



**WorkVentures**  
*Social inclusion through technology*

**WorkVentures Ltd**  
**ABN: 74 002 721 217**  
**Financial Report for the Year Ended 31 December 2018**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 31 December 2018.

**Directors**

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

Andrew Macpherson  
Inese Kingsmill (Appointed 21/02/2018)  
Jennine Blundell (Appointed 15/5/2018)  
Raymond Bruce Thomlinson  
Joanne Lisa Gorton  
Murray James Hurps (Resigned 10/10/2018)  
Douglas Taylor (Appointed 9/1/2019)

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

**Review of Operations**

The company achieved a surplus for the financial year of \$7,115 (2017: \$282,218 - deficit).

A review of the operations of the company during the financial year shows a change in market demand and activity of the company which have seen a slight increase in revenue from continuing operations by 1.07% to \$9,797,028. This is accompanied by a reduction to operating expense by 1.39% to \$9,924,683 while continuing to implement the 2018-2020 strategy and investments for the future.

In addition we note inclusion in other income of \$2,604,701 due to a write back to the profit and loss statement as a result of the termination of management fee payable. This is accompanied by inclusion in expense of \$2,538,094 due to impairment of investment as a result of the termination of a pre-existing management service agreement between Alter-Tech and WorkVentures. These are one-time income and expenses that are not associated with continuing operations.

**Significant Changes in the State of Affairs**

No significant changes in the company's state of affairs occurred during the financial year.

**Principal Activities**

The principal activities of the company during the financial year were electronic repairs, sales of refurbished technology, training and placement of vulnerable, disadvantaged, unemployed youth and school leavers.

No significant change in the nature of these activities occurred during the year.

**Events Subsequent to the End of the Reporting Period**

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.

**Likely Developments and Expected Results of Operations**

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

**Environmental Regulation**



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#### DIRECTORS' REPORT

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

#### Indemnification of Officers

The company has agreed to indemnify the directors and officers of the company for costs incurred, in their capacity as a director or officer, for which they may be held liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and officers of the company to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

#### Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director

Andrew Macpherson, Chairperson

Dated This Twenty Eight day of March 2019



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018

|   | Note        | 2018<br>\$   | 2017<br>\$       |
|---|-------------|--------------|------------------|
| Revenue from continuing operations                                | 2           | 9,797,028    | 9,693,721        |
| Other income  | 2           | 2,672,864    | 88,146           |
| Changes in inventories  |             | (68,666)     | 10,763           |
| Raw materials and consumables used                                |             | (418,337)    | (563,196)        |
| Employee benefits expense   |             | (6,810,780)  | (6,567,114)      |
| Cost of sub-contracted repair services                            |             | (265,645)    | (590,918)        |
| Lease expenses  | 3           | (1,405,231)  | (1,333,841)      |
| Communication expense   |             | (462,270)    | (442,106)        |
| Administration expense  |             | (226,470)    | (182,974)        |
| Depreciation, amortisation and impairment                         | 3           | (2,585,672)  | (49,597)         |
| Cost of fundraising appeals                                       |             | (2,582)      | (103,873)        |
| Marketing and promotion   |             | (43,591)     | (75,385)         |
| Other expenses from continuing operations                         |             | (173,533)    | (165,844)        |
| <b>Surplus / (Deficit) for the year before income tax expense</b> |             | <b>7,115</b> | <b>(282,218)</b> |
| <b>Income tax expense</b>   | <b>1(b)</b> | <b>-</b>     | <b>-</b>         |
| <b>Surplus / (Deficit) for the year</b>                           |             | <b>7,115</b> | <b>(282,218)</b> |
| <b>Other comprehensive income</b>                                 |             |              |                  |
| Other comprehensive income  |             | -            | -                |
| <b>Total comprehensive income / ( Loss ) for the year</b>         |             | <b>7,115</b> | <b>(282,218)</b> |

The accompanying notes form part of these financial statements.



