

Annual Report 2004

Financial Basics **Foundation**

Making financial futures brighter



The Foundation Dream

Helping to ensure that **all young Australians**

leaving the secondary education system

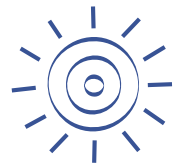
have an understanding of the credit system and

financial management practices,

so that they can make

informed decisions on their

financial affairs



Financial Basics Foundation

making financial futures brighter

ABN: 25 099 048 389



Chairman's Report

Together, we can help make
financial futures brighter

The 2003-2004 financial year for the Financial Basics Foundation has been one of change, enterprise and development. With a view towards increased community awareness and the desire to more accurately reflect the work of the Foundation, the Board took the decision to change the name from Collection House Foundation to Financial Basics Foundation.

We were saddened to see the departure of our "founding" staff person Tarryn McMullen, whose dedication and commitment to the Foundation was outstanding. Tarryn was able to accomplish a number of outcomes which had placed us in a very sound position for the year ahead. I would like to take this opportunity to thank Tarryn for all of her hard work and look forward to working with her in her new role at the Bank of Queensland.

The Board was pleased to appoint Katrina Birch in the role of National Development Manager and Ann McArdle as Administrator to continue the day to day work of the Foundation.

I am pleased to announce that the work of bringing together all of the information gathered from the Pilot Programs and combining this with the content of the Enterprise New Zealand Trust Financial Literacy Program is finally complete. I would like to take this opportunity to thank Christine Reid and her staff at Business Educators Australasia for all of their efforts in this regard. The staff at BEA and the Foundation have worked together in a proficient and consistent manner to put together what I believe is a very professional and useful educational resource – Operation Financial Literacy. Though the sheer size of the project and the extended timeframes will mean that we are not be able to deliver the Program to schools in the later half of 2004, I am excited by the prospects of the year ahead.

Additional thanks must also go to my fellow directors for their continued contributions and commitment to the Foundation. Without your generous donation of time and professional knowledge the Foundation would not be able to achieve our dream of ensuring that all young Australians have an understanding of sound financial management practices. Furthermore, I am enthused by "community" developments that have seen the Federal Government establish a taskforce to address the issues around consumer and financial literacy.


This has certainly been a topic of significant interest in a number of sectors in the last 12 months and I am pleased that the Foundation is able to contribute expertise and a practical resource to address some of these issues.

I would also like to thank Mr Leigh Matthews, coach of the Brisbane Lions AFC, who has not only served as a director on the Board of Financial Basics Foundation, but has agreed to take up the role of Patron of the Foundation. This is a testament to Leigh's belief in working towards the education, development and empowerment of young people.

Negotiations to secure a second major sponsor for the Foundation have been very successful and will see us working with the Bank of Queensland for the next three years to deliver financial literacy education.

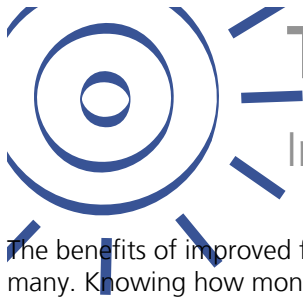
Finally the development of a strategic business plan for the Foundation for the next three years will see us working on a number of new and interesting projects with community education, finance and government groups. I look forward to the growth and development of the Foundation within these areas.

Once again, thank you to all of those that have contributed to the work of the Financial Basics Foundation to date.



Barrie Adams PSM FCPA





The Year in Review

Introduction

The benefits of improved financial literacy to individuals and the community are many. Knowing how money works can allow individuals to save, make wise spending and investment choices and potentially secure a sound financial future.

There is no doubt that working towards our dream of helping to ensure that all young Australians leaving the secondary education system have an understanding of the credit system and financial management practices, so that they can make informed decisions on their financial affairs, is an important and valuable exercise. To this end the Foundation has continued to work towards the development of a complete educational resource for use in schools and community groups throughout Australia.

The broader issue of consumer and financial literacy has come to the fore on a national level with the distribution in June 2003 of the Australian Securities and Investment Commission discussion paper, *Financial Literacy in Schools*. This was followed one year later by the establishment of the Federal Government's Taskforce on Consumer and Financial Literacy. Both groups clearly identified the need for an improved, co-ordinated and consistent 'whole of community' based approach to the development and implementation of this type of information. Financial literacy education within a national school curriculum was identified as a key strategy in achieving this outcome.

