

## The Footpath Library Ltd

ABN 29 128 893 667

### DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 31 December 2013.

#### Directors

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

Sarah Garnett	Bruce Murphy (resigned May 2013)
Barbara McKellar (joined June 2013)	Jacqueline Lane (resigned June 2013)
Bob Allo (joined August 2013)	Shane McLachlan (resigned December 2013)
Rhoni Stokes (joined November 2013)	Carole E Ferguson (resigned June 2013)
	Richard Glover (resigned March 2013)

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

#### Information on Directors

##### **Sarah Garnett**

- Qualifications — AICD Not For Profit Director's course 2009  
Experience — Director – Itchy Feet Films Pty Ltd, Shooting Picture Partners Pty Ltd

##### **Barbara McKellar**

- Qualifications — BA, TAFE qualified Literacy and Numeracy volunteer tutor, Advanced Certificate in Executive Coaching, Certificate IV: Workplace Training & Assessment  
Experience — Consultant, facilitator and coach, specialising in communication, leadership and teamwork. Board Member Carriageworks Board 6 years (2007-2012) Acting Chair (2010-2012) Director/CEO, Potential Unlimited Learning & Development Solutions Pty Ltd (1993 to present). Barbara is also The Footpath Library's Sydney Branch Manager.

##### **Bob Allo**

- Qualifications —  
Experience — Bob is now retired and concentrates on family, volunteer roles and travel. He was in Sales and Marketing for 35 years and his business process outsourcing company, QM Technologies floated on the ASX in 2005. Bob is an active volunteer with The Footpath Library Sydney mobile service.

##### **Rhoni Stokes**

- Qualifications — Master of Management; Graduate Diploma in Business Management, Massey University, Albany, Auckland, Bachelor of Arts in Communication, Sturt University, Bathurst  
Experience — Rhoni is currently Communications Manager with Community Services and Health Industry Skills Council. She has worked in communications and marketing for 30 years in Australia, New Zealand and the United Kingdom.

#### Principal Activities

The principal activity of the entity during the financial period was as a charitable organisation involved in the delivery of a regular supply of books to homeless and disadvantaged people living in hostels and on the streets, and through community organisations.

The company's short-term objectives are to:

- Provide new and second-hand books to homeless and disadvantaged people living in hostels and to community organisations in Sydney, Brisbane and Melbourne
- Encourage literacy
- Change society's attitude to the homeless and disadvantaged in our communities

The company's long-term objectives are to:

- Establish branches in every capital city of Australia
- Operate mobile services in every capital city of Australia
- Develop a model that can be used in regional areas by local libraries in providing books to the homeless and marginalised in their communities.

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To achieve these objectives, the company has adopted the following strategies:

- The entity strives to attract and retain Board members and volunteers who are committed to working with the homeless and disadvantaged. The entity believes that attracting and retaining quality Board members and volunteers will assist with the success of the entity in both the short and long term.
- Board members and volunteers work in partnership with a range of corporate stakeholders, and this is evidenced by ongoing support of the entity's projects and initiatives. The company ensures corporate stakeholders understand and are committed to the objectives of the entity through ongoing communication.

#### A summary of the companies major activities include:

- Employed two part time staff members – a General Manager 3 days per week in February 2013 and an Operations Coordinator 2.5 days per week in September 2013
- Completed a review of operations and created new systems to allow for sustainable growth, established robust business reporting and budgeting tools, and increased engagement with volunteers
- Updated mission, values and objectives and created a definition of homelessness
- Completed groundwork for establishing branch in Perth (including official launch at Clayton Utz in March 2014)
- Held two competitions – a short story competition in March 2013 and a poetry competition in December 2013
- Purchased a new van for the Sydney mobile service with donated funds in December 2013
- Celebrated our 10th birthday in December 2013
- Appointed 3 new board members
- Launched new branding and changed the company name to The Footpath Library Ltd
- Created a quarterly newsletter, first edition sent out in December 2013
- Launched Mailbooks for Good project
- Commenced as partner on a working panel aimed at developing a manual "Libraries are for everyone" for Public Libraries to encourage the inclusion of homeless customers by amending current policies
- Had a successful level of PR including a major news story with ABC TV News as well as several radio interviews, increased social media activity
- Increased number of libraries by 20
- Increased number of volunteers by 50
- Increased book distribution by 6000
- Increased revenue by 39%

#### Meetings of Directors

During the financial year, 8 meetings of directors were held. Attendances by each director were as follows:

	Number eligible to attend	Number attended
Sarah Garnett	8	8
Jacqueline Lane	3	2
Shane McLachlan	8	8
Carole Ferguson	3	2
Bruce Murphy	2	2
Richard Glover	2	2
Barbara McKellar	5	5
Bob Allo	3	2
Rhoni Stokes	2	2

The entity is incorporated under the *Corporations Act 2001* as a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 31 December 2013, the number of members was 4.

