



**PRIMARY ETHICS LIMITED**

ACN 147 194 349

**Consolidated Financial Report  
for the year ended  
30 June 2016**

# CONTENTS

<b>CONTENTS .....</b>	<b>2</b>
<b>DIRECTORS REPORT .....</b>	<b>3</b>
DIRECTORS .....	3
COMPANY INFORMATION .....	3
OBJECTIVES, STRATEGIES AND PRINCIPAL ACTIVITIES .....	3
OPERATING RESULTS FOR THE PERIOD .....	4
SIGNIFICANT CHANGES IN STATE OF AFFAIRS .....	4
INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS .....	4
DIRECTORS' MEETINGS .....	4
SIGNIFICANT EVENTS AFTER THE BALANCE DATE .....	4
LIKELY DEVELOPMENTS AND EXPECTED RESULTS IN THE ENTITY'S OPERATIONS .....	4
MEMBERS' GUARANTEE .....	4
AUDITOR'S INDEPENDENCE .....	5
<b>CONSOLIDATED INCOME STATEMENT .....</b>	<b>6</b>
<b>CONSOLIDATED BALANCE SHEET .....</b>	<b>7</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....</b>	<b>8</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS .....</b>	<b>9</b>
<b>NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>10</b>
1. Corporate information .....	10
2. Summary of significant accounting policies .....	10
3. Notes to the Statement Of Cash Flows .....	14
4. Key Management Personnel .....	14
5. Audit Remuneration .....	14
6. Related party disclosure .....	15
7. Subsequent Events .....	15
8. Limitation of members' Liability .....	15
9. Investments .....	15
10. Information relating to Primary Ethics Ltd (the Parent) .....	16
11. Information relating to Primary Ethics Nominees Pty Ltd ATF Primary Ethics Future Trust (the Trust) ..	16
12. Information furnished under the Charitable Fundraising Act 1991 .....	16
13. Borrowing .....	17
<b>DIRECTORS DECLARATION .....</b>	<b>18</b>
<b>TREASURER'S DECLARATION .....</b>	<b>19</b>
<b>INDEPENDENT AUDITOR'S REPORTS .....</b>	<b>20</b>

## DIRECTORS REPORT

The Directors have pleasure in submitting the financial statements of the company for the year ended 30 June 2016 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> )	Founder and Chairman of the Hogan Family Foundation and a director of the Stolen Generations Testimonies 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 Chairmanship of Snowy Hydro Ltd, State Super Financial Services, Adelaide Casino and the Coles Myer Superannuation Fund and non-executive director of NSW Treasury Corporation, Coles Myer, Metcash, GIO, Funds SA and Energy Australia.
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 and Deputy Chairman of the Auditing and Assurance Standards Board. 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 Suite 408, 24-30 Springfield Avenue Potts Point NSW 2011. The company was incorporated on 4 November 2010.

### OBJECTIVES, STRATEGIES AND PRINCIPAL ACTIVITIES

1. Provide philosophical ethics education to children in 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 2016 was a profit of \$834,384 (2015: profit of \$1,512,674).

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There has been no significant change in the state of affairs of the Company during the year.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company Held Directors and Officers liability insurance during the year which indemnifies the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable. .

## DIRECTORS' MEETINGS

The Primary Ethics Ltd Board met on 6 occasions during the year ended 30 June 2016. 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	5
Ms Robin Low	6
Mr Nigel Stokes	5

## 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

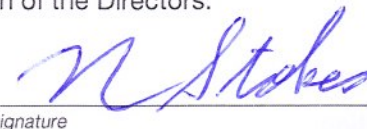
The Directors have received an independent declaration from the auditor of Primary Ethics Limited, Ernst & Young and a copy is attached to this report.

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 14<sup>th</sup> day of DECEMBER 2016, Sydney, NSW.

