

Friends of Nepal Adelaide Inc.

(ABN 25 785 726 975)

Financial Statements

For the year ended 30 June 2018



Friends of Nepal Adelaide Inc.

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Responsible Entities' Report

The Responsible Entities of Friends of Nepal - Adelaide Inc. (FONAI) present their report for the year ended 30 June 2018 and the Independent Audit Report thereon.

Responsible Entities details

The following persons formed the Committee of FONAI during or since the end of the financial year.

Denise Roscrow – Chair
Sue Wymond – Treasurer
Lynne Rawson – Fundraising Chair
Ainsley Roscrow _ Secretary
Malcom Lindquist
Jo Bouchier
Bernadette Jarvis

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.

In October 2017 FONIA entered into a three year partnership with Child Development Society Nepal to facilitate funding for a Self - employment Education Program (SEEP) for marginalized and vulnerable women in Nepal

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
 - Child Development Society (Nepal)
-
- 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	7
Lynne Rawson	7	7
Ainsley Roscrow	7	4
Malcom Lindquist	7	3
Jo Bourchier	7	7
Bernadette Jarvis	7	7

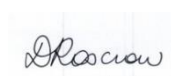
Where:

- **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 5 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

24 August 2018

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 2018, 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 24 August 2018

Friends of Nepal Adelaide Inc.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue	4	44,068	61,526
Changes in inventories (credit)		0	1,115
Employee benefits expense		0	0
Depreciation expense		0	0
Student support expenses	5	26,713	26,067
Fundraising expenses		2,017	7,558
Other expenses		3,696	2,728
Surplus / (deficit) before income tax		11,642	26,288
Income tax expense	3.11	0	0
Surplus / (deficit) for the year		11,642	26,288
Other comprehensive income		0	0
Total comprehensive income / (loss) for the period		11,642	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 2018

	Notes	2018 \$	2017 \$
Assets			
Current			
Cash and cash equivalents	5	40,731	25,173
Receivables		1,290	0
Inventories	6	1,428	1,115
Total assets		43,449	26,288
Liabilities			
Current			
Trade and other payables	7	5519	0
Total liabilities		0	0
Net assets		37,930	26,288
Equity			
Retained earnings		37,930	26,288
Total equity		37,930	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
Other comprehensive income		0	0	0
Total comprehensive income for the year		0		26,288
Retained Earnings brought forward				
Balance at 30 June 2017		0	26,288	26,288

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

For the year ended 30 June 2018

	Notes	Reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017		0	26,288	0
Profit for the year		0	11,642	26,288
Other comprehensive income		0	0	0
Total comprehensive income for the year		0	37,930	26,288
Balance at 30 June 2018		0	37,930	26,288

Friends of Nepal Adelaide Inc.

Statement of Cash Flows

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Operating activities			
Receipts from:			
• donations and appeals		7,391	27,694
• sponsorships		11,700	8,650
• government grants		0	0
• charitable foundations (RAWCS)		0	2,200
• sale of goods (reallocated to events)		0	1,935
• dividend income		0	0
• interest income		0	0
• fundraising / events		24,977	21,047
Payments to clients, suppliers and employees		(28,510)	(36,353)
Net cash provided by operating activities		15,558	25,173
Investing activities			
Net cash provided by / (used in) investing activities		0	0
Financing activities			
Net cash from / (used in) financing activities		0	0
Net change in cash and cash equivalents		0	25,173
Cash and cash equivalents, beginning of year		25,173	0
Cash and cash equivalents, end of year	5	40,731	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 2018 were approved and authorised for issue by the Board of Responsible Entities on 24 August 2018.

2 Changes in accounting policies

There have been no significant changes to accounting policies. There have been some minor changes to the classification of several income and expense items.

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:

	2018	2017
	\$	\$
Revenue		
Sale of goods (reallocated to events)	0	1,935
Fundraising:		
• Individuals / events	24,977	21,047
• charitable foundations (RAWCS)	0	2,200
• sponsorships	11,700	8,650
Government grants	0	0
Donations	7391	27,694
Investment income:		
• interest	0	0
• dividends	0	0
Other income	0	0
Total	44,068	61,526

Friends of Nepal Adelaide Inc.

Student Support Costs

	2018	2017
	\$	\$
Expenditure		
Living and accommodation costs	17,936	18,246
Course fees and associated costs	7,925	6,516
Medical expenses	852	1,305
Total	26,713	26,067

5 Cash and cash equivalents

Cash and cash equivalents consist the following:

	2018	2017
	\$	\$
Cash on hand		
Cash at bank	40,716	23,510
Foreign currency	15	1,663
Cash and cash equivalents	40,731	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	2018	2017
		\$	\$
Cash and cash equivalents		40,731	25,173
Total comprehensive income		11,642	26288
Less: changes in inventory		313	1,115
Less changes in receivables		1,290	0
Add increase in trade payables		5,519	0
Net cash provided from operating activities		15,558	25,173

6 Inventories

Inventories consist of the following:

	2018	2017
	\$	\$
At cost:		
• inventory	1115	1,115
At current replacement cost:		
• donated inventory	313	0
Total	1,428	1,115

Friends of Nepal Adelaide Inc.

7 Trade and other payables

Trade and other payables recognised consist of the following:

	2018	2017
	\$	\$
Current:		
• trade payables	0	0
• other creditors and accruals	5,519	0
Total trade and other payables	0	0

8 Related party transactions

The Association's related parties include its key management personnel and related entities as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

8.1 Transactions with related entities

There were no transactions with related entities (there are no related entities at this time).

8.2 Transactions with key management personnel

Key management of the Group are the Committee Members of Friends of Nepal – Adelaide Inc. Key management personnel remuneration includes the following expenses:

	2018	2017
	\$	\$
Total key management personnel remuneration	0	0

9 Contingent liabilities

There are no contingent liabilities that have been incurred by the Association in relation to 2018.

10 Capital commitments

	2018	2017
	\$	\$
Property, plant and equipment	0	0

Capital commitments relate to items of plant and IT equipment where funds have been committed but the assets not yet received.

11 Post-reporting date events

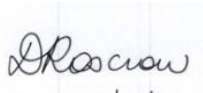
No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Friends of Nepal Adelaide Inc.

Responsible Entities' Declaration

- 1 In the opinion of the Responsible Entities of Friends of Nepal - Adelaide Inc.:
 - a The financial statements and notes of Friends of Nepal - Adelaide Inc. are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
 - ii Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
 - b There are reasonable grounds to believe that Friends of Nepal - Adelaide Inc. will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Responsible Entities.



Responsible Entity
Denise Roscrow

Dated the 24 August 2018

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 2018, 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 2018 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.

Friends of Nepal Adelaide Inc.

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

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Philip Paterson
Chartered Accountant
Adelaide, 24 August 2018