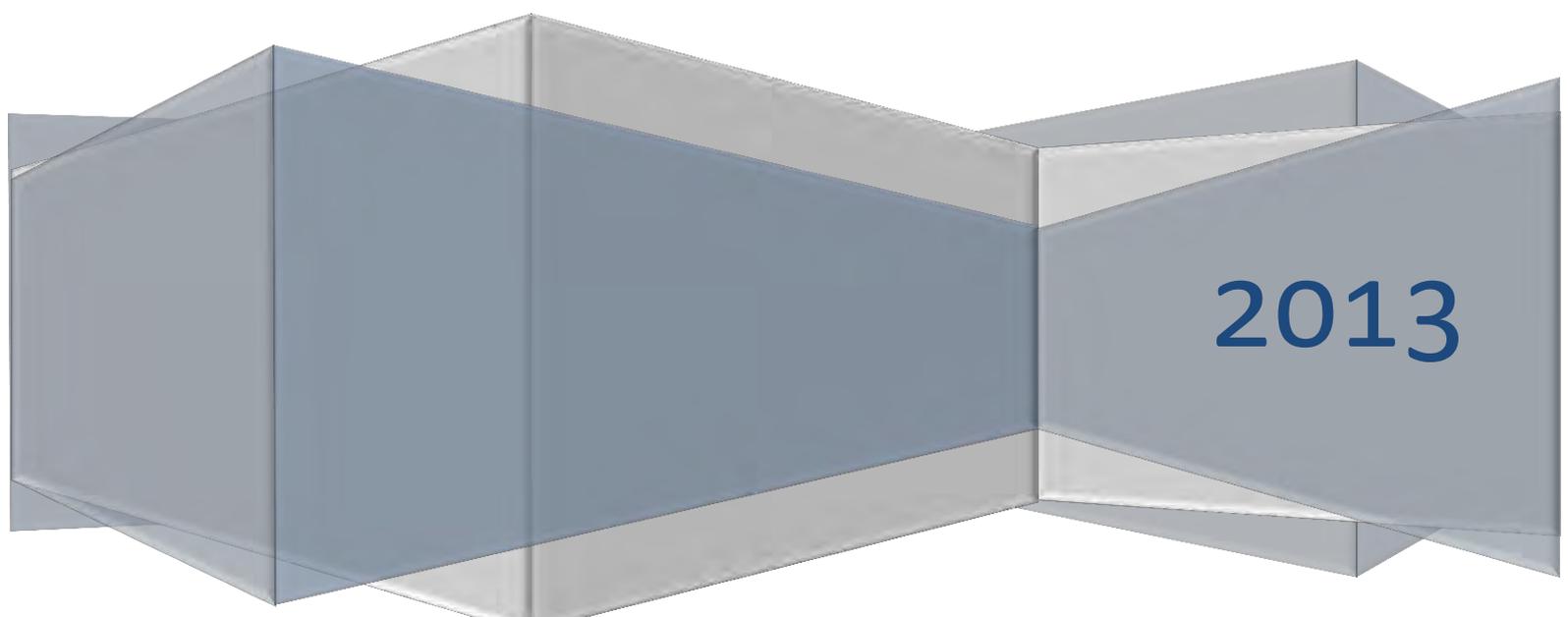




Financial  
Basics  
Foundation

# Annual Report

ACN 114 612 270



2013



## **Chairman's Report**

We are all too familiar with various media reports on the subject of young people and their money. In stark contrast, little is read or heard about the interventions, occurring every day within Australian classrooms to address such matters and to prepare our youth for many of the challenges that lie ahead. The Financial Basics Foundation's recognition of the need to build the financial capacity of young people and the activities the organisation has undertaken to address this issue make for a compelling headline.

Since 2002 the Financial Basics Foundation has led the way in the development and provision of financial literacy initiatives for Australian secondary schools. At that time, the Board believed that using education pathways to deliver this material would be an effective strategy to achieve our Vision. A recent report by ASIC, "Shaping a National Financial Literacy Strategy for 2014-2017" cited that, "building the financial capabilities of individuals, families and community through the formal education system was a fundamental strategy".

With the Foundation's materials now having been used in 68% of all Australian secondary schools, the contribution made by the Financial Basics Foundation cannot be overrated. Our initiatives are equipping young Australians with the skills and knowledge to better manage their finances.