**WorkVentures**  
Social inclusion through technology

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018

|                                      | Note | 2018<br>\$       | 2017<br>\$       |
|--------------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                        |      |                  |                  |
| <b>Current Assets</b>                |      |                  |                  |
| Cash and cash equivalents            | 4    | 3,376,868        | 4,460,254        |
| Receivables                          | 5    | 1,963,434        | 2,058,555        |
| Inventories                          | 6    | 257,444          | 326,110          |
| Other assets                         | 7    | 46,470           | 55,250           |
| <b>Total Current Assets</b>          |      | <b>5,644,216</b> | <b>6,900,169</b> |
| <b>Non-Current Assets</b>            |      |                  |                  |
| Investment in Subsidiary             | 8    | 11,906           | -                |
| Property, plant & equipment          | 9    | 172,820          | 174,540          |
| <b>Total non-current assets</b>      |      | <b>184,726</b>   | <b>174,540</b>   |
| <b>Total Assets</b>                  |      | <b>5,828,942</b> | <b>7,074,709</b> |
| <b>LIABILITIES</b>                   |      |                  |                  |
| <b>Current liabilities</b>           |      |                  |                  |
| Payables                             | 10   | 699,450          | 1,909,277        |
| Provisions                           | 11   | 1,640,899        | 1,523,094        |
| <b>Total current liabilities</b>     |      | <b>2,340,349</b> | <b>3,432,371</b> |
| <b>Non-current liabilities</b>       |      |                  |                  |
| Payables                             | 10   | 1,500,000        | 1,633,694        |
| Provisions                           | 11   | 43,175           | 70,341           |
| <b>Total non-current liabilities</b> |      | <b>1,543,175</b> | <b>1,704,035</b> |
| <b>Total liabilities</b>             |      | <b>3,883,524</b> | <b>5,136,406</b> |
| <b>NET ASSETS</b>                    |      | <b>1,945,418</b> | <b>1,938,303</b> |
| <b>EQUITY</b>                        |      |                  |                  |
| <b>Members' funds</b>                | 12   | <b>1,945,418</b> | <b>1,938,303</b> |

The accompanying notes form part of these financial statements.





**WorkVentures**  
*Social inclusion through technology*

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

|                                       | 2018             | 2017             |
|---------------------------------------|------------------|------------------|
| Equity - Accumulated funds            | \$               | \$               |
| <b>Balance as at 1 January 2018</b>   | <b>1,938,303</b> | <b>2,220,521</b> |
| Net surplus / (deficit) for the year  | 7,115            | (282,218)        |
| Total Other Comprehensive Income      | -                | -                |
| <b>Balance as at 31 December 2018</b> | <b>1,945,418</b> | <b>1,938,303</b> |

The accompanying notes form part of these financial statements.



**WorkVentures**  
Social inclusion through technology

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018

|   | 2018               | 2017             |
|---|--------------------|------------------|
|   | \$                 | \$               |
| <b>Cash flows from operating activities</b>                               |                    |                  |
| Receipts from customers (inclusive of goods and services tax)             | 10,780,706         | 10,472,369       |
| Payments to suppliers and employees (inclusive of goods and services tax) | (10,836,397)       | (11,202,465)     |
| Interest received   | 68,163             | 78,646           |
| <b>Net cash provided by / (used in) operating activities</b>              | <b>12,472</b>      | <b>(651,450)</b> |
| <b>Cash flows from investing activities</b>                               |                    |                  |
| Payments for property, plant and equipment                                | (45,858)           | -                |
| Proceeds from property, plant & equipment                                 | -                  | 9,500            |
| Payments for purchase of investment                                       | (1,050,000)        | -                |
| <b>Net cash provided by / (used in) investing activities</b>              | <b>(1,095,858)</b> | <b>9,500</b>     |
| <b>Net (decrease) / increase in cash and cash equivalents</b>             | <b>(1,083,386)</b> | <b>(641,950)</b> |
| Cash and cash equivalents at the beginning of the financial year          | 4,460,254          | 5,102,204        |
| <b>Cash and cash equivalents at the end of the financial year</b>         | <b>3,376,868</b>   | <b>4,460,254</b> |

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

WorkVentures Ltd is a company limited by guarantee, incorporated and domiciled in Australia. The financial statements were authorised for issue on 28 March 2019 by the directors of the company.

#### Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profit Commission Act 2012*. The company is a not for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements have been prepared in accordance with all measurement and recognition criteria of applicable Australian Accounting Standards with the exception of AASB 10 Consolidated Financial Statements.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### Accounting Policies

##### a. Revenue recognition

Revenue is recognised for repaired equipment from customers where all the significant risks and rewards from ownership of the goods effectively passes to the customer and is able to be reliably measured.