Naturally, the Foundation has been a vocal advocate for the inclusion of specific financial literacy education within the secondary school system and has been actively involved in these discussions with both ASIC and the Taskforce. This year has also seen the Foundation establish opportunities to work in a cooperative and consultative manner with individuals in the finance, banking, insurance, education, youth, sport and community sectors to further develop the work of the Foundation and the content of our financial literacy program.

2004 has been about creating a quality financial literacy resource and establishing a business and strategic plan that will ensure the growth and development of the Foundation well beyond the delivery of a single educational program.

In 2002-2003 the Financial Basics Foundation launched its first initiative, Operation Financial Literacy, when it funded a series of pilot programs in which 15 schools in 4 states developed and trialled their own financial literacy courses.

Operation Financial Literacy

The purpose of the pilot program was to identify the best approach to deliver financial understanding and money management skills to young Australians. Over 2,500 secondary students were involved.

In 2003-2004 the second phase of Operation Financial Literacy was implemented. The Foundation purchased the licence to use the very successful Enterprise New Zealand Trust, Financial Literacy Program within Australia, and, together with Business Educators Australasia worked to compile, assess and refine all of information gathered from the pilot programs to offer one complete financial literacy course.

The Program combines classroom, community, web and research based activities and will include a hardcopy student portfolio and an electronic teacher's manual covering 9 core modules with topics such as: Income; Budgeting; Credit and borrowing; Financial Protection; Saving and Investing; Taxation; and Planning for your Future.

The Foundation is keen to ensure the final program is completely flexible and adaptable to allow schools to choose the parts of the curriculum that best suits



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Scam Awareness; and personal philanthropy.

their individual demographic, location, size and direction. Furthermore, the Foundation sees the Program as a 'living' resource and has, and will, continue to work with teachers and educators, industry and community groups and young people to ensure that the Program remains current and useful. Already, work has begun to include information about topics such as Mobile Phone Debt; Bankruptcy;

The Foundation would like to develop the Program to become an accredited pre-vocational course and to work with financial counsellors and community agencies in delivering this program in a broader community context.



Financial Basics **Foundation**

The growing awareness and recognition of financial literacy as an important life skill has been highlighted this year with the establishment of a Federal Government Taskforce to develop a national strategy for the provision of consumer and financial literacy information and education. There has been a significant amount of discussion about the importance of financial literacy, particularly for young people, and how to best provide this type of information. The Foundation has been actively involved in these discussions and will continue to advocate for the inclusion of financial literacy as part of school curriculum.

In support of the work of the Foundation, and in recognition of the role that those in the finance industry can play in addressing some of the issues associated with a lack of financial literacy, the Board continued to work with financial institutions to create a second Corporate Partnership agreement. The development of this Partnership will see the Foundation and Bank of Queensland work together on a number of projects over the next three years.



Students learning about financial literacy

The growing demands on the work of the Foundation saw the Board appoint Ann McArdle as the Financial Administrator and further in April 2004, Katrina Birch was appointed as the National Development Manager. Ann's accounting background and Katrina's extensive experience in not-for-profit organisations made

these appointees ideally suited for their Foundation roles.

In June 2004 the Financial Basics Foundation Board was pleased to announce the appointment of Mr Leigh Matthews, coach of the Brisbane Lions AFC to the position of Patron of the Foundation. Leigh's ability to motivate and support young people to achieve success through hard work, commitment, education and training makes him perfectly suited to this role.

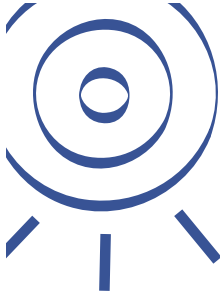
Setting a plan for the future

The Board commenced work on the Foundation's business plan which would set the direction for the Company for the next three years. In so doing, the Foundation began broadening the scope of how it could achieve the dream and commenced working on a number of other projects. These included: working with Melbourne City Mission and TATE to facilitate the development of the Another Day, Another Dollar Board Game; Sponsoring the Junior Sport Team of the Year Award at the Sports Federation of Queensland Awards night; collaborating with industry groups to provide feedback to the Federal Government's Taskforce on Consumer and Financial Literacy; Establishing networks in both the finance and community sectors to foster the work of the Foundation; Working with financial institutions in developing corporate partnership agreements; Identifying high profile individuals to establish a Patron for the Foundation; And continuing to generate interactive activities and up-to date information for the web site.

