

Audited Financial Statements

Fairaction International Pty Ltd
ABN 47 615 498 381
For the year ended 30 June 2023

Prepared by Abhi Anand CPA

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Statement of Profit or Loss and Other Comprehensive Income

Fairaction International Pty Ltd
For the year ended 30 June 2023

	Notes	2023	2022
Continuing operations			
Revenue	02	1,418,170	892,370
Accountability & Administrative Expenses		(8,164)	(1,754)
Fundraising Expenses		(324)	(324)
Management, Policy, Governance & Compliance		(38,634)	(33,463)
Project/Program: Management, Design, Development, Implementation and Monitoring		(3,122)	(8,991)
R&D for Sustainable Water Solution - Project development & Implementation (International)		(153,065)	(108,232)
R&D for Sustainable Water Solutions - Product Development (Australia)		(504,061)	(461,785)
Strategic Development		(103,672)	(96,433)
PhD Research Expenses		(46,110)	-
Impairment loss		(2,111,412)	-
Results from operating activities		(1,550,394)	181,388
Finance income		-	-
Finance income		-	-
Net Finance Costs		-	-
Profit before income tax		(1,550,394)	181,388
Income tax (expense)/benefit		-	-
Profit after income tax from continuing operations		(1,550,394)	181,388
Other comprehensive income		-	-
Total Comprehensive Income/(Loss) For The Year		-	-
Other comprehensive income/(loss), net of income tax		-	-
Total comprehensive Profit		(1,550,394)	181,388

The accompanying notes form part of these financial statements.

Statement of Financial Position

Fairaction International Pty Ltd
For the year ended 30 June 2023

	Notes	2023	2022
Assets			
Current Assets			
Cash and Cash Equivalents	03	24,710	508
Total Current Assets		24,710	508
Non-Current Assets			
Shareholder Loan to CWFA		2,111,412	918,000
Provision for impairment loss		(2,111,412)	
Total Non-Current Assets		-	918,000
Total Assets		24,710	918,508
Liabilities			
Current Liabilities			
Trade and Other Payables	04	3,732,139	3,127,097
Total Current Liabilities		3,732,139	3,127,097
Non-Current Liabilities			
Director Loan from Samuel Adeoti		103,118	51,562
Total Non-Current Liabilities		103,118	51,562
Total Liabilities		3,835,257	3,178,659
Net Assets		(3,810,546)	(2,260,152)
Equity			
Retained Earnings		(3,810,546)	(2,260,152)
Total Equity		(3,810,546)	(2,260,152)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

Fairaction International Pty Ltd
For the year ended 30 June 2023

Balance as at 1 July 2021	(2,441,539)
Profit for the Year	<u>181,388</u>
Total comprehensive Profit for The Year	<u>181,388</u>
Balance as at 30 June 2022	<u>(2,260,151)</u>
Balance as at 1 July 2022	(2,260,151)
Profit for the Year	<u>(1,550,394)</u>
Total comprehensive Profit for The Year	<u>(1,550,394)</u>
Balance as at 30 June 2023	<u>(3,810,545)</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

Fairaction International Pty Ltd
For the year ended 30 June 2023

	Notes	2023	2022
Cash Flows from Operating Activities			
Cash receipts from other operating activities		1,531,777	975,886
Cash payments for other operating activities		(2,476,806)	(690,970)
Net Cash Flows from Operating Activities		(945,029)	284,916
Cash Flows From Financing Activities			
Loans to related parties		(1,193,412)	(918,000)
Loans from related parties		51,232	24,083
Other cash items from financing activities		2,111,412	609,454
Net Cash Flows from Financing Activities		969,232	(284,463)
Net Cash Flows		24,203	453
Cash and cash equivalents at the beginning of the year		508	54
Net increase/(decrease) in cash held		24,203	453
Cash and cash equivalents at the end of the year	03	24,710	508

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Fairaction International Pty Ltd For the year ended 30 June 2023

1. Statement of Significant Accounting Policies

The directors have determined that the company is not a reporting entity and accordingly, this financial report is a special purpose report prepared for the sole purpose of distributing a financial report to members, ACNC and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report has been prepared on an accrual basis and under the historical cost convention, except for certain assets, which, as noted, have been written down to fair value as a result of impairment. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

The accounting policies that have been adopted in the preparation of the statements are as follows:

Income Tax

The income tax expense for the year comprises current income tax expense. The entity is a Not-for-profit organisation is exempt for tax purposes.

Property, Plant and Equipment

Property, plant and equipment is initially recorded at the cost of acquisition or fair value less, if applicable, any accumulated depreciation and impairment losses. Plant and equipment that has been contributed at no cost, or for nominal cost, is valued and recognised at the fair value of the asset at the date it is acquired. The plant and equipment is reviewed annually by directors to ensure that the carrying amount is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the utilisation of the assets and the subsequent disposal. The expected net cash flows have been discounted to their present values in estimating recoverable amounts.

Freehold land and buildings are measured at their fair value, based on periodic, but at least triennial, valuations by independent external valuers, less subsequent depreciation for buildings.

Increases in the carrying amount of land and buildings arising on revaluation are credited in equity to a revaluation surplus. Decreases against previous increases of the same asset are charged against fair value reserves in equity. All other decreases are charged to profit or loss.

Any accumulated depreciation at the date of revaluation is offset against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Trade and Other Receivables

Trade receivables and other receivables, including distributions receivable, are recognised at the nominal transaction value without taking into account the time value of money. If required a provision for doubtful debt has been created.

