

# Financial Statements

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For the year ended 31 December 2020

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# Directors Report

The Directors present their report together with the financial statements on WorkVentures Limited (“the Company” or “WorkVentures”) for the year ended 31 December 2020.

## Information on Directors

The names of directors who held office at any time during, or since the end of the year are set out below together with the information on director’s qualifications and special responsibilities:

| Name of Director  | Qualification  | Occupation                 | Special Responsibilities                   | Year commenced |
|-------------------|--|----------------------------|--|----------------|
| Andrew Macpherson | B Indust. Eng. (Hon),<br>MAICD                           | Non-executive<br>Director  | Chair                                      | April 2017     |
| Jennine Blundell  | M Mgt. (UTS) B. Bus (UTS),<br>Grad. Cert NFP Mgt (UTS)   | Chief Executive<br>Officer |  | April 2017     |
| Joanne Gorton     | B Bus, ICAA, Registered<br>Company Auditor, MAICD        | Partner                    | Chair, Finance, Audit<br>& Risk Management | June 2016      |
| Inese Kingsmill   | B Bus (Marketing)  | Non-executive<br>Director  |  | Feb 2018       |
| Doug Taylor       | Bachelor of Arts (UWS),<br>Grad Cert Mgt (UTS),<br>GAICD | Executive<br>Director      |  | Jan 2019       |
| Bruce Thomlinson  | Cert in Engineering NZ                                   | Director                   |  | Feb 2015       |

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

## What do we do

The principal activities of the company during the financial year were training and job placements for vulnerable, disadvantaged, unemployed young people and school leavers; providing technology to those who are digitally excluded from society through the sale of refurbished technology and call centre support; responsible recycling of technology and electronic repairs. No significant change in the nature of these activities occurred during the year.

## A review of our operations for 2020

WorkVentures is three years through the implementation of its 2018-2020 Strategic Plan which supports an investment in social impact, business growth and infrastructure that will position the organisation for future.

The company delivered a profit of \$856,353 in 2020 (2019: \$380,893 - deficit) resulting from a gross revenue of \$8,639,943 (2019: \$8,905,967) assisted primarily by improved revenue in refurbished technology sales and in job keeper payments. Operating expenses in 2020 increased by 0.91% to \$9,445,481.

## Directors Report (continued)

2020 was a year full of significant challenges and opportunities brought about by the Covid-19 pandemic.

WorkVentures responded proactively assessing the risks to our organisation with the focus on protecting our staff and clients and ensuring customers' services continued and needs were met.

We spent the first part of 2020 putting in place robust people, technology, supply chain, financial and operational plans to safeguard our organisation from the impacts brought on by Covid-19. Having managed this process well, the organisation was in the position in the second half of 2020 to identify and re-focus our mid-term organisational strategy to position our organisation to deliver on its mission and operating activities.

Key highlights for 2020 include:

- Create greater social impact through increasing digital inclusion by providing over 5,200 refurbished hardware devices to other NFPs supporting aboriginal organisations, schools and socially disadvantaged individuals and communities during Covid-19. This creates opportunities to work with new NFP partners, Government and philanthropic organisations in 2021.
- Proudly represented 3 finalists in the prestigious NSW Training Awards, with 1 trainee taking out the 'trainee of the year' award and 2 trainees taking out the 'Aboriginal and Torrens Island state' award
- Formed a partnership with Uniting to provide traineeships to Indigenous trainees across the Uniting LAC program in NSW to support their diversity goals.
- Focus on leadership development for emerging leaders with 5 key leaders attending intensive leadership education, mentoring and coaching
- Secured critical business continuity processes for both WorkVentures and some of its major customers and vendors during significant disruptive events such as Covid-19 and critical IT outages
- Partnered with the Deloitte Foundation 'unleashing Social leaders program' to help build the capacity and capability of the leadership team.
- Completed phase I of a detailed feasibility study for identifying new social enterprise opportunities that grow and scale our social impact. The outcome of the feasibility will support WorkVentures seeking targeted grant and philanthropic funding opportunities
- Continued focus on business development growth with existing and new customers, potential new technologies and continued growth in e-Bay sales.
- Strategically closed one Sydney site and integrated into 146 O'Riordan St, Mascot
- Well advanced into Phase II of the IT Strategic review launched in 2019.

