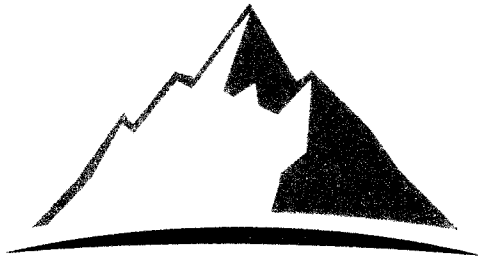


Friends of Nepal Adelaide Inc.

(ABN 25 785 726 975)

Financial Statements

For the year ended 30 June 20



**FRIENDS OF NEPAL
ADELAIDE INC.**

Friends of Nepal Adelaide Inc

Principal activities

During the year, the principal activities of the Association was to administer an Education Scholarship program to provide funding support for post Year 10 education &/or vocational training opportunities for severely disadvantaged Nepali students.

There have been no significant changes in the nature of these activities during the year.

Our Goals

To support severely disadvantaged Nepalese undertake education and/or vocational training to better their lives and prospects.

Statement of Ethical Principles

Friends of Nepal-Adelaide Inc is committed to:

- Removing financial barriers for severely disadvantaged Nepalese to access education.
- Prioritising funding allocation so it goes where it is most needed.
- Being aware of the issues affecting students and advocating for their interests.
- Supporting efforts to encourage all students, to aspire to and plan for education beyond high school.
- Respecting the dignity and protecting the privacy of students, and ensuring the confidentiality of student records and personal circumstances.
- The highest level of ethical behaviour & professionalism.
- Respectful collaboration with our key stakeholders.
- Conducting annual reviews of all programs to ensure the best outcomes for students.

Financial.

- FONAI committee manages the daily operations in Australia.
- FES Coordinator & Education Manager manage daily operations in Nepal.
- Audits of our Australian & Nepali accounts are completed as per required regulations in both countries.

Key Stakeholders.

- Mission for Modern Social Development- Nepal
 - Rotary Club of Brownhill Creek (Adelaide S.A.)
 - Rotary Club of Blackwood (Adelaide S.A.)
 - Children's Future Fund – Germany
 - The Friends of Pulteney
-
- The Committee and volunteers are committed to creating new, and maintaining existing, programs in support of the underprivileged people. Committed staff and volunteers allow the entity the ability to engage in continuous improvement
 - The Committee and volunteers strive to meet consistent standards of best practice and provide clear expectations of professional accountabilities and responsibilities to all stakeholders.

Friends of Nepal Adelaide Inc.

Responsible Entities' meetings

The number of meetings of Responsible Entities (including meetings of Committees of Responsible Entities) held during the year, and the number of meetings attended by each Responsible Entity, are as follows:

| Director | Responsible Entities Meetings | |
|------------------|-------------------------------|---|
| | A | B |
| Denise Roscrow | 7 | 7 |
| Sue Wymond | 7 | 6 |
| Lynne Rawson | 7 | 7 |
| Ainsley Roscrow | 7 | 7 |
| Malcom Lindquist | 7 | 6 |
| Jo Bourchier | 7 | 6 |
| Bhim Kumar | 7 | 3 |
| Pursottam Dahal | 1 | 1 |

Where:

- column A is the number of meetings the Responsible Entity was entitled to attend
- column B is the number of meetings the Responsible Entity attended

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included in page 4 of this financial report and forms part of the Responsible Entities' Report.

Signed in accordance with a resolution of the Responsible Entities



Denise Roscrow
Chair

31 August 2017

Friends of Nepal Adelaide Inc.

Auditor's Independence Declaration

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF FRIENDS OF NEPAL ADELAIDE INC.

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Friends of Nepal – Adelaide Inc. for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.



