



PRIMARY ETHICS LIMITED

ACN 147 194 349

**Consolidated Financial Report
for the year ended
30 June 2014**

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DIRECTORS REPORT

The Directors have pleasure in submitting the financial statements of the company for the year ended 30 June 2014 and report as follows:

DIRECTORS

The names of the Directors in office during the year and at the date of this report are:

Name	Other roles
Mr Bruce Hogan AM (<i>chair</i>)	Chairman of Snowy Hydro Ltd and a director of the Stolen Generations Testimonies Foundation and the Rita Hogan Foundation. Bruce has had an extensive non-executive director career following his executive career in investment banking, primarily with Bankers Trust Australia. Past directorships include NSW Treasury Corporation, Coles Myer, Metcash, GIO, Funds SA and Energy Australia and Chairmanship of State Super Financial Services, Adelaide Casino and the Coles Myer Superannuation Fund.
Dr Simon Longstaff AO	A philosopher whose focus is in the field of applied ethics encompassing the wider community beyond academe. Since 1991, he has been Executive Director of St James Ethics Centre, an independent not-for-profit organisation, which provides a non-judgemental forum for the promotion and exploration of ethics.
Ms Robin Low	Non-executive director of Appen Limited, Austbrokers Limited, CSG Limited and IPH Limited. Robin is a former PricewaterhouseCoopers partner and had a career of over 28 years with the firm. She is also on the board of Public Education Foundation and is treasurer of Sydney Medical School Foundation.
Mr Nigel Stokes	Has held the role of Financial Adviser in the NSW Government for 10 years working on a number of Government projects. At Bankers Trust Nigel worked on a series of significant privatisations including GIO, NSW State Bank and NSW TAB. He also advised on the demutualisation of the ASX as well as consulting to the NSW Treasury Corporation on risk strategy.

COMPANY INFORMATION

Primary Ethics Limited is a not-for-profit organisation Limited by Guarantee and domiciled in Australia. The registered office and principal place of business is Level 37, 50 Bridge Street Sydney NSW 2000. The company was incorporated on 4 November 2010.

OBJECTIVES, STRATEGIES, PRINCIPAL ACTIVITIES & MEASURES

1. Provide philosophical ethics education to children in New South Wales public schools who do not attend special religious education classes.
2. Develop an engaging ethics curriculum and learning/teaching materials that are age appropriate and deliverable to urban, regional and rural schools.
3. Provide a developed curriculum and learning/teaching materials for use by faith groups, to use 'as is' or to amend in accordance with the frameworks of their particular religions.
4. Manage quality control over the ethics curriculum content and its delivery.
5. Attract, select, recruit and train suitable volunteer ethics teachers.
6. Coordinate the curriculum delivery via volunteer ethics teachers.
7. Provide a mechanism for receiving and reacting to complaints relating to the provision of ethics education.

8. To carry out such other functions and purposes which are necessary or incidental to the other objects of the company, on the basis that the company operates as a not-for-profit company.

In achieving these objectives, Primary Ethics Limited will establish and expand collaborative partnerships.

Primary Ethics Limited measures its achievements through a suite of key performance indicators established at Board Level.

OPERATING RESULTS FOR THE PERIOD

The net result for the year ending 30 June 2014 was a profit of \$1,264,626 (2013: profit of \$1,128,020).

DIRECTORS' MEETINGS

The Board met on 6 occasions during the year ended 30 June 2014.

The number of meetings attended by each Director is set out in the following table:

Name	Number of meetings attended
Mr Bruce Hogan	6
Dr Simon Longstaff	2
Ms Robin Low	6
Mr Nigel Stokes	6

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There are no significant events after the balance date that is not noted elsewhere in these financial statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS IN THE ENTITY'S OPERATIONS

At the date of this report, the directors are not aware of any developments likely to have a significant effect upon Primary Ethics Limited's operations.


MEMBERS' GUARANTEE

Primary Ethics Limited is a company limited by guarantee and in accordance with its Constitution, in the event of Primary Ethics Limited being wound up, the liability of members will not exceed \$5.00 per member as per Clause 21.9 of the Constitution. Primary Ethics Limited has one member.

AUDITOR'S INDEPENDENCE

The Directors have received an independent declaration from the auditor of Primary Ethics Limited, Ernst & Young and a copy is attached to this report.

