# Australian Energy Foundation
(ABN 72 095 439 160)

# Audited Financial Statements for the year ended 30th June 2020

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**AUSTRALIAN ENERGY FOUNDATION**
**ABN. 72 095 439 160**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020**

| | Notes | 2020 $ | 2019 $ |
|---|---|---|---|
| Revenue | 2 | 5,440,727 | 6,439,357 |
| Employee Benefit Expenses | 3(a) | (2,209,196) | (3,379,381) |
| Project Costs | | (2,493,298) | (2,765,635) |
| Depreciation Expenses | | (55,711) | (55,798) |
| Occupancy Expenses | | (46,975) | (46,242) |
| Other Expenses | 3(b) | (426,485) | (560,704) |
| **Net Current year surplus/(deficit)** | | **209,062** | **(368,404)** |
| **Other Comprehensive income** | | | |
| **Total Comprehensive Income/(loss) attributable to the members of the entity** | | **209,062** | **(368,404)** |

## AUSTRALIAN ENERGY FOUNDATION
## ABN. 72 095 439 160

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Consultancy, partnerships and government grants | | 5,208,430 | 4,148,221 |
| Interest receipts | | 9,550 | 35,957 |
| Moreland City Council funding | | 851,693 | 887,824 |
| Other income | | 159,847 | 98,548 |
| Employee and related services expenditure | | (2,200,220) | (3,341,731) |
| Operating expenditure | | (3,719,564) | (3,182,294 |
| **Net cash generated from operating activities** | | **309,736** | **(1,353,475)** |
| **Cash flow from investing activities** | | | |
| Payments for plant and equipment | | (3,973) | (42,218) |
| Investment loan - solar PV repaid | | 2,681 | 5,607 |
| Loan - Employee bike | | 730 | (730) |
| **Net cash provided by (used in) investing activities** | | **(561)** | **(37,341)** |
| **Cash flow from financing activities** | | | |
| **Loan - Social Traders Ltd** | | | **(40,000)** |
| **Net cash used in financing activities** | | | **(40,000)** |
| **Net increase/(decrease) in cash** | | **309,175** | **(1,430,816)** |
| Cash at the beginning of the year | | 1,309,909 | 2,740,725 |
| **Cash held at the end of the year** | | **1,619,084** | **1,309,909** |

## AUSTRALIAN ENERGY FOUNDATION
## ABN. 72 095 439 160

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

| | Notes | 2020 $ | 2019 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 4 | 1,619,084 | 1,309,909 |
| Trade and other receivables | 5 | 647,928 | 1,474,526 |
| Prepayments | | 23,894 | 62,212 |
| Other financial assets | | 4,587 | 4,913 |
| Inventories | 7 | 59,070 | 136,000 |
| **Total Current Assets** | | **2,355,463** | **2,987,560** |
| **Non Current Assets** | | | |
| Trade and other receivables | | | 11,000 |
| Plant and equipment | 6 | 40,243 | 91,981 |
| Other financial assets | 11 | 1,000 | 4,985 |
| **Total Non Current Assets** | | **41,243** | **107,966** |
| **Total Assets** | | **2,396,706** | **3,095,526** |
| **Current Liabilities** | | | |
| Trade and other payables | 8 | 1,647,446 | 2,496,414 |
| Employee benefits | 9 | 113,712 | 170,749 |
| **Total Current Liabilities** | | **1,761,158** | **2,667,162** |
| **Non Current Liabilities** | | | |
| Employee benefits | 9 | 16,703 | 18,579 |
| **Total Non Current Liabilities** | | **16,703** | **18,579** |
| **Total Liabilities** | | **1,777,861** | **2,685,741** |
| **Net Assets** | | **618,845** | **409,785** |
| Retained surplus | | 618,845 | 409,785 |
| **Total Equity** | | **618,845** | **409,785** |

## AUSTRALIAN ENERGY FOUNDATION
## ABN. 72 095 439 160

## STATEMENT OF CHANGE IN EQUITY FOR THE YEAR 30 JUNE 2020

| | $ Retained earnings |
|---|---|
| **2019** | |
| **Balance as at 1st July 2018** | 778,188 |
| Surplus/(deficit) | (368,403) |
| **Balance as at 30th June 2019** | **409,735** |
| | |
| **2020** | |
| **Balance as at 1st July 2019** | **409,735** |
| Surplus/(deficit) | 209,062 |
| **Balance as at 30th June 2020** | **618,846** |

# NOTES TO THE FINANCIAL STATEMENTS

The financial statements cover Australian Energy Foundation Limited as an individual entity, incorporated and domiciled in Australia. Australian Energy Foundation Limited is a company limited by guarantee.