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DIRECTORS' REPORT

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the period ended 31 December 2013 has been received and can be found on page immediately following this directors' report.

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

Director Barbara McKellar  
Barbara McKellar

Dated this 30<sup>th</sup> day of June 2014.

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001,  
TO THE DIRECTORS OF THE FOOTPATH LIBRARY LTD

As lead auditor of The Footpath Library Ltd for the year ended 31 December 2013, I declare that, to the best of my knowledge and belief there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.



**Mark Taylor**  
Director

**BDO Audit Pty Ltd**  
Brisbane, 30 June 2014.

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
Revenue		142,200	102,343
Insurance expenses	2	(4,164)	(1,880)
Administrative expenses	2	(20,857)	(21,475)
Other expenses	2	(11,059)	(9,097)
Payroll expenses	2	(49,127)	-
Profit before income tax		56,993	69,891
Income tax expense		-	-
Profit for the year		56,993	69,891
Other comprehensive income after income tax		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		56,993	69,891
Total comprehensive income attributable to members of the entity		56,993	69,891

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	3	129,794	92,768
Prepayments		1,097	1,387
<b>TOTAL CURRENT ASSETS</b>		<b>130,891</b>	<b>94,155</b>
<b>NON-CURRENT ASSETS</b>			
Plant & Equipment	4	30,639	9,100
<b>TOTAL NON-CURRENT ASSETS</b>		<b>30,639</b>	<b>9,100</b>
<b>TOTAL ASSETS</b>		<b>161,530</b>	<b>103,255</b>
<b>LIABILITIES</b>			
Payables		1,282	-
<b>TOTAL LIABILITIES</b>		<b>1,282</b>	<b>-</b>
<b>NET ASSETS</b>		<b>160,248</b>	<b>103,255</b>
<b>EQUITY</b>			
Retained Earnings		160,248	103,255
<b>TOTAL EQUITY</b>		<b>160,248</b>	<b>103,255</b>

The accompanying notes should be read in conjunction with these financial statements.

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STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from external sources		140,544	101,400
Payments to suppliers		(78,781)	(31,412)
Interest received		1,656	942
Net cash generated from operating activities	5	<u>63,419</u>	<u>70,930</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of plant and equipment		5,000	-
Payments for plant and equipment		(31,393)	-
Net cash used in investing activities	5	<u>(26,393)</u>	<u>-</u>
Net increase in cash held		37,026	70,930
Cash at the beginning of the financial year		92,768	21,838
Cash at the end of the financial year	3	<u>129,794</u>	<u>92,768</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Retained Earnings \$	Total \$
Balance at 31 December 2011	33,364	33,364
<b>Comprehensive income</b>		
Profit for the year	69,891	69,891
Other comprehensive income	-	-
Total comprehensive income	<u>69,891</u>	<u>69,891</u>
Balance at 31 December 2012	<u>103,255</u>	<u>103,255</u>
<b>Comprehensive income</b>		
Profit for the year	56,993	56,993
Other comprehensive income	-	-
Total comprehensive income	<u>56,993</u>	<u>56,993</u>
Balance at 31 December 2013	<u>160,248</u>	<u>160,248</u>

The accompanying notes should be read in conjunction with these financial statements.

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

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the *Corporations Act 2001*. The company is not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, and the following applicable Australian Accounting Standards and Australian Accounting Interpretations:

- AASB 101: Presentation of Financial Statements
- AASB 107: Cash Flow Statements
- AASB 108: Accounting Policies, changes in Accounting Estimates and Errors
- AASB 110: Events after the Balance Sheet Date
- AASB 1004: Contributions
- AASB 1031: Materiality
- AASB 1048: Interpretation and Application of Standards

No other Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The directors have determined that the accounting policies described below, which are consistent with those of previous periods unless otherwise stated, are appropriate to meet the needs of members.

The financial statements were authorised for issue on 30 June 2014 by the directors of the company.

**Accounting Policies**

**a. Revenue**

The company receives contributions of goods and services as charitable gifts in kind. These goods and services have a nil replacement value as they would be replaced by other donated goods and services. Revenue from the donation of these goods and services is not included in the financial statements other than as defined under donations and bequests.

Revenue from donations and bequests is recognised when control of the revenue is obtained.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

**b. Cash**

Cash include cash on hand and deposits held at-call with banks.