This report has been made in accordance with a resolution of the Directors.




Signature
BRUCE HOGAN

Name

Director

Title



Signature
Nigel Stokes

Name

Director

Title

Dated this 21 day of January 201~~4~~⁵, Sydney, NSW.

CONSOLIDATED INCOME STATEMENT

for the financial year ended 30 June 2014

	Note	FY2014 (\$)	FY2013 (\$)
Revenue and Other Income			
Donations		1,232,123	1,166,812
Donations – In Kind		4,087,542	3,403,400
Non-Government Grants		505,000	-
Raffle Tickets		-	17,903
Sponsorships		(2,500)	16,000
Interest Earned		41,945	5,463
Dividends		3,920	-
Franking credits		5,462	-
Distributions		1,525	-
Gain on sale of investments		24,777	-
Fee Rebates		2,332	-
Unrealised Gain/(loss) on investments		(46,429)	-
Total Income		5,855,697	4,609,578
Expenses			
In Kind		4,087,542	3,403,400
Brokerage Fees		1,433	-
Administrative expenses		502,096	78,158
		4,591,071	3,481,558
Profit/ (Loss) for the year		1,264,626	1,128,020
Other comprehensive income		-	-
Total comprehensive income for the year		1,264,626	1,128,020

The statement of comprehensive income is to be read in conjunction with the attached notes

CONSOLIDATED BALANCE SHEET

as at 30 June 2014

The balance sheet is to be read in conjunction with the attached notes

	Note	FY2014 (\$)	FY2013 (\$)
CURRENT ASSETS			
Cash and cash equivalents	1(d)	1,245,779	1,264,298
Trade and other receivables		6,987	2,500
GST Liabilities		970	-
TOTAL CURRENT ASSETS		1,253,736	1,266,798
OTHER ASSETS			
Investments		1,585,295	-
TOTAL OTHER ASSETS		1,585,295	-
TOTAL ASSETS		2,839,031	1,266,798
CURRENT LIABILITIES			
Short Term Loans		230,000	-
Payables		400	-
Employee Liabilities		83,207	-
TOTAL CURRENT LIABILITIES		313,607	-
NON CURRENT LIABILITIES			
Directors Loans		-	6,000
TOTAL NON CURRENT LIABILITIES		-	6,000
TOTAL LIABILITIES		310,607	6,000
NET ASSETS		2,525,424	1,260,798
FUNDS			
Retained earnings at the start of the year		1,260,798	132,778
Current Year Surplus/Deficit		1,264,626	1,128,020
TOTAL FUNDS		2,525,424	1,260,798

CONSOLIDATED STATEMENT IN CHANGES IN EQUITY

for the financial year ended 30 June 2014

	Retained Earnings	Total
As at 1 July 2013	1,260,798	1,260,798
Net Profit / (Loss) for the Year	<u>1,264,626</u>	<u>1,264,455</u>
As at 30 June 2014	2,525,424	2,525,253

<i>Roll forward of Equity – FY2013</i>		
	Retained Earnings	Total
As at 1 July 2012	132,778	132,778
Net Profit / (Loss) for the Year	<u>1,128,020</u>	<u>1,128,020</u>
As at 30 June 2013	1,260,798	1,260,798

The statement of changes in funds is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2014

	Note	FY2014 (\$)	FY2013 (\$)
Cash Flows from Operating Activities			
Cash Receipts from customers and donors		1,731,507	1,198,216
Short Term Loans		230,000	-
Payments to suppliers and employees		(419,844)	(78,159)
Dividends received		3,920	-
Interest received		41,061	5,463
Net cash flows from/(used in) operating activities	3	1,586,644	1,125,520
Cash Flows from Investing Activities			
Purchase of Investments		(1,875,532)	-
Sale of Investments		270,369	-
Net cash from/(used in) investing activities		(1,605,163)	-
Net increase/(decrease) in cash held		(18,519)	1,125,520
Cash at the beginning of the financial year		1,264,298	138,778
Cash at the end of the financial year		1,245,779	1,264,298

The statement of cash flows is to be read in conjunction with the attached notes

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

The consolidated financial report of Primary Ethics Limited and its subsidiary for the year ended 30 June 2014 was authorised in accordance with a resolution of the Directors on 24 November 2014. The company is a company limited by guarantee, was incorporated on 4 November 2010 and domiciled in Australia.