The financial statements were authorised for issue on 29 September 2020 by the directors of the Entity.

## NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Financial Reporting Framework

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

The Entity has concluded that the requirements set out in AASB 10 and AASB 128 are not applicable as the initial assessment on its interests in other entities indicated that it does not have any subsidiaries, associates or joint ventures. Hence, the financial statements comply with all the recognition and measurement requirements in Australian Accounting Standards

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

### Accounting policies

### a. Revenue

*Revenue recognition*

The Entity has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not- for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in Note 1.

*Operating Grants, Donations and Bequests*

When the entity received operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Entity: – identifies each performance obligation relating to the grant

– recognises a contract liability for its obligations under the agreement – recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (e.g. AASB 9. AASB 16, AASB 116 and AASB 138);

- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

**Interest Income**
Interest income is recognised using the effective interest method.

**In the comparative period**
Non-reciprocal grant revenue is recognised in profit or loss when the Entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the Entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the Entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

### b. Inventories on Hand

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

### c. Property, Plant and Equipment Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

**Depreciation**
The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The various classes of depreciable assets are depreciated on a straight-line basis or diminishing value basis at between 10% to 33% annnum.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

### d. Leases

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee.

However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

### e. Financial Instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Entity commits itself to either the purchase or the sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15*: Revenue from Contracts with Custome*rs.

#### Classification and subsequent measurement Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or

- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk to other comprehensive income enlarges or creates an accounting mismatch, these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

### Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial measurement of financial instruments at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

### Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Entity makes an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Entity’s accounting policy.

### Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

*Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity that the Entity elected to classify as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

## Impairment

The Entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Entity uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

*General approach*

Under the general approach, at each reporting period, the Entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the Entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there has been no significant increase in credit risk since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

*Simplified approach*
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

*Purchased or originated credit-impaired approach*
For a financial assets that are considered to be credit-impaired (not on acquisition or originations), the Entity measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial

asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

*Low credit risk operational simplification approach*

If a financial asset is determined to have low credit risk at the initial reporting date, the Entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

*Recognition of expected credit losses in financial statements*

At each reporting date, the Entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

### f. Impairment of Assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

### g. Employee Provisions

### Short-term employee benefits

Provision is made for the Entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Entity's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of accounts payable and other payables in the statement of financial position.

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

any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

### h. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### i. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from donors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less

### j. 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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### k. Income Tax

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

### l. Intangibles

**Software**

Software is recorded at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

### m. Provisions

Provisions are recognised when the Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

## n. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the Entity retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements must be presented.

## o. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements 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 Entity.

**Key estimates**

(i) *Impairment*

The Entity assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Entity that may be indicative of impairment triggers.

(iii) Plant and equipment

As indicated in Note 1(c), the Entity reviews the useful life of plant and equipment on annual basis.

**Key judgments**

*(i) Performance obligations under AASB 15*

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

*(ii) Lease term and Option to Extend under AASB 16*

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make. The entity determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

### Note 2: Revenue

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Moreland City Council funding | 761,953 | 903,145 |
| Consultancy fees & project income | 4,464,808 | 5,400,112 |
| Interest earned | 9,118 | 37,552 |
| Covid-19 stimulus income | 191,000 | (730) |
| Sundry income | 13,847 | 98,547 |
| **Total Revenue** | **5,440,727** | **6,439,357** |

### Note 3a: Employee Benefits Expenses

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Wages and salaries | 2,393,724 | 2,934,769 |
| Superannuation | 211,375 | 269,175 |
| Workcover | 25,299 | 39,115 |
| Provision for annual leave | (33,465) | (8,740) |
| Provision for long service leave | (25,488) | 14,734 |
| Payroll tax | (362,288) | 130,328 |
| **Total employee benefits expenses** | **2,209,196** | **3,379,381** |

### Note 3b: Other Expenses

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Auditors remuneration | 13,512 | 15,135 |
| Printing, stationery & design | 4,729 | 9,123 |
| Bank charges | 1,073 | 1,340 |
| Consultant advice | 46,247 | 67,525 |
| Telephone and internet | 13,496 | 24,207 |
| Conferences and travelling expenses | 62,703 | 134,541 |
| Subscriptions and memberships | 4,205 | 4,751 |
| Premises costs | 15,234 | 10,504 |
| Subcontract services | 129,884 | 57,575 |
| Other | 135,403 | 236,003 |
| **Total other expenses** | **426,485** | **560,704** |

### Note 4: Cash and cash equivalents

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Cash at bank and in hand | 1,619,084 | 1,309,909 |
| **Total cash and cash equivalents** | **1,619,084** | **1,309,909** |