### Meeting of Directors

The Directors meet on a bi-monthly basis with 6 meetings held in the financial year to 31 December 2020. The number of meetings of the Company's board of directors held during the year ended 31 December 2020, and the numbers of meetings attended by each director were:

| Name              | Board 2020 |          | FARM 2020 |          |
|-------------------|------------|----------|-----------|----------|
|                   | Eligible   | Attended | Eligible  | Attended |
| Jennine Blundell  | 6          | 6        | 3         | 3        |
| Andrew Macpherson | 6          | 6        | 3*        | 2        |
| Joanne Gorton     | 6          | 6        | 3         | 3        |
| Bruce Thomlinson  | 6          | 5        | 3         | 3        |
| Inese Kingsmill   | 6          | 5        | -         | -        |
| Doug Taylor       | 6          | 6        | -         | -        |

\* Optional

## Directors Report (continued)

### Insurance 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.

### Environmental Regulation

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

### 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.

### Members' guarantee

WorkVentures Limited is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If WorkVentures Limited is wound up, the liability of each member (during the time or within one year afterwards) is limited to \$100.

### Subsequent Events

In the interval between the end of the financial year and the date of this report, no transaction or event of a material and unusual nature has arisen to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

### Auditor

BDO Audit Pty Ltd continues in office.



**Andrew Macpherson**

**Chair**

26 March 2021

# Financial Statements

## Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2020

|   | Note | 2020           | 2019             |
|---|------|----------------|------------------|
|   |      | \$             | \$               |
| Revenue from continuing operations                                | 2    | 8,639,943      | 8,905,967        |
| Other income  | 2    | 1,661,891      | 73,380           |
| Changes in inventories  |      | (6,545)        | (37,497)         |
| Raw materials and consumables used                                |      | (524,312)      | (325,764)        |
| Employee benefits expenses  |      | (6,531,022)    | (6,719,605)      |
| Cost of sub-contracted repair services                            |      | -              | -                |
| Lease expenses  |      | (627,765)      | (900,925)        |
| Communication expense   |      | (598,032)      | (463,170)        |
| Administration expense  |      | (166,660)      | (181,093)        |
| Depreciation, amortisation and impairment                         | 3    | (782,138)      | (576,719)        |
| Bad and doubtful debts  |      | (1,239)        | -                |
| Cost of fundraising appeals                                       |      | (370)          | (400)            |
| Marketing and promotion   |      | (42,897)       | (27,036)         |
| Other expenses from continuing operations                         |      | (164,501)      | (128,031)        |
| <b>(Deficit) / Surplus for the year before income tax expense</b> |      | <b>856,353</b> | <b>(380,893)</b> |
| <b>Income tax expense</b>   | 1(a) | -              | -                |
| <b>(Deficit) / Surplus for the year</b>                           |      | <b>856,353</b> | <b>(380,893)</b> |
| Other comprehensive income  |      | -              | -                |
| <b>Total comprehensive (Loss) / income for the year</b>           |      | <b>856,353</b> | <b>(380,893)</b> |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