Delivering useful financial literacy initiatives in a rapidly changing world requires the Foundation to be flexible, innovative and forward thinking in the delivery of its programs. This year the Board has taken the decision to cease hardcopy production of our flagship resource, *Operation Financial Literacy*. Instead, as we continue to work to build on and extend our work in schools, we have resolved to deliver our programs in a digital format. Working to implement our digital strategy will ensure the Foundation develops a strong online presence.

That said, "getting to the audience" is only one component of our financial literacy vision. Another component is the provision of content and resources that are relevant and current. The shift in focus towards resourcing financial literacy as a context for mathematics and numeracy to address the development of the new Australian Curriculum has seen us commence work to expand *Operation Financial Literacy* in this area.

Finally, in order to ensure a strong and vibrant organisation that has the ability to reinvest in itself and its staff, in order to produce even better outcomes in line with our vision, we must work to secure additional funding. Our activities in this area will include but not be limited to partnerships and sponsor engagement, brand and marketing profile and the development of a broader product range. This is vital to ensure a greater probability of long term success of the Financial Basics Foundation.

Improving financial literacy, changing financial behaviours and building financial capacity is a long-term journey. To this end, I wish to acknowledge the ongoing contributions made by our corporate partners, Collection House and BOQ, who continue their support of the Foundation. Financial Basics Foundation is a small not-for-profit organisation achieving outstanding success in a number of areas, thanks largely to the dedication and professionalism of its small staff and Board of Directors. The contribution of time and knowledge that each board member volunteers in order to guide and manage the Foundation is a testament to their generosity and commitment to the vision of the Foundation. I would like to take this opportunity to thank the directors and staff for their ongoing commitment and hard work.

# Directors' Report

Your directors present their report on the Financial Basics Foundation Limited (the Foundation) for the financial year ended 30 June 2013.

## **Directors**

The names of each person who has been a director during the year and up to the date of this report are:

David Liddy  
Julie Tealby (resigned 24 October 2012)  
Tarryn McMullen  
Sandra Kenman  
Katrina Birch  
Aaron Street (appointed 23 August 2012)  
Joseph Cole (appointed 6 March 2013)

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

## **Principal Activities**

The Foundation researched, developed and distributed financial literacy resources in order to achieve the Foundation's vision: *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.*

## **The Financial Basics Foundation has:**

- Produced a financial literacy resource called Operation Financial Literacy that has been distributed and used by 1,831 Australian secondary schools
- Commenced work on the development of a new module to sit within Operation Financial Literacy which will focus on e-commerce and online transactions
- Created ESSI Money (Earning Saving Spending and Investing) an online financial literacy simulation game developed for Australian schools. Over 23,917 students from 1,186 unique schools have completed ESSI Money
- Hosted a national financial literacy competition (the BOQ ESSI Money Challenge) in September 2012 which saw over 6,900 students compete for the chance to win \$1,000 for themselves and \$4,000 for their school
- Incorporated as part of the implementation of the BOQ ESSI Money Challenge, the Foundation sought to identify knowledge, skills and trends of young people in relation to their consumer behaviour and financial literacy
- Established a strong presence in the professional development arena by presenting at state and local conferences throughout the year
- Published and distributed a quarterly e-newsletter to 2,455 subscribers

## Review of Operations

The Financial Basics Foundation recognises the importance of education to enhance people's lives. Financial literacy is a valuable skill that empowers young people to make sound decisions for a lifetime. To date, there has been little consistency in the delivery of financial literacy taught in schools. The inclusion of financial education in the new Australian Curriculum will see aspects of financial literacy imbedded within a range of subject areas. For the Foundation, this has seen a shift in focus towards resourcing financial literacy as a context for mathematics and numeracy, in addition to our focus within the business and SOSE curriculum areas.

Now a recognised leader in the financial literacy space, FBF's achievements in the last year include:

- A continued upward trend in the number of subscribers to our teaching resource *Operation Financial Literacy* from 1,767 schools in 2012 to 1,820 schools in 2013;
- The on-line game, ESSI Money has been used by 64,455 since its release in late 2007. 19,329 students have used ESSI Money in the 2013 financial year;
- FBF has delivered 9 Professional Development workshops to teachers of Commerce and Mathematics around Australia, outlining the application of FBF's materials within the new Australian Curriculum;
- An invitation from ASIC to participate in the planning of its second MoneySmart week, now an annual national event;
- The execution of a Digital Strategy to enable the digitisation of FBF's suite of teaching resources;
- The analysis of the 1<sup>st</sup> Survey of Users revealing overwhelming support for FBF and longevity amongst users; and
- The successful launch of Financial Basics Community Foundation, an entity funded by FBF whose role is to provide similar financial literacy education opportunities to Australia's young rural and remote indigenous students.