## CONSOLIDATED INCOME STATEMENT

for the financial year ended 30 June 2016

Revenue	Note	2016 \$	2015 \$
<b>Fundraising Activities</b>			
Donations		859,142	1,333,804
Non - Government Grants		500,000	500,000
Sponsorship			-
Donations - in kind		9,928,795	4,392,454
		<u>11,287,937</u>	<u>6,226,258</u>
<b>Trading Activities</b>			
Investment income		191,505	400,654
Other incidental income			225
		<u>191,505</u>	<u>400,879</u>
<b>Total revenue</b>		<b>11,479,442</b>	<b>6,627,137</b>
<b>Operating Expenditure</b>			
Employee & sub-contractor benefits expense		530,925	554,809
Administration expenses		15,486	59,506
Consultants & professional services expenses		87,300	73,468
Marketing & communication expenses		9,945	3,502
Occupancy expenses		50,728	10,216
Information technology expenses		15,612	8,125
Travel, accommodation and other expenses		6,266	12,382
Donations - in kind		9,928,795	4,392,454
<b>Total expenditure</b>		<b>10,645,058</b>	<b>5,114,463</b>
Surplus / (deficit) from continuing operations before income tax		<u>834,384</u>	<u>1,512,674</u>
Income tax expense		-	-
<b>Surplus/ (deficit) for the year from continuing operations</b>		<b>834,384</b>	<b>1,512,674</b>
<b>Other comprehensive income</b>			
Other comprehensive Income for the period, net of income tax			-
<b>Total comprehensive Income /(Loss) for the year</b>		<b>834,384</b>	<b>1,512,674</b>

The consolidated income statement is to read in conjunction with the attached notes.

# CONSOLIDATED BALANCE SHEET

as at 30 June 2016

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

	Note	FY2016 (\$)	FY2015 (\$)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2(d)	1,119,847	1,444,267
Trade and other receivables	2(e)	100,913	92,364
Tax Credits		32,286	8,170
<b>TOTAL CURRENT ASSETS</b>		<b>1,253,046</b>	<b>1,544,801</b>
<b>OTHER ASSETS</b>			
Prepayments		-	8,942
Investments	9	3,905,203	2,990,636
Office Equipment		12,209	12,400
<b>TOTAL OTHER ASSETS</b>		<b>3,917,411</b>	<b>3,011,978</b>
<b>TOTAL ASSETS</b>		<b>5,170,458</b>	<b>4,556,779</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	13	-	200,000
Trade and Other Payables	2(o)	50	28,190
Salary Payable		-	-
Superannuation Payable		6019	4,316
Provision for Employee Entitlements		31,514	25,384
Tax Liabilities		10,393	10,791
<b>TOTAL CURRENT LIABILITIES</b>		<b>47,976</b>	<b>68,681</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	13	250,000	250,000
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>250,000</b>	<b>450,000</b>
<b>TOTAL LIABILITIES</b>		<b>297,975</b>	<b>518,681</b>
<b>NET ASSETS</b>		<b>4,872,482</b>	<b>4,038,098</b>
<b>FUNDS</b>			
Retained earnings at the start of the year		4,038,098	2,525,424
Current Year Surplus/Deficit		834,384	1,512,674
<b>TOTAL FUNDS</b>		<b>4,872,482</b>	<b>4,038,098</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2016

	<b>Retained Earnings</b>	<b>Total</b>
As at 1 July 2015	4,038,098	4,038,098
Net Profit / (Loss) for the Year	<u>834,384</u>	<u>834,384</u>
<b>As at 30 June 2016</b>	<b>4,872,482</b>	<b>4,872,482</b>

<i>Roll forward of Equity – FY2015</i>		
	<b>Retained Earnings</b>	<b>Total</b>
As at 1 July 2014	2,525,424	2,525,424
Net Profit / (Loss) for the Year	<u>1,512,674</u>	<u>1,512,674</u>
<b>As at 30 June 2015</b>	<b>4,038,098</b>	<b>4,038,098</b>

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2016

	Note	FY2016 (\$)	FY2015 (\$)
<b>Cash Flows from Operating Activities</b>			
Cash Receipts from donors		1,354,481	1,833,804
Donations received from controlled entities		-	-
Payments to suppliers and employees		(679,250)	(733,151)
Dividends received		15,922	1,301
Interest received		20,246	37,225
<b>Net cash flows from/(used in) operating activities</b>	<b>3</b>	<b>711,399</b>	<b>1,139,179</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of property, plant and equipment		-	225
Payment for purchase of property, plant and equipment		-	(12,400)
Purchase of Investments		(1,304,287)	(1,448,000)
Sale of Investments		504,469	267,444
Franking Credits		-	5,461
Distributions Received		-	44,979
<b>Net cash from/(used in) investing activities</b>		<b>(799,818)</b>	<b>(1,142,291)</b>
<b>Cash Flows from Financing activities</b>			
Short term loans		(200,000)	220,000
Interest paid		(36,000)	(18,400)
<b>Net cash from/(used in) financing activities</b>		<b>(236,000)</b>	<b>201,600</b>
Net increase/(decrease) in cash held		(324,419)	198,488
Cash at the beginning of the financial year		1,444,267	1,245,779
<b>Cash at the end of the financial year</b>		<b>1,119,848</b>	<b>1,444,267</b>