**c. Goods and Services Tax (GST)**

The organisation is not registered for GST, and earns no revenue with a GST component. Revenues and expenses are recognised at their gross amount, inclusive of GST where applicable. Cash flows are presented in the Statement of Cashflows on a gross basis.

**d. Income Tax**

The company has Deductible Gift Recipient status and is exempt from the income tax provisions of the *Income Tax Assessment Act 1997*.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e. Motor Vehicle**

The motor vehicle is measured on the cost basis less depreciation and any impairment losses. The carrying amount of the motor vehicle is reviewed annually by directors to ensure it is not in excess of its recoverable amount. 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.

The motor vehicle was contributed to the entity at no cost, and has been valued and recognised in the financial statements at its fair value at the date it was contributed.

**Depreciation**

The depreciable amount of the motor vehicle 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. The assets' residual value and useful life is reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

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

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. The company does not anticipate early adoption of any of the reporting requirements and does not expect them to have any material effect on the company's financial statements.

**g. Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments 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 company.

**Key estimates – Impairment**

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



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	\$	\$
<b>NOTE 2: PROFIT BEFORE INCOME TAX</b>		
<b>a. Expenses</b>		
Registration and Legal Fees	-	42
Subscriptions	1,646	915
Insurance	4,164	1,880
Administration	20,857	21,475
ASIC late fees	299	-
Storage	-	33
Seminar & Training	396	-
Hostel Library	-	2,312
Motor Vehicle expenses	3,863	4,395
Loss on Sale of Asset	2,773	-
Depreciation	2,081	1,400
Payroll	49,127	-
	<u>85,207</u>	<u>32,452</u>
<b>b. Significant Revenue</b>		
The following significant revenue items are relevant in explaining the financial performance of the company:		
Grants	87,994	56,336
Donations	52,550	45,064
	<u>140,544</u>	<u>101,400</u>
<b>NOTE 3: CASH</b>		
Cash at bank	<u>129,794</u>	<u>92,768</u>
<b>NOTE 4: PLANT &amp; EQUIPMENT</b>		
Motor Vehicle	28,000	14,000
Less accumulated depreciation	(138)	(4,900)
	<u>27,862</u>	<u>9,100</u>
Computer Equipment	3,393	-
Less accumulated depreciation	(615)	-
	<u>2,777</u>	<u>-</u>
Total Plant and Equipment	<u>30,639</u>	<u>9,100</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	\$	\$
<b>NOTE 5: CASH FLOW INFORMATION</b>		
<b>Reconciliation of cash flow from operations with profit after income tax</b>		
Profit after income tax	56,993	69,891
Adjustments to profit after income tax:		
Depreciation	2,081	1,400
Loss on sale of asset	2,773	-
Changes in operating assets and liabilities:		
Decrease / (Increase) in prepayments	290	(229)
(Decrease) / Increase in accounts payable	1,282	(132)
Cash flows generated from operating activities	<u>63,419</u>	<u>70,930</u>

**NOTE 6: ENTITY DETAILS**

The registered office and principal place of business of the company is:

101 Bungan Head Road  
Newport NSW 2106

**NOTE 7: MEMBERS' GUARANTEE**

The entity is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 31 December 2013, the number of members was 4.

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DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

- A. The financial statements and notes are in accordance with the *Corporations Act 2001* and:
- i. comply with Australian Accounting Standards as described in Note 1 to the financial statements; and
  - ii. give a true and fair view of the financial position as at 31 December 2013 and of the performance for the period ended on that date of the company in accordance with the accounting policies described in Note 1 to the financial statements.
- B. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director



Barbara McKellar

Dated this



day of



2014.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
THE FOOTPATH LIBRARY LTD

We have audited the accompanying financial report, being a special purpose financial report, of The Footpath Library Ltd, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

**The 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 Corporations Act 2001 and is appropriate to meet the needs of the members.

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

**Auditor's Responsibility**

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

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

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

**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of The Footpath Library Ltd, would be in the same terms if given to the directors as at the time of the auditor's report.

**Basis for Qualified Opinion**

As is common for organisations of this type, it is not practicable for the company to maintain an effective system of internal control over donations until their initial entry in the accounting records. Accordingly, our audit in relation to this type of income was limited to the entries recorded.

**Auditor's Opinion**

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had the limitation on the scope of our work as discussed in the Basis for Qualified Opinion paragraph not existed, the financial report of The Footpath Library Ltd is in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001.

**Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

**BDO Audit Pty Ltd**

Mark Taylor  
Director

Brisbane, 30 June 2014.