Revenue from second hand sales of information technology (IT) equipment to the socially disadvantaged is measured when the receipt of payment for goods is received and the company releases the goods to the customer. No revenue is recognised for donated IT equipment from key partners of the company. Revenue is only recorded when the IT equipment is refurbished and on sold to the socially disadvantaged.

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 31 December 2018 these are estimated to be \$786,033 (2017: \$800,708).

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Interest revenue is recognised on accrual basis taking into account the interest rates applicable to the financial assets.

Grant revenue is recognised in the statement of profit and loss & other comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company and the amounts of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied, the recognition of grant revenue will be deferred until those conditions are satisfied.

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

Fundraising revenue is recognised when the amount of revenue can be measured reliably and it is controlled by the company.

##### b. Income Tax

The Company has been granted exemption from income tax under section 50-10 of the Income Tax Assessment Act 1997.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**c. 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.

**d. 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 reducing the carrying amount directly. 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 impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect on discounting is immaterial. The amount of the impairment loss is recognised in the surplus or deficit within other expenses. When a trade receivables for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the surplus or deficit.

**e. 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.

**f. Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent of the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payment are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**g. Plant and equipment**

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 profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on plant and equipment 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 profit or loss and other comprehensive income.

**h. Impairment of assets**

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.

**i. 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.

**j. Liabilities payable to management services provider**

Alter-Tech Pty Ltd (Alter-Tech) has operated under a management services agreement to provide services to WorkVentures' ITeC electronic repair operations since 1987. In November 2018 WorkVentures acquired Alter-Tech and subsequently terminated the management agreement with Alter-Tech resulting in no further incentives payable to Alter-Tech.

**k. 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**l. Employee benefits**

**Short-term employee's benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date, are recognised in current liabilities in respect of employee's services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled.

**Other long-term employee benefits**

The liability for annual leave and long services leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability 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, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of services. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and current that match, as closely as possible, the estimated future cash outflows.

**m. Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST components of investing and financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**n. Public company limited by Guarantee**

In the event of the company being wound up, the liability of each member is to an amount not exceeding \$100.

**o. Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**p. Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

**i. Impairment general**

The company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**ii. Estimation of useful lives of assets**

The company determines the estimated useful lives and related depreciation rates charges for its plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or where technically obsolete or non-strategic assets that have been abandoned or soled will be written off or written down.

**iii. Long service leave provisions**

As discussed at Note 1(l), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.



- iv. New standards and interpretations  
New standards and interpretations not yet adopted  
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

| Title of standard  | <b>AASB 15 Revenue from Contracts with Customers</b>   |
|--|--|
| Nature of change   | <p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p>   |
| Impact   | <p>Management is currently assessing the effects of applying the new standard on the company's financial statements and has identified the following areas that are likely to be affected:</p> <ul style="list-style-type: none"> <li>• Contracts with customers and the timing of when the recognition of revenue will depend on the passing of control of repaired equipment and goods, rather than the passing of risks and rewards; and</li> <li>• Rights return – AASB 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.</li> </ul> <p>At this stage, the company is not able to estimate the effect of the new rules on the company's financial statements. The company will make more detailed assessments of the effect over the next twelve months.</p> |
| Mandatory application date/<br>Date of adoption by company | <p>Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption.</p> <p>Date of adoption by the company: 1 January 2019.</p>  |



| Title of standard  | AASB 16 Leases  |
|--|---|
| Nature of change   | <p>AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.</p> <p>The accounting for lessors will not significantly change.</p>   |
| Impact   | <p>The standard will affect primarily the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of \$236,242, see note 14. However, the company has not yet determined to what extent these commitments will result in the recognition of an asset and liability for future payments and how this will affect the company's profit and classification of cash flows.</p> <p>Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.</p> |
| Mandatory application date/<br>Date of adoption by company | Mandatory for financial years commencing on or after 1 January 2019. At this stage, the company does not intend to adopt the standard before its effective date.  |

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

|  | 2018             | 2017             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Note 2 Revenue</b>                            |                  |                  |
| From continuing operations                       |                  |                  |
| Sales revenue                                    |                  |                  |
| Services rendered                                | 8,372,167        | 8,070,681        |
| Sale of goods                                    | 1,372,361        | 1,477,540        |
| Gross proceeds from fundraising appeals          | 52,500           | 145,500          |
|  | <u>9,797,028</u> | <u>9,693,721</u> |
| <b>Other Income</b>                              |                  |                  |
| Interest revenue                                 | 68,163           | 78,646           |
| Management Services – termination of entitlement | 2,604,701        | -                |
| Gain on sales of asset                           | -                | 9,500            |
|  | <u>2,672,864</u> | <u>88,146</u>    |

