



**Prince's Trust  
Australia**

**The Prince's Trust Australia Limited**  
**ABN 73 161 872 993**

**Financial report**

**For the nine-month period ended 31 March 2019**

# **The Prince's Trust Australia Limited**

## **Financial report**

For the nine-month period ended 31 March 2019

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# **The Prince's Trust Australia Limited**

## **Financial report**

For the nine-month period ended 31 March 2019

### **Directors' Report**

The Board of Directors of The Prince's Trust Australia Limited has pleasure in submitting the financial report of the Company for the period ended 31 March 2019:

#### **1. Directors**

The names of each person who has been a director in office at any time during, or since the end of, the period are:

Mr John Landerer CBE AM (appointed 30 June 2018)

Dame Martina Milburn DCVO CBE

Mr Dominic Richards

Miss Holly Ransom (resigned 23 August 2019)

Mr Shaun Bonétt (appointed 18th October 2018)

Miss Juliet Reiden (appointed 19th October 2018)

Hon Julie Bishop (appointed 1 November 2018)

Mr Warren Mundine (appointed 27 November 2018; resigned 13 February 2019)

Mr Karim Sumar (appointed 30 July 2019)

Mr Ian Smith AM (appointed 28 August 2019)

Mrs Cheryl Bart AO (resigned 1 August 2018)

Lieutenant General Peter Leahy AC (Rtd) (resigned 1 August 2018)

Mr Paul Sheehan AM (resigned 1 August 2018)

Mr Peter Yu (resigned 3 August 2018)

#### **2. Results**

The operating deficit for the period ended 31 March 2019 was \$255,033 (2018: surplus of \$540,747). The deficit result is primarily attributable to two factors: the shortened financial period of nine rather than twelve months, with many Patrons' contributions who have traditionally paid their annual contribution in the quarter ending 30 June being omitted in this nine month report; and continuing to grow the operations of the Company with investments in human resources and the development and delivery of quality programs in Sustainable Communities, Defence Members, their families and Young People.

#### **3. Dividends**

In accordance with the constitution, no dividends have been declared or paid by the Company during the financial period.

#### **4. Principal activities**

The Prince's Trust Australia Limited ("Prince's Trust Australia") is a company limited by guarantee. The aim of Prince's Trust Australia is to deliver social impact, by transforming lives and building sustainable communities in Australia. Prince's Trust Australia supports

the development and delivery of innovative, high impact projects across three focus areas: Young People, Sustainable Communities and Defence Members and their Families.

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#### **5. Likely developments**

Prince's Trust Australia is growing its operations over the next four years to address the changing nature of work to ensure an increasing number of young people, defence members, veterans and their families are able to participate in enterprise and self-employment. In addition, Prince's Trust Australia plans to co-design an exemplar development in Sydney to demonstrate a mid-rise solution to increasing density pressures. This project is being completed in partnership with the Government of New South Wales and will include social and affordable housing. These activities will require attracting increased funding to deliver greater social and community impact.

#### **6. Significant changes in state of affairs**

Chief Executive, Janine Kirk, resigned in December 2018 and has been succeeded by Christopher John who was appointed in March 2019. A new business model for the Company was adopted in November 2018 to increase human resources and capabilities within the organisation to deliver on our mission. There were no other significant changes in the affairs of the Company during the financial period.

#### **7. Events subsequent to the end of the financial period**

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

#### **8. Indemnification of officers or auditors**

During or since the end of the period, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of directors of the company, other than conduct involving a wilful breach of duty in relation to the company. Confidentiality clauses preclude disclosure of the premiums for these policies.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial period.

#### **9. Environmental legislation**

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

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**10. Proceedings on behalf of the company**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

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

.....

**Mr John Landerer CBE AM**  
Chairman

Dated in Sydney this 26th day of September 2019

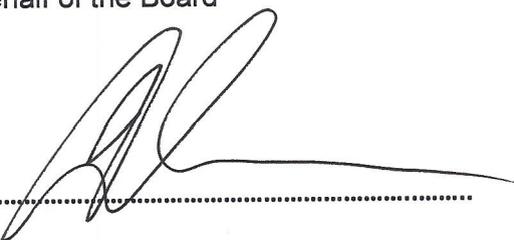
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**Directors' declaration for the period ended 31 March 2019**

In accordance with a resolution of the directors of The Prince's Trust Australia Limited, I state that in the opinion of the directors:

- a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
  - (i) giving a true and fair view of the Company's financial position as at 31 March 2019 and of its performance for the nine-month period ended on that date:  
and
  - (ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*;
- b) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



.....