As at 31 December 2020

|                                      | Note | 2020             | 2019             |
|--------------------------------------|------|------------------|------------------|
|                                      |      | \$               | \$               |
| <b>Assets</b>                        |      |                  |                  |
| <b>Current Assets</b>                |      |                  |                  |
| Cash and cash equivalents            | 4    | 4,131,345        | 2,574,560        |
| Receivables                          | 5    | 1,591,478        | 1,562,589        |
| Inventories                          | 6    | 213,400          | 219,948          |
| Other Assets                         | 7    | 54,743           | 65,779           |
| <b>Total Current Assets</b>          |      | <b>5,990,966</b> | <b>4,422,876</b> |
| <b>Non-Current Assets</b>            |      |                  |                  |
| Property, plant & equipment          | 8    | 88,680           | 138,841          |
| Right-of-use Assets                  | 9    | 211,674          | 931,469          |
| <b>Total Non-Current Assets</b>      |      | <b>300,354</b>   | <b>1,070,310</b> |
| <b>Total Assets</b>                  |      | <b>6,291,320</b> | <b>5,493,186</b> |
| <b>Liabilities</b>                   |      |                  |                  |
| <b>Current Liabilities</b>           |      |                  |                  |
| Payables                             | 10   | 1,931,565        | 1,034,092        |
| Lease Liabilities                    | 11   | 211,674          | 719,795          |
| Provisions                           | 12   | 1,403,409        | 1,339,305        |
| <b>Total Current Liabilities</b>     |      | <b>3,546,648</b> | <b>3,093,192</b> |
| <b>Non-current Liabilities</b>       |      |                  |                  |
| Payables                             | 10   | 300,000          | 600,000          |
| Lease Liabilities                    | 11   | -                | 211,674          |
| Provisions                           | 12   | 23,795           | 23,795           |
| <b>Total Non-Current Liabilities</b> |      | <b>323,795</b>   | <b>835,469</b>   |
| <b>Total Liabilities</b>             |      | <b>3,870,443</b> | <b>3,928,661</b> |
| <b>Net assets</b>                    |      | <b>2,420,877</b> | <b>1,564,525</b> |
| <b>Equity</b>                        |      |                  |                  |
| <b>Members' funds</b>                |      | <b>2,420,877</b> | <b>1,564,525</b> |

The above statement of financial position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

For the year ended 31 December 2020

|   | 2020             | 2019             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Equity – Accumulated funds</b>             |                  |                  |
| <b>Balance at the beginning of the period</b> | <b>1,564,524</b> | <b>1,945,418</b> |
| Net (deficit) / surplus for the year          | <b>856,353</b>   | (380,893)        |
| Total Other Comprehensive income              | -                | -                |
| <b>Balance at the end of the period</b>       | <b>2,420,877</b> | <b>1,564,525</b> |

The above statement of statement of changes in equity should be read in conjunction with the accompanying notes.



## Statement of Cash Flows

For the year ended 31 December 2020

|   |    | 2020             | 2019             |
|---|----|------------------|------------------|
|   |    | \$               | \$               |
| <b>Cash flows from operating activities</b>                           |    |                  |                  |
| Receipts from customers (inclusive of goods and services tax)         |    | 9,938,229        | 11,203,363       |
| Payment to suppliers and employees (including goods and services tax) |    | (8,895,287)      | (11,086,311)     |
| Receipts from Government stimulus funding                             |    | 1,452,423        | -                |
| Interest received   |    | 2,449            | 73,380           |
| <b>Net cash provided by operating activities</b>                      | 13 | <b>2,497,814</b> | <b>190,432</b>   |
| <b>Cash flows from investing activities</b>                           |    |                  |                  |
| Payments for property, plant & equipment                              |    | (12,182)         | (25,789)         |
| Proceeds from property, plant & equipment                             |    | 15,948           | -                |
| Payments for purchase of investment                                   |    | (225,000)        | (450,000)        |
| <b>Net cash (used in) investing activities</b>                        |    | <b>(221,234)</b> | <b>(475,789)</b> |
| <b>Cash flows from financing activities</b>                           |    |                  |                  |
| Payments for lease liabilities  |    | (719,795)        | (516,951)        |
| <b>Net cash (used in) financing activities</b>                        |    | <b>(719,795)</b> | <b>(516,951)</b> |
| <b>Net (decrease) / increase in cash and cash equivalents</b>         |    | <b>1,556,785</b> | <b>(802,308)</b> |
| Cash and cash equivalents at the beginning of the financial year      |    | <b>2,574,560</b> | <b>3,376,868</b> |
| <b>Cash and cash equivalents at the end of the financial year</b>     |    | <b>4,131,345</b> | <b>2,574,560</b> |

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to Financial Statements

## For the Year Ended 31 December 2020

### 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 26 March 2021 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, 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. Income Tax**