Other income includes a write back to the profit and loss statement of \$2,604,701 as a result of the termination of the amount payable to management service provider as detailed in note 10.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

|  | 2018             | 2017          |
|--|------------------|---------------|
|  | \$               | \$            |
| <b>Note 3 Expenses</b>                 |                  |               |
| Depreciation                           | 4,232            | 6,251         |
| Impairment of investment in subsidiary | 2,538,094        | -             |
| Amortisation                           | 43,346           | 43,346        |
|  | <u>2,585,672</u> | <u>49,597</u> |
| Lease expenses                         | 1,405,231        | 1,333,841     |

As detailed in Note 8, following the acquisition of Alter-Tech on 15 November 2018, WorkVentures incurred an impairment of the carrying value of the investment of \$2,538,094 which has been recognised as an expense in the profit and loss statement. The impairment is a result of the termination of a pre-existing management service agreement between Alter-Tech and WorkVentures on 16 November.

|  | 2018             | 2017             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Note 4 Current assets - Cash and cash equivalents</b> |                  |                  |
| Cash at bank and on hand                                 | 1,357,126        | 1,958,858        |
| Deposits at call   | 2,019,742        | 2,501,396        |
|  | <u>3,376,868</u> | <u>4,460,254</u> |

Commonwealth Bank and Westpac Bank provide bank guarantee of \$41,026 and \$502,664 respectively, which are used as security deposit guarantees for properties leased by the Company



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

|  | 2018             | 2017             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Note 5 Current assets - Receivables</b> |                  |                  |
| Trade receivables                          | 1,964,072        | 2,064,600        |
| Other receivables                          | -                | -                |
| Provision for doubtful receivables         | (638)            | (6,045)          |
|  | <u>1,963,434</u> | <u>2,058,555</u> |

As at 31 December 2018, The Company has written off \$ 5,408 as uncollectible bad debt applied against provision from 2017 : \$ 6,046.

|  | 2018           | 2017           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Note 6 Current assets - Inventories</b> |                |                |
| Inventories                                | <u>257,444</u> | <u>326,110</u> |

Write-down of inventories recognised as an expense during the year ended 31 December 2018 amounted to \$44,911 (2017 : \$35,175).

|   | 2018          | 2017          |
|---|---------------|---------------|
|   | \$            | \$            |
| <b>Note 7 Current assets – Other assets</b> |               |               |
| Prepayments                                 | 15,826        | 24,606        |
| Security deposit                            | <u>30,644</u> | <u>30,644</u> |
|   | <u>46,470</u> | <u>55,250</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

|   | 2018          | 2017     |
|---|---------------|----------|
|   | \$            | \$       |
| <b>Note 8 Non-current Assets – Investment in Subsidiary</b> |               |          |
| Investment in subsidiary                                    | 11,906        | -        |
|   | <b>11,906</b> | <b>-</b> |

WorkVentures acquired Alter-Tech on 15 November 2018. The carrying value of net assets was \$11,906. As a result of this acquisition, WorkVentures incurred an impairment of the carrying value of the Alter-Tech investment of \$2,538,094 which has been recognised as an expense in the profit and loss statement – refer Note 3.

**Note 9 Non-current assets - Property, plant and equipment**

|                                    | Equipment     | Leasehold Improvements | Total          |
|------------------------------------|---------------|------------------------|----------------|
|                                    | \$            | \$                     | \$             |
| <b>Year ended 31 December 2018</b> |               |                        |                |
| Opening net book amount            | 9,628         | 164,912                | 174,540        |
| Additions                          | 7,500         | 38,358                 | 45,858         |
| Disposal                           | -             | -                      | -              |
| Depreciation Charge                | (4,232)       | (43,346)               | (47,578)       |
| <b>Closing net book amount</b>     | <b>12,896</b> | <b>159,924</b>         | <b>172,820</b> |

**At 31 December 2018**

|                          |               |                |                |
|--------------------------|---------------|----------------|----------------|
| At cost                  | 987,172       | 614,038        | 1,601,210      |
| Accumulated depreciation | (974,276)     | (454,114)      | (1,428,390)    |
| <b>Net book amount</b>   | <b>12,896</b> | <b>159,924</b> | <b>172,820</b> |