With FBF's materials now in use in 68% of all Australian secondary schools, the contribution made by FBF cannot be over-stated. FBF's initiatives are equipping young Australians with the skills and knowledge to better manage their finances.

In relation to our core program areas, we were able to:

- Progress with the rewriting, review and updating of the modules within of Operation Financial Literacy to ensure ongoing relevance and accuracy of the material
- Complete an upgrade of ESSI Money, which included increased security and reporting measures, updated content and the inclusion of additional financial literacy questions
- Continue work on a digital strategy that will see the upgrade of our website and establishment of a community of practice for teachers. Components of this project will include:
  - A streamlined registration process that will provide easy access to all FBF products
  - Digitising OFL content and providing an effective search tool, to support quick and easy content search
  - Organising the content to fit the national curriculum, making it easy for teachers to meet their requirements
  - Online conversation tools for peer to peer conversations

During the month of June a survey was distributed to all FBF subscribers to gather feedback on our key products (OFL, ESSI Money and the annual BOQ ESSI Money Challenge). The survey was designed to measure levels of satisfaction amongst users, determine usage (year levels/subject areas/ numbers of students) and to invite responses/suggestions as to further ways in which Financial Basics Foundation may better serve its market. The response rate was indicative of high levels of engagement with our users/subscribers. Similarly, the feedback obtained regarding our existing products was most favourable.

The survey was distributed to 2,587 teachers/educators across Australia and yielded a response rate of 9% or 235 individuals. Of those that responded, 100% regard financial literacy as an important life skill and 99.6% believe that 'schools have a role to play in the teaching of financial literacy'.

76% of the respondents have been using OFL for between 1 and 4 years and data extrapolated from the responses indicated that 8,500 students have been exposed to OFL in the last year. Ratings on each of the specific modules was extremely favourable with over 90% of users rating the modules on Budgeting, Mobile Phones, Credit, Saving, Income and Banking as Relevant to Extremely Relevant.

A staggering 98% of users rated ESSI Money as 'Relevant to Extremely Relevant'.

The ongoing development of our core programs was a key focus of the work of the Foundation in 2012-2013. To this end, the Foundation completed the review and upgrade of ESSI Money; implemented a full internal rewrite and external review of Operation Financial Literacy; commenced the digital strategy project; produced and distributed a quarterly e-newsletter and delivered 9 professional development workshops across Australia.

Delivery of agreed partnership outcomes to our corporate partners Bank of Queensland and Collection House has ensured that the relationship with our key sponsors continues to be strong and ongoing. Increased opportunities for mutually beneficial activities such as sponsor contributions to our newsletter, the ongoing success of the BOQ ESSI Money Challenge, joint community speaking engagements and collaboration across a range of stakeholder communication activities have proved to be successful strategies in 2013.

The Financial Basics Foundation also contributed to the work of the 'Community Events working party' - which worked to guide this aspect of the activities for MoneySmart Week in September, 2012. FBF implemented the BOQ ESSI Money Challenge as part of the MoneySmart Week initiatives and was a focal point for young people during this week.

Securing additional funding continues to be the overriding strategic objective for the next 12 months. Our activities will have a clear focus on achieving this outcome and will form the basis for our planning and activities. Focus areas will include but not be limited to, partnerships and sponsor engagement, brand and marketing profile and the development of a broader product range.

## **Information on Directors**

### ***David Liddy MBA – Chairman/Director***

Mr Liddy was appointed as Chairman of Financial Basics Foundation in January 2012. Mr Liddy is a well known business leader, with an executive career covering 40 years in banking, most recently as MD and CEO of the S&P/ASX 100 company Bank of Queensland Limited (BOQ) from 2001 to his retirement in August 2011. Prior to joining BOQ, David spent 33 years at Westpac Banking Corporation.

Mr Liddy is also Chairman of Collection House Limited and Financial Basics Community Foundation, a Non Executive Director of Emerchants Limited, a Non-executive Director of Steadfast Group Limited, a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors. He was awarded the Centenary Medal in 2003 for distinguished service to business and commerce in Banking and Finance, and AB&F's 'Financial Services Executive of the Year' in 2009.