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 controlled entity for the year ended 30 June 2016 was authorised in accordance with a resolution of the Directors on 14 December 2016. 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

The principal accounting policies adopted in the preparation of these consolidated financial report are set out below. These policies are consistently applied unless otherwise stated. The financial report is for the consolidated entity consisting of Primary Ethics Limited and its controlled entity Primary Ethics Future Trust.

### (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, the Australian Charities and Not-for-profit Commission Act 2012 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 adopting of these standards has allowed Primary Ethics Limited to remove a number of disclosures, in particular the disclosures around financial risk management objectives and policies.

The financial report complies with Australian accounting standards issued by the Australian Accounting Standards Board (AASB).

### (c) Principles of consolidation

The consolidated financial report incorporate the assets and liabilities of all controlled entities of Primary Ethics Limited ('Company') as at 30 June 2016 and the results of its controlled entity Primary Ethics Future Trust for the year then ended. The Company and its controlled entity together are referred to in this financial report as the Group or the consolidated entity. Controlled entities 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.

Controlled entities 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. For the statement of cash flow, cash and cash equivalent consist of the cash and cash equivalents as defined above.

*(e) Trade and other 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.

*(f) 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.

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.

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 unit trusts:*

- unit trusts are valued on the basis of the exit prices determined by the managers of the trusts at the balance date

*(g) Significant Accounting Estimates and Assumptions*

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

*(h) Revenue Recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group 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) 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.

*Investment Income*

*(iii) Interest*

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

*(iv) Dividends/Distributions*

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

*(v) Unrealised gain/(loss) on Investments*

Unrealised gain/(loss) is calculated as the difference between the net market value at 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.

*(j) 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

*(j) 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.

*(k) 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 12 of the financial statements.

*(l) 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.

The Company contributes to various superannuation funds in respect of its superannuation obligations for its employees. A superannuation contribution of 9.5% (2015: 9.25%) of the employees' salaries and wages is legally enforceable. Funding is provided to accumulation contribution style funds only.



*(m) 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.

*(o) Trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and are stated at cost. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

*(p) Office Equipment*

Office equipment are stated at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The depreciation rates for each major class of asset are as follows:

- Furniture and fittings
- Software

Fixed assets are assessed for impairment where there is an indication of impairment. Where impairment exists, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in the income statement. The depreciation charge for the asset is then adjusted to reflect the asset's revised carrying amount.

(q) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave 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 and are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when leave is taken and are measured at the rates paid or payable.

(r) *Foreign Currency*

The Group's financial report is presented in Australian dollars, which is the Primary Ethics limited and controlled entity's functional and presentation currency.

3. Notes to the Statement Of Cash Flows

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

	<b>FY2016 (\$)</b>	<b>FY2015 (\$)</b>
Operating Surplus/Deficit	834,384	1,512,674
Gain on sale of investments	-	2,426
Unrealised loss on Investments	118,952	(131,542)
Rebates reinvested	(26,052)	(13,996)
Distributions reinvested	(217,477)	(80,696)
Accrued interest reinvested	-	(2,277)
Other non-cash items	46,019	(30,965)
<i>Changes in assets and liabilities</i>		
Change in Debtors	(28,058)	(101,519)
Change in Creditors	(20,705)	(14,926)
<b>Net Cash provided by Operating Activities</b>	<b>711,398</b>	<b>1,139,179</b>

b. Reconciliation of Cash

	<b>FY2016 (\$)</b>	<b>FY2015 (\$)</b>
Cash in transit (Givenow)	15,855	15,625
Cash at Bank	1,103,992	1,428,642
<b>Total</b>	<b>1,119,847</b>	<b>1,444,267</b>

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

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.