**Mr John Landerer CBE AM**  
Chairman

Sydney, 26 September 2019

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For the nine-month period ended 31 March 2019

**Statement of profit or loss and other comprehensive income**

	Note(s)	1 July 2018 to 31 March 2019 \$	30 June 2018 \$
<b>REVENUE</b>			
Donations and other in-kind support	3	902,638	1,721,471
Interest income		3,084	5,204
Other income		3,805	-
<b>Revenue and other income</b>		<b>909,527</b>	<b>1,726,675</b>
<b>EXPENDITURE</b>			
Auditor's remuneration		40,000	37,000
Communications/Marketing/Events		23,360	14,639
Depreciation	7	3,437	9,292
Legal expenses		13,637	37,222
Operations/Administration		623,495	360,605
Project Development		118,831	133,250
Programme Implementation		179,116	469,888
Rent expense		51,700	68,937
Travel expenses		110,984	55,095
<b>Expenditure</b>		<b>1,164,560</b>	<b>1,185,928</b>
<b>Net (deficit) surplus for the period/year</b>		<b>(255,033)</b>	<b>540,747</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period/year</b>		<b>(255,033)</b>	<b>540,747</b>

**The Prince's Trust Australia Limited**  
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**Statement of financial position**

	Note	31 March 2019 \$	30 June 2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	5	1,440,698	1,449,438
Other receivables	6	138,665	148,026
		<hr/>	<hr/>
<b>Total current assets</b>		<b>1,579,363</b>	<b>1,597,464</b>
<b>Non-current assets</b>			
Plant and equipment	7	27,374	30,810
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>27,374</b>	<b>30,810</b>
		<hr/>	<hr/>
<b>Total assets</b>		<b>1,606,737</b>	<b>1,628,274</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	375,297	102,381
Provisions	9	19,995	41,304
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>395,292</b>	<b>143,685</b>
<b>Non-current liabilities</b>			
Provisions	9	1,124	19,238
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>1,124</b>	<b>19,238</b>
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>396,416</b>	<b>162,923</b>
		<hr/>	<hr/>
<b>Net assets</b>		<b>1,210,321</b>	<b>1,465,351</b>
<b>EQUITY</b>			
Retained earnings	10	1,210,321	1,465,351
		<hr/>	<hr/>
<b>Total equity</b>		<b>1,210,321</b>	<b>1,465,351</b>

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**Statement of changes in equity**

	<b>Retained earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at 30 June 2017	924,604	924,604
Net surplus for the period	540,750	540,750
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the period	540,750	540,750
	<hr/>	<hr/>
<b>Balance at 30 June 2018</b>	<b>1,465,354</b>	<b>1,465,354</b>
Net deficit (surplus) for the period	(255,033)	(255,033)
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the period	(255,033)	(255,033)
	<hr/>	<hr/>
<b>Balance at 31 March 2019</b>	<b>1,210,321</b>	<b>1,210,321</b>

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**Statement of cash flows**

	Note(s)	31 March 2019 \$	30 June 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from donations		998,337	1,510,660
Interest received		3,084	-
Payments to suppliers & employees		(1,010,161)	(981,252)
<b>Net cash flows from operating activities</b>	12	(8,740)	529,408
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment	7	-	(15,566)
<b>Net cash flows used in investing activities</b>		-	(15,566)
<b>Net (decrease)/increase in cash</b>		(8,740)	513,842
Cash at beginning of period/year		1,449,438	935,596
<b>Cash at end of period/year</b>	2(e), 5	<b>1,440,698</b>	<b>1,449,438</b>

## **The Prince's Trust Australia Limited**

### **Financial report**

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### **Notes to and forming part of the financial statements**

#### **1. Corporate information**

The Prince's Trust Australia Limited (the Company) is a not-for-profit public company limited by guarantee incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Level 46, 101 Collin Street, Melbourne.

The financial statements of the Company for the nine-month period ended 31 March 2019 were authorised in accordance with a resolution of the Directors on 26 September 2019.