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

##### **b. 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.

##### **c. New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

|   | 2020             | 2019             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Note 2 Revenue</b>                   |                  |                  |
| Sales revenue                           |                  |                  |
| Services rendered                       | 5,465,274        | 6,240,159        |
| Sale of goods                           | 2,179,159        | 1,337,981        |
| Fees from host employers                | 932,960          | 1,205,019        |
| Government grants                       | 60,500           | 120,962          |
| Gross proceeds from fundraising appeals | 2,050            | 1,846            |
|   | <b>8,639,943</b> | <b>8,905,967</b> |
| <b>Other Income</b>                     |                  |                  |
| Interest revenue                        | 2,449            | 50,121           |
| Job keeper                              | 1,526,923        | -                |
| Government subsidies                    | 116,571          |                  |
| Proceeds from sale of assets            | 15,948           | 17,320           |
| Dividend Income                         | -                | 5,939            |
|   | <b>1,661,891</b> | <b>73,380</b>    |

**Revenue recognition**

The company recognises revenue as follows:

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*Fundraising revenue*

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

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

*Grants*

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied. The grants received relate to incentive training payments from the Federal Government by the Department of education, employment and workplace relations.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other income*

Other revenue is recognised when it is received or when the right to receive payment is established. In 2020 this included the JobKeeper Government stimulus funding of \$1,526,923 as well as Government subsidies in the form of Covid-19 cashflow boost from the Australian taxation office of \$87,500. 2019 included \$5,939 of dividend income from Alter Tech.

*Volunteer services*

The company has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

*Donations*

Donations are recognised at the time the pledge is made. The company has elected not to recognise donations of low-value assets which are acquired for consideration that was significantly less than fair value principally to enable the entity to meet its objectives.

*Judgement and Estimates: Revenue from contracts with customers involving the sale of goods*

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of access.

|   | 2020           | 2019           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>Note 3 Expenses</b>                        |                |                |
| Depreciation on property, plant and equipment | 62,343         | 68,024         |
| Depreciation of Right of use asset            | 719,795        | 508,695        |
|   | <b>782,138</b> | <b>576,719</b> |

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.

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

|   | 2020             | 2019             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Note 4 Current assets – Cash and cash equivalent</b> |                  |                  |
| Cash at bank and on hold                                | 3,992,539        | 967,874          |
| Deposits at call  | 138,806          | 1,606,686        |
|   | <b>4,131,345</b> | <b>2,574,560</b> |

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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Commonwealth Bank provides bank guarantees of \$41,026 relating to corporate credit cards.

|  | 2020             | 2019             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Note 5 Current assets – Receivables</b> |                  |                  |
| Trade receivables                          | 1,046,325        | 1,101,963        |
| Other receivables                          | -                | -                |
| Accrued Income*                            | 545,791          | 461,264          |
| Provision for doubtful receivables         | (638)            | (638)            |
|  | <b>1,591,478</b> | <b>1,562,589</b> |

\*In 2020, accrued income balances included \$162,000 in accrued JobKeeper income.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30-60 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

*Other receivables*

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

*Accrued income*

Accrued income is recognised when the company has transferred goods or services to the customer but where the entity is yet to establish an unconditional right to consideration.

*Judgement and Estimates - Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

As at 31 December 2020, The Company had no uncollectible bad debt and therefore nothing has been applied against provision from 2019: \$nil.

|  | 2020           | 2019           |
|--|----------------|----------------|
|  | \$             | \$             |
|  |                |                |
| <b>Note 6 Current assets – Inventories</b> |                |                |
| Inventories                                | <b>213,400</b> | <b>219,948</b> |

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.

*Judgement and Estimates: Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence. Write-down of inventories recognised as an expense during the year ended 31 December 2020 amounted to \$13,621 (2019: \$30,082).