The Key Priority Areas for the next three years include:

- Operation Financial Literacy – including the development, monitoring and review of the Program; its distribution and implementation; accreditation and evaluation.
- Financial Basics Foundation – includes further developing our service and broadening the scope of our work.
- Fundraising, sponsorship and public relations – includes establishing effective financial and professional partnerships, increasing community awareness and strengthening educational relationships.
- Board of Directors and Committees – includes developing committee structures and individuals to support the work of the Board.
- Financial Management – includes maximizing the return on available funds and ensuring all funds are responsibly managed and accounted for.
- Human Resources – includes the development of an effective network of consultants, professional agencies, associations and contacts.

2005 will see the "roll-out" of Operation Financial Literacy to schools throughout Australia, and the continued growth and development of activities that foster the Foundation Dream.



Board of Directors

During the 2003-2004 financial year the Financial Basics Foundation was governed by the following Board of Directors.



Barrie Adams PSM FCPA
Chairman

Barrie has extensive experience in both the private and public sectors. For over nine years (until 31st March 2000), Barrie was the Queensland Regional Commissioner for the Australian Securities and Investments Commission (ASIC).

Since leaving ASIC, he has been appointed to a number of company boards and is chairman or member of a number of Compliance Committees, particularly in the financial services industry.

In January 2000 he was awarded a Public Service Medal for his work as Regional Commissioner of ASIC.



John Pearce
Director

A co-founder of Collection House Limited, John has some 40 years of commerce and receivables management experience in Australasia: his zenith to date being Collection House.

He is a member of the International Fellowship of Certified Collectors and a former member of the International Board of the American Collectors Association. He is also a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Credit Management. He worked for 18 years (1966-1984) with the George Laurens organisation, eventually purchasing the Queensland division of the company (George Laurens (Qld) Pty Ltd) which he ran for a period of four years until its sale.

Financial Basics Foundation Trust is a charitable trust overseen by Collection House Foundation, a company limited by guarantee (with a license to omit the word “limited” from its name).



Leigh Matthews
Director

Leigh is currently the Senior Coach of the Brisbane Lions Australian Football Club, the 2001, 2002 and 2003 AFL premiers. Voted the AFL “Player of the Century” in 1999, he is an icon of the national game and only the third person in history to taste premiership success with three different clubs (four premierships as a player at Hawthorn and a premierships coach of both Collingwood and the Lions).

A member of the AFL Team of the Century chosen in 1996, and a foundation “Legend” in the AFL Hall of Fame, he is now in his 31st year in AFL football, having been at Hawthorn for 17 years, coached Collingwood for 10 years, and taken charge of the Brisbane Lions in 1999.



Julie Tealby B. Bus, CPA
Secretary & Financial
Controller

Julie is the Internal Audit Manager for Collection House Limited and previously held positions of Financial Controller and Company Secretary for five years until September 2000.

Prior to this she held financial and management accounting positions with an international consulting engineering firm as well as a consultant to the CEO of Collection House Limited.



Rhonda King
Legal Consultant

Rhonda King has acted as the Foundation’s official legal consultant pro bono since the Foundation’s inception.

She has been in legal practice from 1981-2004. Her areas of practice included commercial, corporate and not-for-profit law. In 2003, Rhonda established a new business, King Litigation Funding Pty Ltd and also in April 2003, Rhonda accepted the appointment as company secretary of Collection House Limited and its subsidiaries.

Rhonda is a Solicitor of the Supreme Court of Queensland, a member of the Board and Company Secretary for The Brisbane Lions Foundation and member of the Board and joint company secretary for the Financial Basics Foundation.



Trustees' Report

Your trustees present their report on Financial Basics Foundation Trust (the trust) for the financial year ended 30 June 2004.

Trustee

Financial Basics Foundation Limited is the corporate trustee of the Financial Basics Foundation Trust.

Operating Results

The operating net profit of the trust for the year amounted to \$164,094.

Principal Activities & Review of Operations

The principal activities of the trust during the financial year were researching, developing and establishing financial literacy strategies in order to achieve the trust's dream: helping to ensure that all young Australians leaving the secondary education system have an understanding of the credit system and financial management practices, so that they can make informed decisions on their financial affairs.

Significant Changes in State of Affairs

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

Matters Subsequent to the End of the Financial Year

Verbal agreement was reached between Financial Basics Foundation and Bank of Queensland in developing a Corporate Partnership agreement. As a Corporate Partner, Bank of Queensland have agreed to sponsor the activities of the Foundation for \$50,000 per year for three years.

Review of Operations

The Foundation launched its first initiative, Operation Financial Literacy, in February 2003, which was a pilot program aimed at increasing the financial understanding and money management skills of young Australians. The program was trialled in four states - Queensland, Victoria, Tasmania and New South Wales - and involved over 2,500 secondary students throughout fifteen high schools in 2003.