The sole member of the Company is The Prince's Trust.

During the year, the Company changed its financial year-end from 30 June to 31 March to coincide with the financial year end of its sole member.

The auditors of the Company are Ernst and Young.

#### **2. Summary of accounting policies**

##### **a. Basis of preparation**

These general purpose financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards – *Reduced Disclosure Requirements*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The Company complies with Australian Accounting Standards – *Reduced Disclosure Requirements* as issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profits Commission Act 2012*.

The Directors have elected to apply the following Accounting Standards:

- AASB 1053                      Application of Tiers of Australian Accounting Standards;

and

- AASB 2010-2                  Amendments to Australian Accounting Standards Arising from *Reduced Disclosure Requirements*.

The adoption of these standards has resulted in significantly reduced disclosures throughout the notes to the financial statements. There was no impact on the reporting financial position and performance of the Company.

## **The Prince's Trust Australia Limited**

### **Financial report**

For the nine-month period ended 31 March 2019

#### **Notes to and forming part of the financial statements (continued)**

#### **2. Summary of accounting policies (continued)**

##### **a. Basis of preparation (continued)**

###### **AASB 1053 and AASB 2010-2**

AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for general purpose financial statements:

Tier 1 – Australian Accounting Standards

Tier 2 – Australian Accounting Standards – *reduced disclosure requirements*

AASB 2010-2 makes amendments to each standard and interpretation, indicating the disclosures not required to be made by Tier 2 entities or inserting reduced disclosure requirement paragraphs requiring simplified disclosures for Tier 2 entities.

###### **Historical cost convention**

The financial statements have been prepared on the basis of historical cost, except where noted otherwise.

Cost is based on the fair values of the consideration given in exchange for assets.

###### **Changes in accounting policy and disclosures**

The accounting policies adopted are consistent with those of the previous year. There has been no material change of accounting policies to the financial statements due to changes in the accounting standards.

The current financial period covers 9 months because of the Company's change in its financial year end to 31 March effective from 31 March 2019 from 30 June (which applied up to and including the year-ended 30 June 2018). As such, comparisons of the financial performance for the nine-month period ended 31 March 2019 and the financial year ended 30 June 2018 are limited in their usefulness.

###### **Currency**

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

##### **b. Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

## **The Prince's Trust Australia Limited**

### **Financial report**

For the nine-month period ended 31 March 2019

#### **Notes to and forming part of the financial statements (continued)**

#### **2. Summary of accounting policies (continued)**

##### **b. Significant accounting judgements, estimates and assumptions (continued)**

The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### **c. Revenue recognition**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised net of any amounts of goods and services tax (GST) payable to the Australian Taxation Office.

##### **Donations**

Donations collected are recognised as revenue when the Company gains control, economic benefits are probable and the amount of the donation can be measured reliably.

##### **In-kind support**

Services and office facilities donated are included at the fair value to the company where this can be quantified.

No amounts are included in the financial statements for services donated by volunteers.

##### **d. Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources.

##### **e. Cash**

Cash in the statement of financial position comprises cash at bank. For the purposes of the statement of cash flow, cash is as defined above, net of any outstanding bank overdrafts.

## **The Prince's Trust Australia Limited**

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For the nine-month period ended 31 March 2019

## **2. Summary of accounting policies (continued)**

### **f. Donations and other receivables**

Donations and other receivables comprise amounts due from supporters and other parties. The carrying amount of the receivable is deemed to reflect fair value.

The Company holds only donation receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply simplified approach for expected credit losses under AASB 9 to all its donation receivables.

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

### **g. Plant and equipment**

#### **Basis of measurement of carrying amount**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

#### **Depreciation**

Items of plant and equipment are depreciated over their useful lives to the Company commencing from the time the asset is held ready for use. Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets as follows:

Computers and software	3 – 4 years
Office equipment	5 – 20 years
Website	3 years

#### **Impairment**

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs of disposal and value in use.

An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income.

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#### **Notes to and forming part of the financial statements (continued)**

#### **2. Summary of accounting policies (continued)**

##### **g. Plant and equipment (continued)**

###### **Derecognition and disposal**

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the Company or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the period the asset is derecognised.

##### **h. Trade creditors and other payables**

Trade creditors and other payables represent liabilities for goods and services provided to the company before the end of the period that are unpaid. These amounts are usually settled in 30 days. The carrying amount of the creditors and payables is deemed to reflect fair value.