### ***Julie Tealby B.Bus, CPA CIA - Secretary/ Director***

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.

Julie resigned from position as Director and Secretary on Wednesday 24 October, 2012.

### ***Tarryn McMullen MBA B.Bus, Grad. Cert Bus (Philanthropy and Non-Profit Studies) – Director/Secretary***

Tarryn has several years experience in both the corporate and not-for-profit industries, including being the inaugural staff member of Financial Basics Foundation (formerly Collection House Foundation) and working in fundraising and marketing for the Royal Children's Hospital Foundation.

Tarryn currently works with consulting firm Social Money Solutions, prior to this she worked at Bank of Queensland for seven years as Head of the Managing Director's Office.

### ***Sandra Kenman LLB BEd – Director***

Sandra Kenman has extensive experience working with secondary schools, curriculum authorities, and resource development agencies. She manages her own consultancy business which provides advice to educational groups at local, state and national levels. Sandra's credentials include degrees in Education and Law.

### ***Katrina Birch – Director***

Katrina has been a consultant to the Foundation since 2004 and was appointed as CEO and Director in 2011.

Katrina has worked in the youth sector for 20 years with experience in government and not-for-profit organisations. A strong advocate for young people, Katrina was involved in the deinstitutionalisation of disabled clients from residential institutions in Queensland. Prior to commencing with the Financial Basics Foundation, Katrina was the State Manager of CanTeen Queensland (the organisation supporting young people living with cancer).

## **Information on Directors Continued**

### ***Aaron Street – Director/Treasurer***

Aaron is a Partner of KPMG Australia.

He has over 17 years experience, with the past 12 years with KPMG in providing a range of accounting, taxation and general business advisory services to a broad range of private clients.

### ***Joseph Cole B.Bus, CFA – Director***

Joe has extensive experience in funds management and banking, gained both offshore and within Australia. He specialises in applying quantitative techniques and solutions to investment management in order to provide consistent, risk-controlled absolute returns to clients.

Joe is currently Senior Portfolio Manager at Q Super Limited. Prior to this role, Joe was with QIC in Brisbane where he was Portfolio Manager of a quantitative Asian equities hedge fund.

He is passionate about financial education and strongly believes in empowering young people to make their own informed financial decisions.

Joe has a Bachelor of Business with post-graduate Honours and holds the Chartered Financial Analyst (CFA) designation.

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

### **Company Secretary**

Julie Tealby was the Company Secretary until her resignation on Wednesday 24 October 2012. Tarryn McMullen was appointed Company Secretary on Wednesday 24 October 2012 and still holds the position. Refer above for information of the qualifications and experience of the Company Secretary's.

## Meetings of the Board of Directors

During the financial year 6 meetings of directors were held. Attendances by each director during the year were as follows:

<i>Director</i>	<i>Directors Meetings</i>	
	<i>Meetings eligible to attend</i>	<i>Meetings attended during period</i>
David Liddy	6	5
Julie Tealby	3	3
Tarryn McMullen	6	5
Sandra Kenman	6	2
Katrina Birch	6	6
Aaron Street	5	4
Joseph Cole	1	1

The Foundation is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the entity. At 30 June 2013, the total amount that members of the Foundation are liable to contribute if the Foundation is wound up is \$120 (2012: \$100).

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 9 of the financial report.

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



**David Liddy**  
**Chairman**

Dated this *24* day of October 2013

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF FINANCIAL BASICS FOUNDATION**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- (ii) any applicable code of professional conduct in relation to the audit.

**Lawler Hacketts Audit**



**Liam Murphy**  
**Partner**

**Brisbane, 24 October 2013**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Note</b>	<b>2013 \$</b>	<b>2012 \$</b>
Revenues	2	173,257	168,944
Expenses	3	<u>(240,940)</u>	<u>(211,590)</u>
<b>Profit/(Loss) before income tax</b>		<u><u>(67,683)</u></u>	<u><u>(42,646)</u></u>
Income tax expense	1(h)	-	-
<b>Profit/(Loss) for the year attributable to members of the entity</b>		<u><u>(67,683)</u></u>	<u><u>(42,646)</u></u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income attributable to members of the entity</b>		<u><u>(67,683)</u></u>	<u><u>(42,646)</u></u>

The accompanying notes form part of these financial statements.