Philip Paterson
Chartered Accountant
Adelaide, 31 August 2017

Friends of Nepal Adelaide Inc.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

| | Notes | 2017 \$ |
|---|-------|---------------|
| Revenue | 4 | 61,526 |
| Changes in inventories | | 1,115 |
| Employee benefits expense | | 0 |
| Depreciation expense | | 0 |
| Student support expenses | 5 | 26,067 |
| Fundraising expenses | | 7,558 |
| Other expenses | | 2,728 |
| Surplus / (deficit) before income tax | | 26,288 |
| Income tax expense | 3.11 | 0 |
| Surplus / (deficit) for the year | | 26,288 |
| Other comprehensive income | | 0 |
| Total comprehensive income / (loss) for the period | | 26,288 |

This statement should be read in conjunction with the notes to the financial statements.

Friends of Nepal Adelaide Inc.

Statement of Financial Position

As at 30 June 2017

| | Notes | 2017 \$ |
|---------------------------|-------|---------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | 5 | 25,173 |
| Inventories | 6 | 1,115 |
| Total assets | | 26,288 |
| Liabilities | | |
| Current | | |
| Trade and other payables | 7 | 0 |
| Total liabilities | | 0 |
| Net assets | | 26,288 |
| Equity | | |
| Retained earnings | | 26,288 |
| Total equity | | 26,288 |

This statement should be read in conjunction with the notes to the financial statements

Statement of Changes in Equity

For the year ended 30 June 2017

| | Notes | Reserves \$ | Retained earnings \$ | Total equity \$ |
|---|-------|----------------|-------------------------|--------------------|
| Balance at 1 July 2016 | | 0 | 0 | 0 |
| Profit for the year | | 0 | 26,288 | 26,288 |
| Other comprehensive income | | 0 | 0 | 0 |
| Total comprehensive income for the year | | 0 | 26,288 | 26,288 |
| Balance at 30 June 2017 | | 0 | 26,288 | 26,288 |

This statement should be read in conjunction with the notes to the financial statements

Friends of Nepal Adelaide Inc.

Statement of Cash Flows

For the year ended 30 June 2017

| | Notes | 2017 \$ |
|--|-------|---------------|
| Operating activities | | |
| Receipts from: | | |
| • donations and appeals | | 27,694 |
| • sponsorships | | 8,650 |
| • government grants | | 0 |
| • charitable foundations (RAWCS) | | 2,200 |
| • sale of goods | | 1,935 |
| • dividend income | | 0 |
| • interest income | | 0 |
| • fundraising / events | | 21,047 |
| Payments to clients, suppliers and employees | | (36,353) |
| Net cash provided by operating activities | | 25,173 |
| Investing activities | | |
| Net cash provided by / (used in) investing activities | | 0 |
| Financing activities | | |
| Net cash from / (used in) financing activities | | 0 |
| Net change in cash and cash equivalents | | 25,173 |
| Cash and cash equivalents, beginning of year | | 0 |
| Cash and cash equivalents, end of year | 5 | 25,173 |

This statement should be read in conjunction with the notes to the financial statements.

Friends of Nepal Adelaide Inc.

Notes to the Financial Statements

1 General information and statement of compliance

The financial report includes the financial statements and notes of Friends of Nepal – Adelaide Inc.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. Friends of Nepal – Adelaide Inc. is a not-for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 30 June 2017 were approved and authorised for issue by the Board of Responsible Entities on 31 August 2017.

2 Changes in accounting policies

There have been no significant changes to accounting policies. The period ending 30 June 2017 is the first reporting period for this entity and accordingly there is no prior year comparative data.

3 Summary of accounting policies

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

3.2 Revenue

Revenue comprises revenue from the sale of goods, government grants, fundraising activities and client contributions. Revenue from major products and services is shown in Note 4.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities have been met. Details of the activity-specific recognition criteria are described below.

Sale of goods

Revenue from the sale of goods comprises revenue earned from the sale of goods donated and purchased for resale. Sales revenue is recognised when the control of goods passes to the customer.

Client contributions

Fees charged for care or services provided to clients are recognised when the service is provided.

Friends of Nepal Adelaide Inc.

Donations and bequests

Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Group becomes legally entitled to the shares or property.

Interest and dividend income

Interest income is recognised on an accrual basis using the effective interest method. Dividend income are recognised at the time the right to receive payment is established.

3.3 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

3.4 Property, plant and equipment

At this time the Association has no property, plant or equipment.