##### **i. Employee benefits**

Employee benefits comprise salaries, annual, non-accumulating sick and long service leave, certain fringe benefits, workers compensation insurance and training costs, and contributions to superannuation plans.

Liabilities for salaries expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The Company pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the statement of comprehensive income when they are due. The Company has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

##### **j. Income tax**

The Company is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. This exemption has been confirmed by the Australian Taxation Office.

## **The Prince's Trust Australia Limited**

### **Financial report**

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#### **Notes to and forming part of the financial statements (continued)**

#### **2. Summary of accounting policies (continued)**

##### **j. Income Tax (continued)**

###### **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 which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Cash flow is included in the statement of cash flow on a net basis. The GST component of cash flow arising from investing and financing activities that is recoverable from or payable to the Australian Taxation Office is excluded from amounts classified as operating cash flow.

##### **k. Foreign currency translation**

Transactions in foreign currencies are recorded initially by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Foreign currency differences arising on retranslation are recognised in statement of comprehensive income.

##### **l. New accounting standards and interpretations issued, but not yet effective**

The following standards and interpretations were in issue but not yet effective for the Company. Management anticipates the adoption of these Standards will have no material financial impact on the financial report of the Company.

###### ***AASB 16 Leases***

*AASB 16 Leases* will become effective for annual periods beginning on or after 1 January 2019. Where the Company has entered into lease contracts as lessee, all contracts previously defined as Operating Leases under *AASB 117 Leases* are rolling contracts of 12 months or less and will be treated as short term leases.

Where the Company has entered into lease agreements as lessor, the adoption of this standard is not expected to have a material impact on the amounts recognised in the current or future periods.

## The Prince's Trust Australia Limited

### Financial report

For the nine-month period ended 31 March 2019

### Notes to and forming part of the financial statements (continued)

#### 2. Summary of accounting policies (continued)

##### I. New accounting standards and interpretations issued, but not yet effective

###### **AASB 1058 Income of Not-for-Profit Entities**

*AASB 1058 Income of Not-for-Profit Entities*, in conjunction with *AASB 15 Contracts with customers* will become effective for annual periods beginning on or after 1 January 2019. AASB 1058 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases. Consequently AASB 1004 Contributions is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.

Management has not yet completed a full assessment of the impact of these standards but based on preliminary reviews expect no significant changes.

#### 3. Donations and other in kind support

	1 July 2018 to 31 March 2019	30 June 2018
	\$	\$
Donations from:		
- individuals	25,000	313,000
- charitable foundations	701,044	1,075,000
- corporate donors	67,363	196,812
Services-in-kind		
- Office space	51,700	68,937
- Meeting catering	3,894	-
- Legal	13,637	30,722
- Audit	40,000	37,000
	<b>902,638</b>	<b>1,721,471</b>

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**Notes to and forming part of the financial statements (continued)**

**4. Employee expense**

	<b>1 July 2018 to 31 March 2019</b>	<b>30 June 2018</b>
	\$	\$
Salaries	511,439	388,705
Employee Fringe Benefit	848	-
Defined contribution superannuation plan expense	39,779	35,206
Workers compensation insurance	6,977	4,913
	<b>559,043</b>	<b>428,824</b>

Employee benefit expenses are allocated to cost centres on an activity-based costing basis.

**5. Cash**

	<b>31 March 2019</b>	<b>30 June 2018</b>
	\$	\$
Cash at bank	1,440,698	1,449,438
	<b>1,440,698</b>	<b>1,449,438</b>

**6. Other receivables**

The Company's exposure to credit risk and impairment losses related to donations and other receivables is disclosed in note 12.