**BALANCE SHEET AS AT 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	577,058	639,046
Receivables	5	17,915	7,973
<b>TOTAL CURRENT ASSETS</b>		<u>594,973</u>	<u>647,019</u>
<b>NON-CURRENT ASSETS</b>			
Property plant and equipment	6(a)	3,500	3,500
Intangible assets	6(b)	123,188	123,188
<b>TOTAL NON-CURRENT ASSETS</b>		<u>126,688</u>	<u>126,688</u>
<b>TOTAL ASSETS</b>		<u><u>721,661</u></u>	<u><u>773,707</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	7	34,524	22,456
Provisions	8	3,569	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>38,093</u>	<u>22,456</u>
<b>TOTAL LIABILITIES</b>		<u><u>38,093</u></u>	<u><u>22,456</u></u>
<b>NET ASSETS</b>		<u><u>683,568</u></u>	<u><u>751,251</u></u>
<b>EQUITY</b>			
Retained profits		<u><u>683,568</u></u>	<u><u>751,251</u></u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
Balance at 1 July	751,251	793,897
Profit/(loss) attributable to the entity	(67,683)	(42,646)
<b>Balance at 30 June</b>	<u>683,568</u>	<u>751,251</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from operating activities		149,838	208,043
Cash payments from operating activities		(238,489)	(210,394)
Interest received		26,663	30,064
<b>Net cash provided by (used in) operating activities</b>	10	<u>(61,988)</u>	<u>27,713</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for intangible assets		-	-
Payments for PPE		-	-
<b>Net cash (used in) investing activities</b>		<u>-</u>	<u>-</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Funds provided to related parties		-	-
<b>Net cash provided by (used in) financing activities</b>		<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>		(61,988)	27,713
Cash at the beginning of the year		639,046	611,333
<b>Cash at the end of the year</b>	4	<u><u>577,058</u></u>	<u><u>639,046</u></u>

The accompanying notes form part of these financial statements.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements cover Financial Basics Foundation (the Foundation) as an individual entity, incorporated and domiciled in Australia. The Foundation is a company limited by guarantee.

The directors have prepared the financial statements on the basis that the Foundation is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements prepared in order to meet the requirements of the *Corporations Act 2001*. The Foundation 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 *Corporations Act 2001*, and the significant accounting policies described below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs.

The financial statements were authorised for issue on 24 October 2013 by the directors of the Foundation.

**Accounting Policies**

**a. Revenues**

Donations to the Foundation are recognised as revenue on receipt.

Fundraising revenues are recognised as revenue as soon as the net proceeds of the function or activity can be calculated.

Interest revenue is recognised as it accrues using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax (GST).

**b. Cash**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturity of three months or less.

**c. Receivables**

Trade and other receivables are recognised and carried at original invoice amounts. Receivables expected within 12 months of the end of the reporting period as classified as current assets. All other receivables classified as non-current assets.

**d. Intangible assets - software**

Software is recorded at cost, and assessed annually to ensure it is carried at fair value. The software is not amortised, as it is regularly maintained, and as a consequence has not depreciated in value during the year. The cost of maintenance is expensed in the period in which it is incurred.

**e. Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Foundation during the period which remain unpaid. 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 Foundation. Balance is normally paid within 30 days of recognition of the liability.

**f. Employee Provisions**

Provision is made for the Foundation's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled

Contributions are made by the Foundation to an employee superannuation fund and are charged as expenses when incurred.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**g. 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 (ATO). Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from or payable to the ATO is included in the statement of financial position.

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

**h. Income tax**

No provision for income tax has been made in the financial report as the Foundation is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

**i. Critical Accounting Estimates and Judgments**

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

*Key estimates — Impairment*

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

**j. New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. These changes are not expected to have a significant impact on the Foundation's financial statements.

