WorkVentures Board, I would like to invite you to attend our Annual General Meeting on **Tuesday 29th April 2014 at 6.30pm**, at Level 13, 80 Mount Street, North Sydney.

As always this is an opportunity for management to share the highlights of the previous year's company activities with company members, staff and supporters and to discuss what is in store for the rest of this year. It is a chance to catch up with other members and staff over dinner, and this year, also to visit our new office.

Attached are the formal Notice of the Meeting giving you the details of the Agenda Items, Minutes of the last AGM and copies of the Audited Financial Statements. A Proxy form has also been included in case you cannot attend the meeting.

Please note that proxies must be received at least **48 hours** before the time of the scheduled meeting or they will not be accepted.

Election of Board Members for the coming year will also occur on the night.

Nomination forms can be picked up at the Company Registered Office.

If you would like one posted to you, please let me know.

Nominations for Directorship must be received before **Wednesday 23rd April 2014**.

Please RVSP (**whether it's an attendance or an apology**) by **Wednesday 23rd April 2014**, by emailing luisa.hallam@workventures.com.au

I look forward to seeing you there.

Yours sincerely



Luisa Hallam

Company Secretary
WorkVentures Ltd



WORKENTURES LTD PROXY FORM

I,
(full name)

of
(address)

being a member of WorkVentures Limited hereby appoint: (please tick appropriate box)

☐ The chairperson

OR

☐ (name of Company member)

as my proxy at the Annual General Meeting to be held at Level 13, 80 Mount Street,
Sydney on Tuesday 29th April 2014.

My proxy is authorised to vote: (please tick the appropriate box)

☐ In whatever way he or she thinks fit.

OR

☐ In favour of the following motion/s:

.....
.....

(description of motions)

OR

☐ Against the following motion/s:

.....
.....

(description of motions)

.....
Signature

.....
Date

Proxies are to be received by the Company Secretary **at least 48 hours** before the time
of the scheduled AGM.

Return by post or in person: Level 13, 80 Mount Street, North Sydney 2060
by fax: 02 89073340
by email: luisa.hallam@workventures.com.au



**NOTICE OF 2014
ANNUAL GENERAL MEETING of WORKVENTURES LTD**

The Annual General Meeting of WorkVentures Ltd will be held at WorkVentures City Office, Level 13, 80 Mount Street, North Sydney on Tuesday 29th April, 2014 at 6.30 pm.

AGENDA

- Item 1** Attendance and Apologies.
- Item 2** To confirm the minutes of the previous Annual General Meeting.
- Minutes of the 2013 AGM are attached.
- Item 3** To receive and consider reports from the Board President and the CEO.
- Item 4** To receive and consider the Balance Sheet, Income and Expenditure Account.
- A copy of the 2013 Audited Company Accounts and Directors' Statements are attached.
- Item 5** To elect a Board for the coming year.
- Nomination Forms are obtainable from Head Office or by contacting the Company Secretary. The completed forms are to be received before 23rd April 2014.
- Item 6** To deal with business that the meeting may approve of which due notice has not been given.

For and on behalf of the Board,

Luisa Hallam
Company Secretary
WorkVentures Ltd

Minutes – WorkVentures Ltd

2013 Annual General Meeting

Date: Tuesday 30th April 2013

Time: 7.00 pm

Place: Level 13, 80 Mount Street, North Sydney.

Item 1 Attendance and Apologies

Attendance – Company Members

| | | | | |
|------------------------|----------------|--------------|----------------------|-------------------|
| Neville Cox (Chair) | James Kehoe | Stephen Ward | Lisa Hagan | Tom Cox |
| Scott Milne | Jordan Sheriff | Blair Murphy | Lukas Worthington | Jim Hungerford |

Attendance – Staff

| | | | | |
|----------------|---------------------------|----------------|---------------------|---------------------------|
| Arsenio Alegre | Luisa Hallam (minutes) | Emily Sparling | Scott Millington | Sachin Kumar (Auditor) |
|----------------|---------------------------|----------------|---------------------|---------------------------|

Apologies – Company Members

| | | | | |
|-----------------|-------------|---|-------------|---|
| Penny Nelson | Bill Lawton | Doug Taylor (proxy to the Chairman) | Edie Ashley | Phillip Small (proxy to the Chairman) |
| Alan Williamson | Paul Cohen | John Nixon | Philip Hart | Peter Cerexhe |

Item 2 Confirmation of Minutes

| | |
|-------------------|--|
| Detail | <ul style="list-style-type: none"> The Board President welcomed all members and staff. He also reported that two members – Peter Cerexhe and Bill Lawton – have retired from Company Membership. |
| Resolution | That the minutes of the meeting of 1 st May 2012 were accepted by the Members present. |