3.5 Inventories

Inventories comprises goods for resale and goods for distribution at no or nominal consideration as part of the Group's charitable activities. Inventories may be purchased or received by way of donation.

Goods for resale

Inventories of goods for resale are valued at the lower of cost and net realisable value. No value is ascribed to goods for resale that have been donated to the Group where fair value cannot be reliably determined. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

Goods held for distribution

Donated goods and goods purchased for nominal consideration held for distribution are initially recognised at their current replacement cost at date of acquisition. Inventories of goods purchased and held for distribution are initially recognised at costs. The cost of bringing each product to its present location and condition is determined on a first-in, first-out basis.

3.6 Income taxes

No provision for income tax has been raised as the Group is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.8 Reserves

Retained earnings include all current and prior period retained profits.

3.9 Employee benefits

The Association has no employees and there are no wage based expenses.

Friends of Nepal Adelaide Inc.

3.10 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

3.11 Economic dependence

The Group is dependent upon the ongoing receipt of community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report management has no reason to believe that this financial support will not continue.

3.12 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

4 Revenue

The Group's revenue may be analysed as follows for each major product and service category:

| | 2017 \$ |
|----------------------------------|---------------|
| Revenue | |
| Sale of goods | 1,935 |
| Fundraising: | |
| • Individuals / events | 21,047 |
| • charitable foundations (RAWCS) | 2,200 |
| • sponsorships | 8,650 |
| Government grants | 0 |
| Donations | 27,694 |
| Investment income: | |
| • interest | 0 |
| • dividends | 0 |
| Other income | 0 |
| Total | 61,526 |

Friends of Nepal Adelaide Inc.

Student Support Costs

| | 2017 \$ |
|----------------------------------|---------------|
| Expenditure | |
| Living and accommodation costs | 18,246 |
| Course fees and associated costs | 6,516 |
| Medical expenses | 1,305 |
| Total | 26,067 |

5 Cash and cash equivalents

Cash and cash equivalents consist the following:

| | 2017 \$ |
|----------------------------------|---------------|
| Cash on hand | |
| Cash at bank | 23,510 |
| Foreign currency | 1,663 |
| Cash and cash equivalents | 25,173 |

5.1 Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the statement of financial position as follows:

| | Notes | 2017 \$ |
|--|-------|---------------|
| Cash and cash equivalents | | 25,173 |
| Total comprehensive income | | 26288 |
| Less: changes in inventory | | 1,115 |
| Net cash provided from operating activities | | 25,173 |

6 Inventories

Inventories consist of the following:

| | 2017 \$ |
|------------------------------|--------------|
| At cost: | |
| • inventory | 1,115 |
| At current replacement cost: | |
| • donated inventory | 0 |
| Total | 1,115 |

7 Trade and other payables

Trade and other payables recognised consist of the following:

| | 2017 \$ |
|---------------------------------------|------------|
| Current: | |
| • trade payables | 0 |
| • other creditors and accruals | 0 |
| Total trade and other payables | 0 |

Friends of Nepal Adelaide Inc.

Independent Auditor's Report

TO THE MEMBERS OF FRIENDS OF NEPAL – ADELAIDE INC.

Report on the Audit of the Financial Report

Auditor's Opinion

We have audited the accompanying financial report of Friends of Nepal – Adelaide Inc. (the "Association") which comprises the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the statement by the Committee.

In our opinion, the financial report of Friends of Nepal – Adelaide Inc. has been prepared in accordance with the *Incorporated Associations Act 1985 (SA)* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a giving a true and fair view of the Association's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Qualified Opinion

Cash donations are a significant source of fundraising revenue for Friends of Nepal – Adelaide Inc. The Association has determined that it is impracticable to establish control over the collection of cash donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to cash donations had to be restricted to amounts recorded in the financial records. We are therefore unable to express an opinion on whether the recorded cash donations of Friends of Nepal – Adelaide Inc. are complete.

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

Responsibilities of the Committee of Management for the Financial Report

The Committee of Management of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Incorporated Associations Act 1985 (SA)* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.