Primary Ethics Limited is a “not for profit” entity.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Act 2001 and the Charitable Fundraising Act 1991.

The financial statements have been prepared in accordance with the historical cost convention except for investments which are measured at fair value.

The Financial Report is presented in Australian dollars.

(b) Statement of Compliance

The Group has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The Group complies with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporation Act 2001*.

The adoption of these Standards has allowed Primary Ethics to remove a number of disclosures.

(c) Principles of consolidation

The consolidated financial report incorporate the assets and liabilities of all subsidiaries of Primary Ethics Limited ('Company') as at 30 June 2014 and the results of its subsidiary Primary Ethics Unit Trust for the year then ended. The Company and its subsidiary together are referred to in this financial report as the Group or the consolidated entity. Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(d) Cash and Cash Equivalents

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

(f) Trade receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(g) Investments

Investments of the Group are initially recognised at cost, being the fair value of the consideration given.

After initial recognition, investments are measured at fair value. Gains or losses on investments are recognised in the Consolidated Income Statement.

Fair values of investments and derivatives have been determined as follows:

Shares in listed entities and other fixed interest securities:

- at last sale price quoted by the Stock Exchange at close of business on the balance date;

Shares in unlisted entities and unit trusts:

- unlisted shares are valued on the basis of valuations determined by external valuers at the balance date. The key assumption used when completing the valuation is P/E multiples. These have been determined by reference to market comparisons available in the public domain; and
- unlisted unit trusts are valued on the basis of the exit prices determined by the managers of the trusts at the balance date.

Purchases and sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Fund commits to purchase the asset.

(h) Significant Accounting Estimates and Assumptions

No estimates and assumptions have been made that affect the recognised amounts of assets, liabilities, revenues and expenses.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Primary Ethics Limited and the revenue can be reliably measured.

(i) Donation income, sponsorship and grants

Control of a right to receive the donation is attained, usually evidenced by receipt of cash.

(ii) Interest

Interest income is recognised as it accrues, using the effective interest method

(iii) In – Kind donations

Facilities and services donated to the company and services rendered by volunteers are included at the fair value to the company where this can be quantified and a third party is bearing the cost.

(iv) Dividends/Distributions

The right to receive the dividend/distribution payment is established or present entitlement of distributions passes to the Group.

(vi) Unrealised gain/(loss) on Investments

Unrealised gain/(loss) is calculated as the difference between the net market value at sale or balance date and the net market value at the previous valuation point. All changes are recognised in the Consolidated Income Statement in the periods in which they occur.

(e) *Taxation*

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.

(i) 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.

(ii) 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 flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows

(f) *Impairment of financial assets*

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(g) *Fundraising*

As a charitable institution, The Company has requirements under the Charitable Fundraising Act 1991. This Act provides the manner in which fundraising appeals are conducted, controlled and reported. These are shown in Note 11 of the financial statements.

(h) *Provisions for Employee Entitlements*

Provision is made for employee entitlement benefits accumulated as a result of employee rendering services up to reporting date. These benefits include wages salaries, annual leave, sick leave and long service leave. Associated on costs have been taken into consideration in arriving at these provisions where appropriate.

Employee entitlements, expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave entitlements; and
- other types of employee entitlements are charged against profits on a net basis in their respective categories

The Company contributes to various superannuation funds in respect of its superannuation obligations for its employees. A superannuation contribution of 9.25% of the employees' salaries and wages is legally enforceable. Funding is provided to accumulation contribution style funds only.

(i) *Current vs non- current classification*

The group presents assets and liabilities in the balance sheet based on current/non current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

3. Notes to the Statement Of Cash Flows

a. Reconciliation of the operating surplus / (deficit) after tax to the net cash flows from operations

	FY2014 (\$)	FY2013 (\$)
Operating Surplus/Deficit	1,264,626	1,128,020
Gain on sale of investments	(24,777)	-
Unrealised loss on Investments	46,429	-
Other	(1,784)	-
<i>Changes in assets and liabilities</i>		
Change in Debtors	(5,457)	(2,500)
Change in Creditors	307,607	-
Net Cash provided by Operating Activities	1,586,644	1,125,520

b. Reconciliation of Cash

	FY2014 (\$)	FY2013 (\$)
Cash in transit	-	1,000,000
Cash at Bank	1,245,779	264,298
Total	1,245,779	1,264,298