<b>NOTE 2: REVENUE</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Sponsorship	120,000	125,417
Donations	15,000	-
Interest	27,527	30,804
Sundry revenue	10,730	12,723
<b>Total Revenue</b>	<u>173,257</u>	<u>168,944</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 3: PROFIT FROM ORDINARY ACTIVITIES</b>		
Profit from ordinary activities has been determined after:		
<b>Expenses</b>		
Consultancy fees	52,397	89,895
Game expenses	39,519	69,079
Payroll	104,131	34,593
Storage - Operation Financial Literature	-	1,347
Postage - Operation Financial Literature	-	1,429
Rent	3,900	4,875
Workcover	2,535	1,637
Website expenses	27,468	755
Sundry expenses	10,990	7,980
<b>Total Expenses</b>	<u>240,940</u>	<u>211,590</u>

**NOTE 4: CASH ASSETS**

Cash at bank	<u>577,058</u>	<u>639,046</u>
	<u>577,058</u>	<u>639,046</u>

**NOTE 5: TRADE & OTHER RECEIVABLES**

Trade receivables	16,311	6,777
Interest accrual	1,604	740
GST receivable	-	456
	<u>17,915</u>	<u>7,973</u>

**NOTE 6(a): PROPERTY PLANT AND EQUIPMENT**

Office equipment	915	915
Accumulated Depreciation	(915)	(915)
Scam module	3,500	3,500
	<u>3,500</u>	<u>3,500</u>

**NOTE 6(b): INTANGIBLE ASSETS**

ESSI Money Game Software	<u>123,188</u>	<u>123,188</u>
	<u>123,188</u>	<u>123,188</u>

**NOTE 7: PAYABLES**

Trade payables	5,298	6,791
Creditors accrual	16,691	6,396
Payroll liabilities	8,026	9,269
GST payable	4,509	-
	<u>34,524</u>	<u>22,456</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 8: PROVISIONS</b>		
Annual leave provision	3,569	-
	<u>3,569</u>	<u>-</u>

**NOTE 9: EQUITY**

The company is limited by guarantee. If the Foundation is wound up, the constitution states that each member of the Foundation is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the Foundation. At 30 June 2013, the members of the company stood at \$120 (2012 \$100).

**Capital management**

Management control the capital of the entity to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manage the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since prior year. The strategy of the entity is to ensure that sufficient cash is on hand to meet trade and sundry payables.

<b>NOTE 10: CASH FLOW INFORMATION</b>	<b>NOTE</b>	<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>a. Reconciliation of Cash</b>			
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	4	<u>577,058</u>	<u>639,046</u>
<b>b. Reconciliation of cash flows from operating activities with profit after income tax</b>			
Profit after income tax		(67,683)	(42,646)
Depreciation Expense		-	-
Bad Debts Written-off		-	-
<b>Changes in assets and liabilities:</b>			
(Increase)/decrease in trade & other debtors		(9,942)	58,093
Increase/(decrease) in creditors and other payables		12,068	12,266
Increase/(decrease) in provisions		3,569	
Net cash provided by (used in) operating activities		<u>(61,988)</u>	<u>27,713</u>

**NOTE 11: SEGMENT INFORMATION**

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

**NOTE 12: CONTINGENT LIABILITIES**

At the end of the financial year the Foundation had no contingent liabilities or any pending, to the knowledge of the directors.

**NOTE 13: EVENTS OCCURRING AFTER REPORTING DATE**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation in subsequent financial years.

**NOTE 14: ENTITY INFORMATION**

Registered office of the Foundation is:

Level 7, 515 St Pauls Terrace

FORTITUDE VALLEY QLD 4006

The principal place of business is:

Level 7, 525 Flinders Street

Melbourne Vic 3000

# Directors' Declaration

The directors have determined that the Foundation 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.

In accordance with a resolution of the directors of Financial Basics Foundation, the directors declare that:

1. The financial statements and notes, as set out on pages 8 to 16 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards; and
  - b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date in accordance with the accounting policies described in Note 1 of the financial statements.
  
2. In the directors' opinion there are reasonable grounds to believe that the Foundation 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.



**David Liddy**  
Chairman

Dated this *24* day of October 2013

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
FINANCIAL BASICS FOUNDATION**

***Report on the Financial Report***

We have audited the accompanying financial report, being a special purpose financial report, of Financial Basics Foundation (the Foundation), which comprises the balance sheet as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

***Directors' Responsibility for the Financial Report***

The directors of the Foundation 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 *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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FINANCIAL BASICS FOUNDATION**

***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

***Opinion***

In our opinion, the financial report of Financial Basics Foundation is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Foundation's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

***Basis of Accounting***

Without modifying our opinion, 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 directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

**Lawler Hacketts Audit**



**Liam Murphy**

**Partner**

**Brisbane, 24 October 2013**