	<b>FY2016 (\$)</b>	<b>FY2015 (\$)</b>
Short-term benefit	81,434	112,147
Post-employment benefit (super)	7,102	10,654
	<b>88,535</b>	<b>122,801</b>

5. Audit Remuneration

Amounts received or due and receivable by the auditor for other services in 2016 were nil (2015: \$3,000). Amounts received or due and receivable by the auditor for audit services in 2016 were nil (2015: 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	Ms Robin Low
Dr Simon Longstaff	Mr Nigel Stokes

During the year and up to the date of this report the following people were members of the Board of Primary Ethics Nominees Pty Limited (ATF Primary Ethics Future Trust):

Mr Christopher Cuffe	Mr Piers Bolger
Mr Bruce Hogan	Mr Nicholas Greiner
Mr Stephen Knight	

During the year the Group under normal commercial terms and conditions made payments for services performed by a Board member related entity for the value of nil (2015 nil).

Donations were received from the members of Primary Ethics Limited Board of \$288,149.24 (2015: \$83,400). \$50,000 was received as a donation from the Rita Hogan Foundation, an entity related to Bruce Hogan, \$2,149.24 was received as an in-kind donation of catering from Bruce Hogan personally and \$236,000 was donated by the Christopher Cuffe Foundation, an entity related to Chris Cuffe.

A short term loan has been provided to the Company by Christopher Cuffe for investment purposes. Interest is payable annually at a fixed rate of 8%. The schedule for this loan is detailed at note 13.

Chris Cuffe is a director of ASX Listed company Global Value Fund Ltd. 200,000 shares are held by Primary Ethics Nominees Pty Ltd, the trustee of the Primary Ethics Future Trust, in this fund at year end.

## 7. 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 controlled entity "Primary Ethics Future Trust" as at the 30 June 2016 the investments held was as follows:

	FY2016 (\$)	FY2015 (\$)
Auscap Short Long Equity Fund	578,669	-
Airlie Share Fund	1,021,171	1,033,909
Magellan Global Fund	673,493	638,572
Paradise Global Small Mid Cap	476,577	420,784
Magellan Infrastructure Fund	444,551	289,666
Global Value Fund Ltd	207,000	106,800
Colonial First State Target Return Fund	-	500,905
Woolworths (WOWHC)	100,460	-
Westpac Banking Corp (WBCPC)	100,421	-
ANZ Banking Group (ANZPC)	100,500	-
Insurance Group Australia (IAGPC)	101,550	-
Westpac Banking Corp (WBCHB)	100,810	-
<b>Total Investments</b>	<b>3,905,202</b>	<b>2,990,636</b>

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

	<b>FY2016 (\$)</b>	<b>FY2015 (\$)</b>
Current assets	841,397	657,942
Total assets	4,835,200	4,259,074
Current liabilities	51,845	268,681
Total liabilities	301,845	518,681
Issued capital	-	-
Retained earnings	3,879,313	2,252,253
Profit or loss of the Parent entity	654,041	1,215,140
Total comprehensive income of the Parent entity	654,041	1,215,140

11. Information relating to Primary Ethics Nominees Pty Ltd ATF Primary Ethics Future Trust (the Trust)

	<b>FY2016 (\$)</b>	<b>FY2015 (\$)</b>
Current assets	4,317,266	3,886,437
Total assets	4,317,266	3,886,437
Current liabilities	74,718	-
Total liabilities	-	-
Issued capital	3,981,594	3,521,000
Retained earnings	80,611	45,150
Profit or loss of the Trust entity	180,343	252,437
Total comprehensive income of the Trust entity	180,343	252,437

12. Information furnished under the Charitable Fundraising Act 1991

Details of aggregate gross income and total expenditure of fundraising appeals

	<b>FY2016 (\$)</b>	<b>FY2015 (\$)</b>
<u>Proceeds from Fundraising appeals</u>		
Donations	1,359,142	1,833,804
<b>Gross proceeds from fundraising appeals</b>	<b>1,359,142</b>	<b>1,833,804</b>
<u>Direct costs of fundraising appeals</u>		
Donations	74,879	112,875
<b>Total direct costs of fundraising appeals</b>	<b>74,879</b>	<b>112,875</b>
<b>Net surplus from fundraising appeals</b>	<b>1,284,263</b>	<b>1,720,929</b>