### Note 5: Trade and other receivables

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| **Current** | | |
| Trade receivables | 466,693 | 451,961 |
| Interest receivable | - | 3,099 |
| Accrued income | 181,234 | 1,019,466 |
| **Total current trade and other receivables** | **647,928** | **1,474,526** |
| **Non current** | | |
| Rental security bond | | 11,000 |
| **Total non current trade and other receivables** | | **11,000** |
| **Total trade and other receivables** | **647,928** | **1,485,526** |
| **Financial assets classified as loans and receivables** | | |
| Total trade and other receivables | - | 11,000 |
| Prepayments | 23,894 | 62,212 |
| **Total financial assets classified as loans and receivables** | **23,894** | **73,212** |

### Note 6: Plant and equipment

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Office equipment at cost | 10,771 | 6,798 |
| Less accumulated depreciation | (6,807) | (4,633) |
| **Total Office Equipment** | **3,964** | **2,165** |
| Office furniture at cost | 42,504 | 42,504 |
| Less accumulated depreciation | (36,856) | (34,688) |
| **Total Office Furniture** | **5,648** | **7,816** |
| Computer equipment at cost | 126,988 | 126,988 |
| Less accumulated depreciation | (104,827) | (79,020) |
| **Total Computer equipment** | **22,162** | **47,969** |
| Software at cost | 2,698 | 2,698 |
| Less accumulated depreciation | (2,698) | (2,698) |
| **Total Software** | **-** | **-** |
| Equipment at cost | 27,991 | 27,991 |
| Less accumulated depreciation | (26,083) | (24,676) |
| **Total Equipment** | **1,908** | **3,315** |
| Leasehold improvements at cost | 95,301 | 95,301 |
| Less accumulated amortisation | (90,584) | (67,046) |
| **Total Leasehold improvements** | **4,717** | **28,256** |
| Vehicles at cost | 9,571 | 9,571 |
| Less accumulated depreciation | (7,726) | (7,111) |
| **Total Vehicles** | **1,845** | **2,460** |
| **Total plant and equipment** | **40,243** | **91,981** |

| **Movements in carrying amounts** | **Office equipment** | **Office furniture** | **Computer equipment** | **Software** |
|---|---|---|---|---|
| Balance at beginning of year | 2,165 | 7,816 | 47,969 | - |
| Additions at cost | 3,973 | - | - | - |
| Depreciation expense | (2,174) | (2,169) | (25,807) | - |
| Disposal at Cost | - | - | - | - |
| **Carrying amount at end of year** | **3,964** | **5,648** | **22,162** | **-** |

| Movements in carrying amounts | Equipment | Leasehold Improve | Vehicles | Total |
|---|---|---|---|---|
| Balance at beginning of year | 3,315 | 28,256 | 2,460 | 91,981 |
| Additions at cost | - | - | - | 3,973 |
| Depreciation expense | (1,407) | (23,539) | (615) | (55,711) |
| Disposal at Cost | - | - | - | - |
| **Carrying amount at end of year** | **1,908** | **4,717** | **1,845** | **40,243** |

### Note 7: Inventories

| | 2020 $ | 2019 $ |
|---|---|---|
| Inventory at cost | 67,070 | 144,000 |
| Provision for impairment | (8,000) | (8,000) |
| **Total inventories** | **59,070** | **136,000** |

### Note 8: Trade and other payables

| | 2020 $ | 2019 $ |
|---|---|---|
| Accounts payable | 8,210 | 764,474 |
| Unexpended project grants and unearned income | 1,278,351 | 1,326,230 |
| GST Payable | 103,057 | 3,843 |
| PAYG Payable | 140,456 | 54,094 |
| Superannuation Payable | 24 | 67,277 |
| Wages Payable | 71,727 | 48,831 |
| Accrued expenses | - | 211,002 |
| Other payables | 45,620 | 20,662 |
| **Total trade and other payables** | **1,647,446** | **2,496,414** |
| **Financial liabilities classified as trade and other payables (note 13)** | | |
| Total trade and other payables | 1,647,446 | 2,496,414 |
| Payable to the ATO | (243,513) | (57,937) |
| **Total Financial liabilities classified as trade and other payables** | **1,403,933** | **2,438,476** |

### Note 9: Employee benefits

| | 2020 $ | 2019 $ |
|---|---|---|
| **Current** | | |
| Annual leave | 99,983 | 133,449 |
| Long service leave | 13,729 | 37,300 |
| **Total current employee benefits** | **113,712** | **170,749** |
| **Non current** | | |
| Long service leave | 16,702 | 18,579 |
| **Total non current employee benefits** | **16,702** | **18,579** |
| **Total employee benefits** | **130,414** | **189,328** |

### Note 10: Contingent assets and contingent liabilities

**Contingent Assets**
The company is not aware of any contingent liabilities as at 30 June 2020.

**Contingent Liabilities**
The company is not aware of any contingent liabilities as at 30 June 2020.

#### Occupancy lease

The company has a lease for occupancy at Suite 6, 200 Sydney Road, Brunswick. The lease was renewed effective 1st October 2017, for the period of three years so it is due to expire on the 30 September 2020.