4. Key Management Personnel

(i) Directors

There are no Directors receiving income from being members of the Board of Primary Ethics Limited

(ii) Other personnel

- (iii) Compensation received or receivable by key personnel of Primary Ethics Limited in connection with management of the affairs of Primary Ethics Limited, whether as an executive officer or otherwise. Note that key personnel were employed and remunerated by St James Ethics Centre Incorporated for the financial year 2013 and for the period July to October 2014.

	FY2014 (\$)	FY2013 (\$)
Short-term benefit	100,000	100,000
Post-employment benefit (super)	9,250	9,000
	109,250	109,000

5. Audit Remuneration

Amounts received or due and receivable by the auditor for other services were nil (2013: nil).

Amounts received or due and receivable by the auditor for audit services in 2014 were nil (2013: nil).

6. Related party disclosure

During the year and up to the date of this report the following people were members of the Board of Primary Ethics Limited:

Mr Bruce Hogan
Dr Simon Longstaff
Ms Robin Low
Mr Nigel Stokes

During the year the Group under normal commercial terms and conditions performed services for services performed by a Board member related entity for the value of nil (2013 nil).

During the year the Centre under normal commercial terms and conditions made payments for services performed by a Board member related entity for the value of nil (2013 nil).

7. Donations were received from the members of Primary Ethics Limited Board of \$56,000 (2013: \$15,000). Three loans of \$2000 each were issued during the year 2010-2011 by board members. No interest was payable. The loans, totalling \$6,000, were donated in full during the year 2013-2014. \$50,000 was received as a donation from the Rita Hogan Foundation, an entity related to Bruce Hogan. Subsequent Events

The Directors are not aware of any material events occurring after balance date of this report that would require further disclosure in these consolidated financial statements.

8. Limitation of members' Liability

Primary Ethics Limited is a company limited by guarantee and in accordance with its Constitution, in the event of Primary Ethics Limited being wound up, the liability of members will not exceed \$5.00 per member as per Clause 21.9 of the Constitution. Primary Ethics Limited has one institutional member.

9. Investments

Investments are made through the subsidiary "Primary Ethics Future Trust" as at the 30 June 2014 the investments held was as follows:

	FY2014 (\$)	FY2013 (\$)
Airlie Share Fund	726,114	-
Magellan Global Fund	283,071	-
Paradise Global Small Mid Cap	99,436	-
Magellan Infrastructure Fund	209,610	-
Floating rate Notes:		
Dalrymple Bay Finance Pty Ltd	44,675	-
Bendigo & Adelaide Bank Ltd	51,755	-
Inflation Linked Bonds:		
Sydney Airports Finance	66,246	-
Fixed Income Bonds:		
Payce Consolidated Ltd	52,699	-
AAI Ltd	51,689	-
Total Investments	1,585,295	-

10. Information relating to Primary Ethics Ltd (the Parent)

	FY2014 (\$)	FY2013 (\$)
Current assets	1,237,889	1,266,798
Total assets	2,837,889	1,266,798
Current liabilities	312,637	-
Total liabilities	312,637	6,000
Issued capital	-	-
Retained earnings	2,525,253	1,260,798
Profit or loss of the Parent entity	1,264,445	1,128,020
Total comprehensive income of the Parent entity	1,264,455	1,128,020

11. Information furnished under the Charitable Fundraising Act 1991

Details of aggregate gross income and total expenditure of fundraising appeals

	FY2014 (\$)	FY2013 (\$)
<u>Proceeds from Fundraising appeals</u>		
Donations	1,232,123	1,166,812
Raffles	-	17,903
Gross proceeds from fundraising appeals	1,232,123	1,184,715
<u>Direct costs of fundraising appeals</u>		
Donations	-	-
Raffles	-	1,520
Total direct costs of fundraising appeals	99,571	1,520
Net surplus from fundraising appeals	1,132,552	1,183,195

Statement showing how funds received are applied for charitable purposes

Net surplus from fundraising appeals applied for charitable purposes as follows:

	FY2014 (\$)	FY2013 (\$)
Office administration	122,025	27,158
Direct services	280,269	47,662
Community education	231	1,818
Total expenditure	<u>402,525</u>	<u>76,637</u>
Surplus/(Shortfall)	730,027	1,106,557
Other funding was provided by the following sources:		
Government grants	-	-
Non-government grants	505,000	-
Sponsorship	(2,500)	16,000
Interest earned	31,928	5,463
Surplustransferred to Accumulated Funds for future use	<u>1,264,455</u>	<u>1,128,020</u>

Comparison by monetary figures and percentages

Gross income from fundraising appeals	1,232,123
Total direct cost of fundraising appeals	99,571
Total direct cost of fundraising as a percentage gross of income from Fundraising appeals	8.08%
Net surplus from fundraising appeals	1,132,552
Net surplus from fundraising as a percentage of gross income from fundraising appeals	91.92%
Total cost of direct services	280,269
Total expenditure (excluding direct cost of fundraising appeals)	402,525
Total cost of Direct services as a percentage of total expenditure	69.63%
Total income received (including net profit from fundraising appeals)	1,766,551
Total cost of direct services as a percentage of total income received	15.87%

Fundraising appeals conducted during the financial period:

All fundraising activities are related to Public Appeals.

12. Loan

A short term loan has been provided to the company for investment purposes. Interest is payable annually at a fixed rate of 8%.

Loan Schedule

Date	Loan	Repayment	Interest due	Outstanding
9 November 2013	\$230,000	-	-	\$230,000
9 November 2014	\$220,000	-	\$18,400	\$450,000
9 November 2015	-	\$200,000	\$36,000	\$250,000
9 November 2016	-	\$200,000	\$20,000	\$50,000
9 November 2017	-	\$50,000	\$4,000	-

DIRECTORS DECLARATION


In the opinion of the directors:

The financial statements and notes, as set out on pages 1 to 4 give a true and fair view of Consolidated entity's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with the Charitable Fundraising Act, Australian Accounting Standards- Reduced disclosure Requirements and complying with the *Corporations Act and Regulations 2001*.

In the Directors' opinion there are reasonable grounds to believe that Primary Ethics Limited will be able to pay its debts as and when they become due and payable; and

This declaration is made in accordance with a resolution of the Directors:


Signature
BRUCE HOGAN
Name


Signature
Nigel Stokes
Name

Director
Title

Director
Title

Dated this 21 day of January 201⁵~~4~~, Sydney, NSW.

TREASURER'S DECLARATION

In my opinion I state that the Primary Ethics':

- (i) Income Statement gives a true and fair view of all income and expenditure of the organisation with respect to fundraising appeals;
- (ii) Balance Sheet gives a true and fair view of the state of affairs of the organisation with respect to fundraising appeals conducted by the Company;
- (iii) the provisions of the Act, the regulations under the Act and the conditions attached to the authority have been complied with by the Company and
- (i) the internal controls exercised by Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

AKelley
Signature

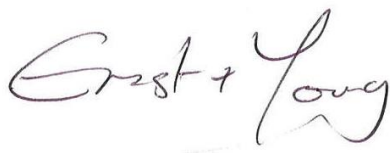
21 / 1 / 15
Date

ALISA KELLEY
Name

Treasurer
Title

Auditor's Independence Declaration to the Directors of Primary Ethics Limited

In relation to our audit of the financial report of Primary Ethics Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Darren Handley-Greaves
Partner
21 January 2015

Independent auditor's report to the members of Primary Ethics Limited

Report on the financial report

We have audited the accompanying financial report of Primary Ethics Limited, which comprises the consolidated balance sheet as at 30 June 2014, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion the financial report of Primary Ethics Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the financial position of the consolidated entity at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008*

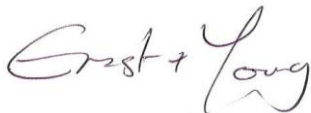
We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

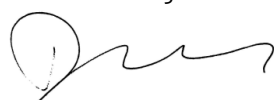
Opinion

In our opinion:

- a) the financial report of Primary Ethics Limited has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2014, in all material respects, in accordance with:
 - i sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - ii sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*;
- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2014 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.



Ernst & Young



Darren Handley-Greaves
Partner
Sydney, 21 January 2015