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | \$            | \$            |
|   |               |               |
| <b>Note 7 Current assets – Other assets</b> |               |               |
| Prepayments                                 | 24,099        | 35,135        |
| Security deposit                            | 30,644        | 30,644        |
|   | <b>54,743</b> | <b>65,779</b> |

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

**Note 8 Non-Current assets – Property, plant and equipment**

|                                    | Equipment     | Leasehold Improvements | Total          |
|------------------------------------|---------------|------------------------|----------------|
|                                    | \$            | \$                     | \$             |
| <b>Year ended 31 December 2020</b> |               |                        |                |
| Opening net book amount            | 27,754        | 111,087                | 138,841        |
| Additions                          | 12,182        | -                      | 12,182         |
| Disposal                           | -             | -                      | -              |
| Depreciation charge                | (11,325)      | (51,018)               | (62,343)       |
| <b>Closing net book amount</b>     | <b>28,611</b> | <b>60,069</b>          | <b>88,680</b>  |
| <b>At 31 December 2020</b>         |               |                        |                |
| At cost                            | 907,760       | 616,218                | 1,523,978      |
| Accumulated depreciation           | (879,149)     | (556,149)              | (1,435,298)    |
| <b>Net book amount</b>             | <b>28,611</b> | <b>60,069</b>          | <b>88,680</b>  |
| <b>Year ended 31 December 2019</b> |               |                        |                |
| Opening net book amount            | 12,896        | 168,182                | 181,078        |
| Additions                          | 23,609        | 2,180                  | 25,789         |
| Disposal                           | -             | -                      | -              |
| Depreciation Charge                | (8,751)       | (59,273)               | (68,024)       |
| <b>Closing net book amount</b>     | <b>27,754</b> | <b>111,087</b>         | <b>138,841</b> |
| <b>As at 31 December 2019</b>      |               |                        |                |
| At cost                            | 970,983       | 616,218                | 1,587,201      |
| Accumulated depreciation           | (943,229)     | (505,131)              | (1,448,360)    |
| <b>Net book amount</b>             | <b>27,754</b> | <b>111,087</b>         | <b>138,841</b> |

Leasehold improvements 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 leasehold improvements is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives, as follows:

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

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

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.

|                                   | 2020           | 2019           |
|-----------------------------------|----------------|----------------|
|                                   | \$             | \$             |
| <b>Note 9 Right-of-use Assets</b> |                |                |
| Opening net book amount           | 931,469        | 1,440,164      |
| Additions                         | -              | -              |
| Disposal                          | -              | -              |
| Depreciation charge               | (719,795)      | (508,695)      |
| <b>Closing net book amount</b>    | <b>211,674</b> | <b>931,469</b> |
| At cost                           | 1,440,164      | 1,440,164      |
| Accumulated depreciation          | (1,228,490)    | (508,695)      |
| <b>Closing net book amount</b>    | <b>211,674</b> | <b>931,469</b> |

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and moving the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with the terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Additions to the right-of-use assets during the year were nil.**

The company leases land and buildings for its offices and warehouses under agreements of between one to two years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.



Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

**Judgement and Estimates – Lease term**

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

**Judgement and Estimates – Incremental borrowing rate**

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

|                                       | 2020             | 2019             |
|---------------------------------------|------------------|------------------|
|                                       | \$               | \$               |
| <b>Note 10 Payables</b>               |                  |                  |
| Unsecured Liabilities                 |                  |                  |
| Trade payables and accrued charges    | 1,015,092        | 371,171          |
| Amount payable to Non-trade Creditors | 525,000          | 487,670          |
| Holding deposit                       | 2,068            | 2,068            |
| Fees received in advance              | 261,093          | 64,511           |
| GST payable                           | 128,312          | 108,672          |
|                                       | <b>1,931,565</b> | <b>1,034,092</b> |
| <b>Non-Current</b>                    |                  |                  |
| Unsecured Liabilities                 |                  |                  |
| Amount payable to Non-trade Creditors | 300,000          | 600,000          |
|                                       | <b>300,000</b>   | <b>600,000</b>   |

Trade and Other Payables 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. 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.