Item 3 Reports from the Board President and the CEO

| | |
|---------------|---|
| Detail | <p>Board President</p> <ul style="list-style-type: none"> 2012 was a challenging but productive year and WorkVentures had to make some tough decisions regarding restructure. Unfortunately last year Steve Lawrence passed away and as a tribute to him: <ul style="list-style-type: none"> a permanent article about his life has been posted on the WorkVentures' website, a commemorative plaque has been placed in the reception area at the new |
|---------------|---|

| | |
|-------------------|---|
| | <p>North Sydney office,</p> <ul style="list-style-type: none"> ○ an annual Social Innovation Award for staff has been launched, ○ a \$10 000 donation was made to the Steve Lawrence Social Innovation Fund <ul style="list-style-type: none"> • Last year the company received various awards: Australian Business Award for Community Contribution, Housing Solutions Award for the work done in the Campbelltown area, Student award for trainees and a thank you plaque for SIRC's involvement in placing work experience high school students. • We have also been attending many Jobs Expos in conjunction with our Centrelink partnership. • SIRC assisted the Cerebral Palsy Alliance's "Make a Memory Day" by making one of their client's wish of building a computer come true. • i.settle.with.IT online tool was launched in July. • Our IT staff member attended Tech Ed thanks to Microsoft, and it was a very worthwhile experience. • iKINNECT program funded by AMP concluded in December. • Relationship with Mae Wel for recycling computers is growing stronger. <p>CEO</p> <ul style="list-style-type: none"> • First quarter results for 2013 are positive and better than last year. • Savings on staff costs via restructures and new programs and funding have helped the company financially. • New programs for 2013 are: <ul style="list-style-type: none"> ○ i.settle.with.IT has progressed in partnership with Microsoft and a pilot in 2 disadvantaged schools (one in NSW and one in Victoria) will go ahead this year. Volunteers from Microsoft will run sessions with refugee and migrant students to assist them with IT, English and work skills, ○ we will run 10 iGetIT! courses in the Northern Territory – with funding from FAHCSIA – for indigenous youth. RTO and IT staff will be delivering these courses, ○ Get Online is a new project funded by the AUDA Foundation with the National Seniors Association as one of the partners. It aims at assisting 1.5 million households who do not yet have internet access, to connect to and use the internet, ○ Partnership with E Qubed in Victoria will assist to give WorkVentures a better presence in that State. • New Vision and Mission Statements have been finalised with the help of the Westpac Mentoring Program team with more work to be done on supporting strategies. For the first time WorkVentures' involvement in technology is mentioned in its mission statement. • Other new opportunities for business and projects are being scoped, such as digital methods of training, webinars, or developing apps - and more funding opportunities have been identified. |
| Resolution | <p>That the Reports be received.</p> <p>That the Members present thanked the staff of WorkVentures for their dedication and achievements in these challenging times.</p> |

Item 4 Financial Reports (including Balance Sheet, Income & Expenditure Account)

| | |
|-------------------|--|
| Detail | <ul style="list-style-type: none"> A member of Pitcher Partners; Auditing team was present at the meeting to answer any questions the members may have about the Financial Statements. Members found that the report is clear and no questions were asked. |
| Resolution | That the 2012 Audited Company Accounts and Directors' Statements be received. |

Item 4 Election of Board for the Coming Year

| | |
|-------------------|--|
| Detail | <ul style="list-style-type: none"> Nominations were received from: <ul style="list-style-type: none"> Neville Cox – Director Lisa Hagan – Director Jim Hungerford – Director Philip Small – Director Recruitment for new Board Members is also in progress as two Directors who were on the Board last year did not re-nominate for personal reasons. |
| Resolution | That, in accordance with the WorkVentures' Constitution, as the number of nominees does not exceed the number of vacancies, the above mentioned nominees be elected to the Board for the coming year. |

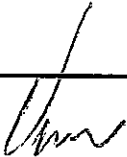
Item 6 Amendments to WorkVentures' Constitution

| | |
|----------------------------|--|
| Detail | <ul style="list-style-type: none"> It is proposed that 2 amendments to the Constitution be approved. The first is adding a new section to the membership clause in order to make the WorkVentures Board's authority to terminate membership more explicit when inactivity has been observed over a reasonable period. It provides the Board a practical means of managing the accumulation of inactive members which creates an unnecessary administrative burden and cost to the organisation. Company members approached for retirement will be given the opportunity to respond before any action is taken. The second is to decrease the number of the quorum for meetings as recent history has shown that a smaller quorum will enable WorkVentures to conduct its affairs more effectively. |
| Special Resolutions | <ul style="list-style-type: none"> Special Resolution 1 was unanimously approved: <ul style="list-style-type: none"> That a new Section 10.1.3 be added to the Constitution to read as follows: "or 10.1.3 has been inactive for the previous two years. The Board shall consider the following factors when assessing inactivity: non-attendance of Company meetings and events including the Annual General Meeting, not responding to Company communication and notices, and any other evidence of inactivity." Special Resolution 2 was unanimously approved: <ul style="list-style-type: none"> That Section 13.1 be amended to reduce the quorum to five (5) instead of seven (7). |

Item 7 Other business

Nil

Meeting closed: 7.40 pm

| | | |
|---|---|----------|
| Signed in accordance with Corporations Law as a true and correct record |  | 28/5/13. |
| | Neville Cox President | Date |