**Year ended 31 December 2017**

|                                |              |                |                |
|--------------------------------|--------------|----------------|----------------|
| Opening net book amount        | 15,880       | 208,257        | 224,137        |
| Additions                      | -            | -              | -              |
| Disposal                       | -            | -              | -              |
| Depreciation Charge            | (6,251)      | (43,346)       | (49,597)       |
| <b>Closing net book amount</b> | <b>9,629</b> | <b>164,911</b> | <b>174,540</b> |

**At 31 December 2017**

|                          |              |                |                |
|--------------------------|--------------|----------------|----------------|
| At cost                  | 979,672      | 575,680        | 1,555,352      |
| Accumulated depreciation | (970,044)    | (410,768)      | (1,380,812)    |
| <b>Net book amount</b>   | <b>9,628</b> | <b>164,912</b> | <b>174,540</b> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

|  | 2018           | 2017             |
|--|----------------|------------------|
|  | \$             | \$               |
| <b>Note 10 Payables</b>                        |                |                  |
| <i>Unsecured Liabilities</i>                   |                |                  |
| Trade payables and accrued charges             | 488,544        | 583,730          |
| Amount payable to management services provider | -              | 1,050,000        |
| Grants in advance                              | -              | 52,500           |
| Holding deposit                                | 2,068          | 2,068            |
| Fees received in advance                       | 39,700         | 78,346           |
| GST payable                                    | 169,138        | 142,633          |
|  | <u>699,450</u> | <u>1,909,277</u> |

**Non-current**

*Unsecured Liabilities*

|  |                  |                  |
|--|------------------|------------------|
| Amount payable to Non-Trade Creditors          | 1,500,000        | -                |
| Amount payable to management services provider | -                | 1,633,694        |
|  | <u>1,500,000</u> | <u>1,633,694</u> |

The management services provider terminated their entitlement to the right to receive past incentives on 1 November 2018 therefore no amounts are payable as at 31 December 2018. This has been recognised as income in the profit and loss statement as set out in Note 2.

|                           | 2018             | 2017             |
|---------------------------|------------------|------------------|
|                           | \$               | \$               |
| <b>Note 11 Provisions</b> |                  |                  |
| <i>Current</i>            |                  |                  |
| Employee benefits         | 1,640,899        | 1,523,094        |
|                           | <u>1,640,899</u> | <u>1,523,094</u> |
| <i>Non-Current</i>        |                  |                  |
| Employee benefits         | 43,175           | 70,341           |
|                           | <u>43,175</u>    | <u>70,341</u>    |

|  | 2018             | 2017             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Note 12 Equity – Members' funds</b> |                  |                  |
| Balance 1 January                      | 1,938,303        | 2,220,521        |
| Net surplus / (deficit) for the year   | 7,115            | (282,218)        |
|  | <u>1,945,418</u> | <u>1,938,303</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

|  | 2018          | 2017             |
|--|---------------|------------------|
|  | \$            | \$               |
| <b>Note 13 Reconciliation of surplus after income tax to net cash inflow from operating activities</b> |               |                  |
| Surplus for the year   | 7,115         | (282,218)        |
| Depreciation, amortisation and impairment  | 2,585,672     | 49,597           |
| Profit on Disposal of Asset  | -             | (9,500)          |
| Change in operating assets and liabilities   |               |                  |
| (Increase) / decrease in trade receivables   | 95,121        | (969)            |
| Decrease in inventories  | 68,666        | (10,763)         |
| (Increase) / decrease in other assets  | 8,780         | 25,443           |
| (Increase) / decrease in non-current assets  | -             | -                |
| (Decrease) / Increase in trade payables  | (2,843,521)   | (303,444)        |
| (Decrease) / Increase in provisions  | 90,639        | (119,596)        |
| <b>Net cash outflow from operating activities</b>  | <b>12,472</b> | <b>(651,450)</b> |

**Note 14 Lease Commitments**

The company leases various offices under non-cancellable and cancellable leases expiring within one to five years. The leases have terms escalation clauses and renewal rights. On renewal, the terms of the lease are renegotiated.