#### Vehicle leases

The company extended the operating lease agreement for a hybrid vehicle on the 20th July 2019 for the period of one year

### Note 11: Other financial assets

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| **Current** | | |
| Loans - Solar PV | 5,487 | 4,183 |
| Employee bike | - | 730 |
| **Total current other financial assets** | **5,487** | **4,913** |
| **Non Current** | | |
| Shares unlisted entity - available for sale | 1,000 | 1,000 |
| Loans - Solar PV | | 3,985 |
| **Total non current other financial assets** | **1,000** | **4,985** |
| **Total other financial assets** | **6,487** | **9,898** |

*Loans - Solar PV*

As at 30 June 2020, AEF has provided loans to two organisations for the purpose of financing the cost of solar PV. The term of the loan is five years with interest rate of 4% per annum. Interest is payable in arrears at each quarter.

### Note 12: Members guarantee

On winding up the company's assets are to be distributed to a likeminded institution and according to the constitution of the company no members are required to contribute to any outstanding obligations of the company on winding up.

### Note 13: Reconciliation of cash flows with current year surplus

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| **Operating Surplus/(Deficit)** | **209,062** | **(368,403)** |
| Non-cash flow items in surplus/(deficit): | | |
| Depreciation | 55,711 | 55,798 |
| **Changes in assets and liabilities:** | | |
| **(Increase)/decrease in assets** | | |
| Accounts receivable and other debtors | 837,598 | (40,283) |
| Prepayments | 38,317 | (10,521) |
| Inventory | 76,930 | (65,115) |
| **Increase/(decrease) in liabilities** | | |
| Accounts payable and other payables | (848,968) | (930,945) |
| Provisions | (58,914) | 5,994 |
| **Net cash provided/(used) by operating activities** | **309,736** | **(1,353,475)** |

### Note 14: Events after the reporting date

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years, other than as follows:

During the financial year, the COVID-19 outbreak has been declared a global pandemic causing significant disruption in multiple economies as many governments take stringent steps to contain and/or delay the spread of the virus. These actions have resulted in significant disruption to business operations and a significant increase in economic uncertainty including more volatile asset prices, commodity prices and exchange rates and a market decline in long-term interest rates in some economies.

The restrictions on the movement of people has resulted in difficulties in the delivery of certain projects. As a result amounts of funding received have been held on the balance sheet pending the delivery of these projects. The effects on the future of aspects of Australian Energy Foundations' future operations are difficult to predict given the current lockdowns impacting Victoria.

The Directors have concluded that this uncertainty will not affect the ability of the company to continue as a going concern for the 12 months from the date of this report.

### Note 15: Association details

The registered office of the company is:

Suite 6, Level 1, 200 Sydney Road

Brunswick VIC 3056

**AUSTRALIAN ENERGY FOUNDATION LIMITED**
**ABN 720 95 439 160**
**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Australian Energy Foundation Limited, the directors of the Entity declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages three to twenty are in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012* and:
   a) comply with the Australian Accounting Standards applicable to the company;
   b) give a true and fair view of the financial position of the Entity as at 30 June 2020 and its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

Signed, in accordance with a resolution of the Board of Australian Energy Foundation Limited.

Dated: 29th September 2020

| | |
|---|---|
| ………………………….. | ………………………… |
| Travis NEAL | James SCOTT |

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012**

**TO THE MEMBERS OF AUSTRALIAN ENERGY FOUNDATION LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of:

(i) the auditor's independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

MVA Bennett

**MVA BENNETT**
Chartered Accountants
Level 5, North Tower,
485 La Trobe Street
**Melbourne Vic 3000**

**SHAUN EVANS**
Partner

Dated: 29 September 2020

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN ENERGY FOUNDATION LIMITED**

## Opinion

We have audited the financial report of Australian Energy Foundation Limited (the company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Australian Energy Foundation Limited is 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 30 June 2020 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations 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 auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and 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 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.

## Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the director's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## Responsibility 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of 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. 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 related 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 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 expect 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 asses the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures 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 an 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.
- 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.

MVA Bennett

**MVA BENNETT**
Chartered Accountants
Level 5, North Tower
485 La Trobe Street,
Melbourne Vic 3000

**SHAUN EVANS**
Partner

Dated: 29 September 2020