In 2004, the second phase of Operation Financial Literacy was implemented. The Foundation purchased the license to use the very successful Enterprise New Zealand Trust, Financial Literacy Program and worked with Business Educators Australasia to evaluate, combine and refine all of these programs to offer one complete

curriculum, ready for implementation, to as many Australian secondary schools as possible in 2005 and beyond. The result being the development of a 9 module teaching package combining classroom, community, web and research based activities covering such topics as Goals setting and planning for your financial future: Insurance and financial protection: Credit and borrowing: Banking and Budgeting. The Foundation is keen to ensure the final program is completely flexible and adaptable to allow schools to choose the parts of the curriculum that best suits their individual demographic, location, size and direction.

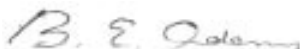
Furthermore, the Foundation sees the Program as a 'living' resource and has, and will, continue to work with teachers and educators, industry and community groups and young people to ensure that the Program remains current and useful. Already, work has begun to include information covering such topics such as Mobile Phone Debt; Bankruptcy; Scam Awareness; personal philanthropy and the impacts of habits such as gambling.

The Board commenced work on the Foundation's business plan, which would set the direction for the Company for the next three years. In so doing, the Foundation began broadening the scope of how it could achieve the dream and commenced working on a number of other projects. These included: working with Melbourne City Mission and TATE to facilitate the development of the Another Day, Another Dollar Board Game; Sponsoring the Junior Sport Team of the Year Award at the Sports Federation of Queensland Awards night; collaborating with industry groups to provide feedback to the Federal Government's Taskforce on Consumer and Financial Literacy; Establishing networks in both the finance and community sectors to foster the work of the Foundation; progressing the work of the Bank of Queensland to create a corporate Partnership agreement; Identifying high profile individuals to establish a Patron for the Foundation and continuing to generate interactive activities and up-to date information for the web site.

2005 will see the "roll-out" of Operation Financial Literacy to schools throughout Australia, and the continued growth and development of activities which foster the Foundation Dream.

Signed in accordance with a resolution of the Board of Trustees:

Barrie Adams
Chairman



Dated this 19th day of October 2004



Financial Basics Foundation Trust

Statement of Financial Performance

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
Revenues from ordinary activities	2	235,287	317,519
Expenses from ordinary activities	3	(71,193)	(108,858)
Profit from ordinary activities		164,094	208,661

The accompanying notes form part of these financial statements.

Statement of Financial Position

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
CURRENT ASSETS			
Cash assets	4	354,659	204,032
Receivables	5	1,193	1,273
Other		390	-
TOTAL CURRENT ASSETS		356,242	205,305
TOTAL ASSETS		356,242	205,305
CURRENT LIABILITIES			
Payables	6	431	13,588
TOTAL CURRENT LIABILITIES		431	13,588
TOTAL LIABILITIES		431	13,588
NET ASSETS		355,811	191,717
EQUITY			
Retained profits	7	355,811	191,717

The accompanying notes form part of these financial statements.



Financial Basics Foundation Trust

Statement of Cash Flows

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from operating activities		226,144	316,930
Cash payments from operating activities		(84,905)	(119,473)
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Interest		141,629 9,377	197,457 1,375
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NET CASH PROVIDED BY OPERATING ACTIVITIES	9	150,616	198,832
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NET INCREASE IN CASH HELD		150,616	198,832
Cash at beginning of year		204,032	5,200
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CASH AT END OF YEAR	4	354,659	204,032

The accompanying notes form part of these financial statements.

Notes to the financial statements

Note 1: Statement of Significant Accounting Policies

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Financial Basics Foundation Trust. Financial Basics Foundation Trust is a discretionary trust established and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the trust in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Receivables

Trade and other receivables are recognised and carried at original invoice amounts.

b. Payables

Liabilities for trade creditors and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the trust.

c. 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 Tax 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.