*Non-cancellable leases*

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

|  | 2018    | 2017    |
|--|---------|---------|
|  | \$      | \$      |
| Within one year                                    | 236,242 | 874,076 |
| Later than one year, but not later than five years | -       | 230,668 |
| Cancellable leases                                 | 103,990 | 103,990 |

Commitments for minimum lease payments in relation to cancellable operating leases which are payable within one year. The above commitments are before GST.

**Note 15 Contingent liabilities**

The Company lease office space under operating lease agreements. The bank guarantee of \$543,690 which are secured by cash deposits with the respective banks. No other contingent liabilities are recorded at balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

**Note 16 Remuneration of Auditors**

|                      | 2018   | 2017   |
|----------------------|--------|--------|
|                      | \$     | \$     |
| Audit services – BDO | 38,000 | 36,000 |

**Note 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 the meeting any outstanding obligations of the Company. As at 31 December 2018 the number of members was 27 (2017: 19).

**Note 18 Fundraising Activities**

Below is additional information furnished under the *Charitable Fundraising Act 1991 (NSW)* and the Office of Charities Fundraising Authority Conditions;

*a) Details of aggregate gross income and total*

|   | 2018   | 2017      |
|---|--------|-----------|
|   | \$     | \$        |
| Gross proceeds from fundraising appeals | 52,500 | 145,500   |
| Total costs of fundraising appeals      | -      | (103,873) |
| Net surplus from fundraising appeals    | 52,500 | 41,627    |
| Net margin from fundraising appeals     | -      | 28.61%    |

*b) Application of funds for charitable purpose*

During the year the company achieved a net surplus of \$52,500 from fundraising appeals. The available surplus was spent on providing training and placement of unemployed youth and school leavers.

**Note 19 Subsequent Events**

The company was not aware of any events that have occurred after reporting date which are of such significance that they need to be disclosed or recognised in the financial statements.

**Note 20 Company Details**

The registered office of the company is:

WorkVentures Ltd  
146 O'Riordan Street  
Mascot, NSW 2020

The principal place of business is:

WorkVentures Ltd  
146 O'Riordan Street  
Mascot, NSW 2020





**WorkVentures**  
Social inclusion through technology

#### DIRECTORS' DECLARATION

In accordance with a resolution of the directors of WorkVentures Ltd, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 19, are in accordance with the Division 60 of the *Australian Charities and Not-for-profit Commission Act 2012*, including:
  - a. give a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
  - b. complies with Note 1 and the requirements of Division 60 of the *Australian Charities and Not-for-profit Commission Act 2012*.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

We also report that::

1. the financial statements show a true and fair view of the financial results of fundraising appeals for the year ended 31 December 2018, as required by the *Charitable Fundraising Act 1991*;
2. the accounting and associated records of WorkVentures Ltd have been kept in accordance with the *Charitable Fundraising Act 1991* and the Regulations for the year ended 31 December 2018;
3. money received as a result of fundraising appeals conducted during the year have been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991* and the Regulation; and
4. as at the date of this report, there are reasonable grounds to believe that WorkVentures Ltd will be able to pay its debts as and when they fall due.

Director

Andrew Macpherson, Chairperson

Dated this

Twenty Eight

day of

March

2019

## INDEPENDENT AUDITOR'S REPORT

To the members of WorkVentures Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of WorkVentures Limited, which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of WorkVentures Limited (the registered entity), is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, Note 1 of the financial statements, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Report on Other Legal and Regulatory Requirements

We also report that:

- (a) the accompanying financial report shows a true and fair view of the financial result of fundraising appeals for the year ended 31 December 2018, as required by the *Charitable Fundraising Act 1991*;

- (b) the accounting and associated records of WorkVentures Limited have been kept in accordance with the *Charitable Fundraising Act 1991* and the associated Regulations for the year ended 31 December 2018;
- (c) money received as a result of fundraising appeals conducted during the year have been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991* and the associated Regulations; and
- (d) as at the date of this report, there are reasonable grounds to believe that WorkVentures Limited will be able to pay its debts as and when they fall due.

#### **Emphasis of matter - Basis of accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the *ACNC Act*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### **Other information**

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of directors for the Financial Report**

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *ACNC Act*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

### **BDO East Coast Partnership**

A handwritten signature in black ink. The signature starts with 'BDO' in a stylized, cursive-like font, followed by a large, flowing signature that appears to be 'Paul Bull'.

Paul Bull  
Partner

Sydney, 28 March 2019