Statement showing how funds received are applied for charitable purposes

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

	<b>FY2016 (\$)</b>	<b>FY2015 (\$)</b>
Office administration	116,550	198,594
Delivery of services	523,172	406,822
Community education	1,662	3,718
Total expenditure	641,384	609,134
<b>Surplus/(Shortfall)</b>	<b>642,879</b>	<b>1,111,795</b>
Other funding was provided by the following sources:		
Government grants	-	-
Non-government grants	-	-
Sponsorship	-	-
Sale of asset	-	225
Interest earned	15,218	37,225
Investment income	176,287	363,429
Surplus transferred to Accumulated Funds for future use	834,384	1,512,674



<b>Comparison by monetary figures and percentages</b>	<b>2016 (\$)</b>	<b>2015 (\$)</b>
Gross income from fundraising appeals	1,359,142	1,833,804
Total direct cost of fundraising appeals	74,879	112,875
Total direct cost of fundraising as a percentage gross of income from Fundraising appeals	<b>5.51%</b>	<b>6.16%</b>
Net surplus from fundraising appeals	1,284,263	1,720,929
<b>Net surplus from fundraising as a percentage of gross income from fundraising appeals</b>	<b>94.49%</b>	<b>93.84%</b>
Total cost of direct services	524,834	410,540
Total expenditure (excluding direct cost of fundraising appeals)	641,384	609,134
Total cost of Direct services as a percentage of total expenditure	<b>81.83%</b>	<b>67.40%</b>
Total income received (including net profit from fundraising appeals)	1,475,768	2,121,808
<b>Total cost of direct services as a percentage of total income received</b>	<b>35.56%</b>	<b>19.35%</b>

Fundraising appeals conducted during the financial period:  
All fundraising activities are related to Public Appeals.

### 13. Borrowing

The borrowing is initially recognised and carried at cost. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

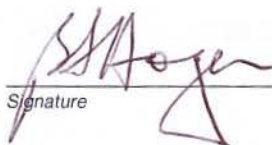
<b>Date</b>	<b>Loan</b>	<b>Repayment</b>	<b>Interest due</b>	<b>Outstanding</b>
9 November 2013	\$230,000	-	-	\$230,000
9 November 2014	\$220,000	-	\$18,400	\$450,000
9 November 2015	-	\$200,000	\$36,000	\$250,000
9 November 2016	-	\$200,000	\$20,000	\$50,000
9 November 2017	-	\$50,000	\$4,000	-

## DIRECTORS DECLARATION

In accordance with a resolution of the directors of Primary Ethics Limited, I state that in the opinion of the directors:

- (a) the financial statements and notes of the Group are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Regulation 2013; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

  
Signature

BRUCE HOGAN  
Name

Director  
Title

  
Signature

Nigel Stokes  
Name

Director  
Title

Dated this 14<sup>th</sup> day of December 2016, Sydney, NSW.

## TREASURER'S DECLARATION

In my opinion I state that the Primary Ethics':

- (i) Consolidated Income Statement gives a true and fair view of all income and expenditure of the organisation with respect to fundraising appeals;
- (ii) Consolidated 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 NSW Charitable Fundraising Act 1991 (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.

  
Signature

14 / 12 / 2016  
Date

BRUCE HOGAN  
Name

Acting Treasurer  
Title

# INDEPENDENT AUDITOR'S REPORTS



Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

## 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 2016 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 the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

Ernst & Young

Darren Handley-Greaves  
Partner  
14 December 2016



## **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 (the 'registered entity'), which comprises the consolidated balance sheet as at 30 June 2016, consolidated income statement, consolidated statement of changes in equity and 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 registered entity 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 *Australian Charities and Not-for-Profits Commission Act 2012* 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 preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered 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 *Australian Charities and Not-for-Profits Commission Act 2012*. We have given to the directors of the registered entity a written Auditor's Independence Declaration.

## Opinion

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

- (a) giving a true and fair view of the financial position of Primary Ethics Limited at 30 June 2016 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

## Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015*

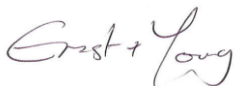
We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with 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 2015*.

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 Act 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 2016, 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 10(6) and 11 of the *NSW Charitable Fundraising Regulations 2015*;
- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2016 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.



Ernst & Young



Darren Handley-Greaves  
Partner  
Sydney  
14 December 2016