Notes to the financial statements

Note 2: Revenue

	2004	2003
	\$	\$
OPERATING ACTIVITIES		
Donations	225,150	304,220
Fundraising	760	11,923
Interest	9,377	1,376
Total Revenue	235,287	317,519

Note 3: Profit from Ordinary Activities

Profit from ordinary activities has been determined after:

	2004	2003
	\$	\$
EXPENSES		
Bank fees	(232)	(248)
Consulting costs	(12,050)	-
Financial literacy program funding	(8,179)	(53,315)
Financial literacy program - license fees	(25,000)	-
Fundraising costs	(1,700)	(6,891)
Printing, stationery, postage	(1,046)	(1,540)
Promotions and merchandise	-	(986)
Rent	(1,046)	(867)
Salary and wages	(17,869)	(42,970)
Sundry operating costs	(1,710)	(2,040)
Website development	(2,361)	-
Total Expenses	(71,193)	(108,857)

Note 4: Cash Assets

	2004	2003
	\$	\$
Cash at bank	354,659	204,032

Note 5: Receivables

	2004	2003
	\$	\$
GST refundable	1,193	1,273

Note 6: Payables

	2004	2003
	\$	\$
Trade creditors	431	13,588

Note 7: Retained Profits

	2004	2003
	\$	\$
Retained profits at beginning of the year	191,717	(16,944)
Gain for the year	164,094	208,661
Retained profits at the end of the year	355,811	191,717

Note 8: Events Subsequent to Reporting Date

Verbal agreement was reached between Financial Basics Foundation and Bank of Queensland in developing a Corporate Partnership agreement. As a Corporate Partner, Bank of Queensland have agreed to sponsor the activities of the Foundation for \$50,000 per year for three years.



Notes to the financial statements

Note 9: Cash Flow Information

	2004	2003
	\$	\$
a. Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash at bank	354,659	204,032
b. Reconciliation of Net Cash provided by Operating Activities to Profit from Ordinary Activities after Income Tax		
Profit from ordinary activities	164,094	208,661
Changes in assets and liabilities:		
(Increase)/decrease in debtors	80	941
Increase/(decrease) in trade creditors	(13,157)	(10,770)
Net cash provided by operating activities	151,006	198,832

Note 10: Segment Information

The foundation operates in one business segment, being the provision of financial literacy strategies, and in one geographical segment, being Australia.

Trustees' Declaration

The directors of the trustee company declare that:

1. the financial statements and notes, presents fairly the Trust's financial position as at 30 June 2004 and its performance for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
2. in the directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of the trustee company.



Barrie Adams
Chairman

Dated this 19th day of October 2004

Independent Audit Report

SCOPE

We have audited the attached financial report of Financial Basics Foundation Trust for the year ended 30 June 2004. The trustees are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the trustees of Financial Basics Foundation Trust.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory reporting requirements in Australia so as to present a view which is consistent with our understanding of the trust's financial position, and performance as represented by the results of its operations and cashflows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial report of Financial Basics Foundation Trust presents fairly in accordance with applicable Accounting Standards and other mandatory reporting requirements in Australia, the financial position of Financial Basics Foundation Trust as at 30 June 2004, and the results of its operations and its cash flows for the year then ended.



**Hacketts Chartered Accountants
Brisbane**



**Liam Murphy
Partner**

Financial Basics Foundation is supported by many generous organisations and individuals who donate time, money and resources. We would like to take this opportunity to make special mention of the people and companies who have been key in helping us achieve our dream.

Collection House Limited

The Foundation owes its creation to the ASX-listed receivables management company, Collection House Limited. Collection House pledged \$1 million, to be paid over a five-year period, to establish the Foundation in 2002.

Rather than continuing to support a number of varied charities, the Board of Collection House decided it could be a more effective use of its charity dollars to direct this funding into programs that can educate the community about the industry in which Collection House operates - specifically, educational institutions that help the community understand credit issues, and equip them with the skills to manage their finances effectively.



Collection House Limited Chairman Dennis Punches (left), and MD & CEO John Pearce (right), present a cheque to Financial Basics Foundation Chairman Barrie Adams

The staff of Collection House throughout Australasia have also demonstrated their commitment to this cause by undergoing various fundraising initiatives on the Foundation's behalf. We would like

to thank these staff, and the Board of Collection House Limited, for their generosity, vision and dedicated support.



Thank You

Business Educators Australasia

The Foundation has been greatly assisted with Operation Financial Literacy by Business Educators Australasia, the peak organisation for the twelve subject associations that support the teaching of business education. BEA, and in particular Executive Officer Christine Reid, has been integral in the selection of the pilot schools and in giving specific advice as to how to reach teachers, principals and students. We would like to express our gratitude to BEA for their ongoing support.

Hacketts Chartered Accountants

Hacketts Chartered Accountants have acted as the Foundation's auditors since the establishment of the Foundation. We would like to thank them for donating their time and experience to the Foundation, particularly Liam Murphy and Tom Hackett.

Thank you... your support and generosity truly is appreciated, and will help us make young Australians' financial futures brighter!



Financial Basics Foundation
making financial futures brighter

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