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

|                                  | 2020           | 2019           |
|----------------------------------|----------------|----------------|
|                                  | \$             | \$             |
|                                  |                |                |
| <b>Note 11 Lease Liabilities</b> |                |                |
| Current                          | 211,674        | 719,795        |
| Non-Current                      | -              | 211,674        |
|                                  | <b>211,674</b> | <b>931,469</b> |

Lease liabilities represent the remaining obligations for 2 commercial leased properties. During the year Work Ventures received \$43,075 in rent concessions.

|                           | 2020             | 2019             |
|---------------------------|------------------|------------------|
|                           | \$               | \$               |
|                           |                  |                  |
| <b>Note 12 Provisions</b> |                  |                  |
| Current                   |                  |                  |
| Employee benefits         | 1,403,409        | 1,339,305        |
|                           | <b>1,403,409</b> | <b>1,339,305</b> |
|                           |                  |                  |
| Non-Current               |                  |                  |
| Employee benefits         | 23,795           | 23,795           |
|                           | <b>23,795</b>    | <b>23,795</b>    |

**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 probability discounted 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.

**Other 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

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

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.

|  | 2020               | 2019             |
|--|--------------------|------------------|
|  | \$                 | \$               |
| <b>Note 13 Reconciliation of surplus after income tax to net cash inflow from operating activities</b> |                    |                  |
| (Deficit) / Surplus for the year   | 856,353            | (380,893)        |
| Depreciation, amortisation and impairment  | 782,138            | 576,719          |
| Profit on Disposal of Assets   | (15,948)           |                  |
| Change in operating assets and liabilities   |                    |                  |
| (Increase) / decrease in trade and other receivables   | 44,158             | 400,844          |
| (Increase) / decrease in inventories   | 6,547              | 37,497           |
| (Increase) / decrease in other assets  | 11,037             | (19,309)         |
| (Increase) / decrease in non-current assets  | -                  | 11,906           |
| (Decrease) / increase in trade payables  | 820,002            | (115,358)        |
| (Decrease) / increase in provisions  | (6,473)            | (320,974)        |
| <b>Net cash outflow from operating activities</b>  | <b>(2,497,814)</b> | <b>(190,432)</b> |

**Note 14 Lease Commitments**

*Non-cancellable leases*

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

|   | 2020   | 2019   |
|---|--------|--------|
|   | \$     | \$     |
| Within one year                                   | 8,256  | 20,876 |
| Later than one year, but no later than five years | 12,384 | 20,640 |

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

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

**Note 15 Contingent liabilities**

The Company lease office space under lease agreements. The bank guarantee of \$100,986 which is secured by cash deposits with the respective banks. No other contingent liabilities are recorded at balance date.

|   | 2020   | 2019   |
|---|--------|--------|
|   | \$     | \$     |
|   |        |        |
| <b>Note 16 Remuneration of Auditors</b> |        |        |
| Audit services – BDO                    | 38,000 | 39,500 |

**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 2020 the number of members was 30 (2019: 30).

**Note 18 Fundraising Activities**

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

**a. Details of aggregate gross income and total**

|   | 2020  | 2019  |
|---|-------|-------|
|   | \$    | \$    |
| Gross proceeds from fundraising appeals | 2,050 | 1,846 |
| Total costs of fundraising appeals      | -     | -     |
| Net surplus from fundraising appeals    | -     | -     |
| Net margin from fundraising appeals     | -     | -     |

**b. Application of funds for charitable purpose**

During the year the company did not engage in any fundraising appeals

**Note 19 Subsequent Events**

In the interval between the end of the financial year and the date of this report, no transaction or event of a material and unusual nature has arisen to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

**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

## Director's 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 6 to 21, 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 2020 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 2020 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 2020;
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, Chair**

Dated this 26th day of March 2021

## 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 (the registered entity), which comprises the statement of financial position as at 31 December 2020, 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, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 31 December 2020 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 (including Independence Standards)* (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.

#### 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 WorkVentures Limited'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 and the needs of the members. The Directors' responsibility also includes such internal control as the Director's 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 Audit Pty Ltd**

BDO  


Leah Russell  
Director

Sydney, 26 March 2021