	<b>31 March 2019</b>	<b>30 June 2018</b>
	\$	\$
Other receivables	138,665	148,026
	<b>138,665</b>	<b>148,026</b>

**The Prince's Trust Australia Limited****Financial report**

For the nine-month period ended 31 March 2019

**Notes to and forming part of the financial statements (continued)****7. Plant and equipment**

	<b>Computers and software \$</b>	<b>Office furniture and equipment \$</b>	<b>Website \$</b>	<b>Total \$</b>
<b>Cost</b>				
At 1 July 2018	39,656	16,487	25,590	81,733
<b>At 31 March 2019</b>	<b>39,656</b>	<b>16,487</b>	<b>25,590</b>	<b>81,733</b>
<b>Accumulated Depreciation</b>				
At 1 July 2018	19,013	9,189	22,721	50,923
Charge for year	2,387	348	702	3,437
<b>At 31 March 2019</b>	<b>21,253</b>	<b>9,684</b>	<b>23,423</b>	<b>54,360</b>
<b>Net Carrying Amount</b>				
At 30 June 2018	20,643	7,298	2,869	30,810
<b>At 31 March 2019</b>	<b>18,256</b>	<b>6,950</b>	<b>2,168</b>	<b>27,374</b>

**8. Trade and other payables**

	<b>31 March 2019 \$</b>	<b>30 June 2018 \$</b>
Trade creditors	54,041	33,288
Credit card payables	507	1,233
Other payroll liabilities	18,595	5,838
Accruals	192,154	62,022
Deferred Revenue	110,000	-
	<b>375,297</b>	<b>102,381</b>

The company's exposure to liquidity risks related to trade creditors and other payables is disclosed in Note 11.

## The Prince's Trust Australia Limited

### Financial report

For the nine-month period ended 31 March 2019

#### Notes to and forming part of the financial statements (continued)

#### 9. Provisions

	31 March 2019	30 June 2018
	\$	\$
Annual leave – current	19,995	41,304
Long service leave – non-current	1,124	19,238
	<u>21,119</u>	<u>60,542</u>

#### 10. Total equity

##### a. Movements in equity

Details of the movement in each reserve and fund are provided in the statement of changes in equity.

##### b. Details of reserves and funds included in statement of changes in equity

###### Retained earnings

The retained earnings represent a surplus over the expenses at the end of the accounting period.

##### c. Members' guarantee

The Company is limited by guarantee. In the event of the company being wound up, the constitution states that the member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Company.

At 31 March 2019 there is one member.

#### 11. Financial instruments

##### a. Financial risk management – Objectives and policies

The Company's financial instruments comprise cash, donations and other receivables, and amounts payable to trade creditors and other parties.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The Company does not use derivative instruments to manage risks associated with its financial instruments.

The Directors have overall responsibility for risk management, including risks associated with financial instruments. Risk management policies are established to identify and analyse the risks associated with the Company's financial instruments, to set appropriate risk limits and controls and to monitor the risks and adherence to limits.

## The Prince's Trust Australia Limited

### Financial report

For the nine-month period ended 31 March 2019

#### Notes to and forming part of the financial statements (continued)

#### 11. Financial instruments (continued)

##### a. Financial risk management – Objectives and policies (continued)

The Board is responsible for monitoring the effectiveness of the Company's risk management policies and processes and to regularly review risk management policies and systems, taking into account changes in market conditions, and the Company's activities. The Board is also responsible for developing and monitoring investment policies.

##### Liquidity risk

Liquidity risk is the risk that the Company will not be able to fund its obligations as they fall due.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds are available to meet normal operating expenses for 12 months.

The following are the contractual maturities of financial liabilities:

	Carrying amount \$	Contractual cash flow (undiscounted) \$	6 months or less \$
<b>At 30 June 2018</b>			
Trade and other payables (Note 8)	102,381	102,381	102,381
	<b>102,381</b>	<b>102,381</b>	<b>102,381</b>
<b>At 31 March 2019</b>			
Trade and other payables (Note 8)	375,297	375,297	375,297
<b>Total financial liabilities</b>	<b>375,297</b>	<b>375,297</b>	<b>375,297</b>

## The Prince's Trust Australia Limited

### Financial report

For the nine-month period ended 31 March 2019

#### Notes to and forming part of the financial statements (continued)

#### 11. Financial instruments (continued)

##### a. Financial risk management – Objectives and policies (continued)

##### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to two sources of credit risk – amounts receivable and counterparty risk in respect of funds deposited with banks and other financial institutions.

Funds are deposited only with those banks and financial institutions approved by the Board. Such approval is only given in respect of banks that hold 'AA' ratings from Standard & Poor's or an equivalent rating from another reputable ratings agency. At the reporting date, the Company did not have any material credit risk exposures to any single receivable or group of receivables or any bank or financial institution.

##### Exposure to credit risk

The carrying amount of the Company's financial assets best represents its maximum credit risk exposure. The Company's maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount 31 March 2019 \$	Carrying amount 30 June 2018 \$
Cash	5	1,440,698	1,449,438
Other receivables	6	138,665	148,026
		<b>1,579,363</b>	<b>1,597,464</b>

Other receivables comprise amounts due from donors and an amount owed to the Company by its bank. The aging of these debtors at reporting dates was:

	31 March 2019		30 June 2018	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Current	113,665	-	148,026	-
Over 180 days	25,000	-	-	-
	<b>138,665</b>	<b>-</b>	<b>148,026</b>	<b>-</b>

The Company received \$25,000 of the amount due over 180 days after the financial period-end.

## The Prince's Trust Australia Limited

### Financial report

For the nine-month period ended 31 March 2019

#### Notes to and forming part of the financial statements (continued)

##### 11. Financial instruments (continued)

###### a. Financial risk management – Objectives and policies (continued)

###### Market price risk

Market price risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. As the Company's major supporter has agreed to 'make good' any foreign exchange losses, the Directors have determined the company's exposure to market price risk is immaterial.

###### Currency risks

As the Company's major supporter has agreed to 'make good' any foreign exchange losses, the company has adopted a policy not to hedge against any fluctuations in foreign currency exchange rates.

###### b. Fair values

Carrying amounts of financial assets and liabilities recorded in the financial statements represent their net fair values, as determined in accordance with the accounting policies disclosed in Notes 2(f) and 2(h) to the financial statements.

##### 12. Cash flow information

Reconciliation of net surplus for the year / period to net cash flow from operations:

	Note	31 March 2019 \$	30 June 2018 \$
Net (deficit)/surplus for the period / year		(255,033)	540,747
Depreciation of property, plant and equipment	7	3,437	9,292
Provisions	9	(39,423)	18,504
<b>(Increase)/Decrease in assets</b>			
Decrease/(Increase) in other receivables	6	9,361	(71,498)
<b>Increase/(Decrease) in liabilities</b>			
Increase/(decrease) in trade and other payables	8	272,916	32,363
Other		(2)	-
<b>Net cash flow from operations</b>		<b>(8,740)</b>	<b>529,408</b>

## The Prince's Trust Australia Limited

### Financial report

For the nine-month period ended 31 March 2019

#### Notes to and forming part of the financial statements (continued)

#### 13. Commitment and contingencies

##### Operating leases

The Company had entered into a sub-lease of office space. The lease is free of charge and the owners have confirmed that occupancy could continue after the existing sub-lease agreement terminated on November 2018. As such, no future commitment exists in this regard.

#### 14. Related parties and related party transactions

##### a. Directors' compensation

The Directors act in an honorary capacity and receive no compensation for their services. During the period, travel expenses totalling \$404 incurred by a Director in fulfilling their role was reimbursed.

##### b. Key management personnel compensation

	<b>31 March 2019</b>	<b>30 June 2018</b>
	\$	\$
Short-term employee benefits	221,948	260,000
<b>Total compensation</b>	<b>221,948</b>	<b>260,000</b>

#### 15. Economic dependency

The Company is dependent upon the ongoing receipt of Donations from supporters and the Prince's Trust UK to ensure the continuance of its operations.



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## Independent Auditor's Report to the Members of The Prince's Trust Australia Limited

### Report on the Financial Report

#### Opinion

We have audited the financial report of The Prince's Trust Australia (the Company), which comprises the statement of financial position as at 31 March 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:

- a) giving a true and fair view of the Company's financial position as at 31 March 2019 and of its financial performance for the period ended on that date; and
- b) complying with Australian Accounting Standards and the Australian Charities and Not-for-Profits Commission Regulation 2013.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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- 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 Company'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 auditor's report. However, future events or conditions may cause the Company 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 the directors 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.

Ernst & Young

Brett Croft  
Partner  
Melbourne  
26 September 2019



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## Auditor's Independence Declaration to the Directors of The Prince's Trust Australia Limited

In relation to our audit of the financial report of The Prince's Trust Australia Limited for the financial period ended 31 March 2019, and in accordance with the requirements of Subdivision 60-C of the Australian Charities and Not-for Profits Commission Act 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Brett Croft  
Partner  
26 September 2019