Financial Assets

Investments held are originally recognised at cost, which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at 30 June 2023. Trade payables are recognised at their transaction price. They are subject to normal credit terms and do not bear interest.

Notes to the Financial Statements

Fairaction International Pty Ltd **For the year ended 30 June 2023**

Employee Benefits

Provision is made for the liability for employee entitlements arising from services rendered by employees to 30 June 2022. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related costs.

Provisions

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

Cash and Cash Equivalents

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

Revenue Recognition

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of services is recognised upon the delivery of the services to customers.

Revenue from commissions is recognised upon delivery of services to customers.

Revenue from interest is recognised using the effective interest rate method.

Revenue from donations is recognised as revenue.

All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax

Transactions are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Leases

Finance leases are leases of fixed assets where substantially all of the risks and benefits incidental to the ownership of the asset are transferred to the entity, but the legal ownership is not transferred to the entity.

Finance leases are capitalised by recording an asset and a corresponding liability at the lower of the amounts equal to the fair value of the leased asset, or the minimum lease payments measured at present value including any residual values.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Operating lease payments are charged to the income statement on a straight-line basis over the term of the lease.

Lease incentives are deferred and amortised over the period of the lease.

Profits and losses on sale and leaseback transactions are recognised in the reporting period in which they occur.

Notes to the Financial Statements

Fairaction International Pty Ltd **For the year ended 30 June 2023**

Grants

Grant revenue is recognised in the income statement when the entity receives the grant, when it is probable that the entity will receive the economic benefits of the grant and the amount can be reliably measured.

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

Where the entity incurs an obligation to deliver economic value back to the grant contributor, the transaction is considered a reciprocal transaction and the revenue is recognised as a liability in the balance sheet until the required service has been completed, otherwise the income is recognised on receipt.

Fairaction International receives non-reciprocal contributions of assets from the government and other parties for a nominal or zero value. These assets are recognised at their fair value on the date of acquisition in the balance sheet, with an equivalent amount of income recognised in the income statement.

Donations and bequests are recognised as revenue when received.

Going Concern

The entity maintains a stable going concern outlook, supported by the unique terms of its major liabilities. The substantial debt owed to the CEO is structured with highly flexible repayment terms, including the potential for forgiveness or conversion into a donation to the charity, should the organisation not have the financial capacity to meet these obligations. Furthermore, the repayment terms can be extended indefinitely, ensuring that the entity can manage its financial obligations without immediate liquidity pressure. This arrangement significantly mitigates financial risk and supports the entity's ability to continue operating as a going concern over the next 12 months and beyond.

The flexibility in the terms of the liabilities, especially with options for forgiveness or indefinite deferment of repayment, is a substantial reason to consider the organisation a going concern. This flexibility directly impacts the organisation's liquidity and cash flow pressures, enhancing its ability to continue operations into the foreseeable future without the immediate threat of insolvency. Such arrangements effectively reduce the financial risk and provide a buffer that allows the organisation to manage its finances more effectively while pursuing its strategic goals.

Notes to the Financial Statements

Fairaction International Pty Ltd For the year ended 30 June 2023

	2023	2022
02 Revenue		
In-kind Gift & Cash Donation	44,007	57,203
Sponsorship Revenue	46,110	-
Service Revenue	1,328,053	835,167
	1,418,170	892,370
03 Cash and Cash Equivalents		
FBT FI Account	15,743	100
Fairaction International	8,967	408
	24,710	508
Reconciliation to the Statement of Cash Flows		
Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows		
Balance as above	24,710	508
Changes	-	-
Balance as per statement of cash flows	24,710	508
04 Trade and other payables		
Current		
GST	45,288	83,405
PAYG Withholdings Payable	11,184	-
Superannuation Payable	8,819	2,519
Wages Payable - Payroll	-	18,000
Deferred CEO salary	3,666,848	3,023,173
	3,732,139	3,127,097

**DIRECTOR'S DECLARATION
FAIRACTION INTERNATIONAL PTY LTD
FOR THE YEAR ENDED 30 JUNE 2023**

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 outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, present fairly the company's financial position as at 30 June 2023 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. 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: Samuel Adeoti

Dated this 11th day of July 2024



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

TO THE DIRECTORS OF FAIRACTION INTERNATIONAL PTY LTD

As auditor for the audit of the Fairaction International Pty Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there has been:

1. No contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-For-Profits Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Dated this 11th day of July 2024

AMW Audit

AMW AUDIT
Chartered Accountants

A handwritten signature in black ink, appearing to read 'BJT', with a long horizontal flourish extending to the right.

BILLY- JOE THOMAS
Director & Registered Company Auditor



INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF FAIRACTION INTERNATIONAL PTY LTD

Opinion

We have audited the financial report of Fairaction International Pty Ltd ("the Company"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion, the accompanying financial report of Fairaction International Pty Ltd is in accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for Qualified Opinion

The financial report for the financial year ended 30 June 2022 has not been audited. Since opening balances enter into the determination of the financial performance, we were unable to determine whether adjustments might have been necessary in respect of the income and expenses for the year reported in the profit and loss statement.

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company still maintains a stable going concern outlook, supported by the unique terms of its major liabilities. The flexibility in the terms of the liabilities, especially with the options for forgiveness or indefinite deferment of repayment, is a substantial reason to consider the Company a going concern. As a result, such arrangements effectively reduce the financial risk and provide a buffer that allows the Company to manage its finances more effectively while pursuing its strategic goals. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Basis of Accounting

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 Company's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act. The Directors' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AMW Audit

AMW AUDIT

Chartered Accountants

Address: Unit 8, 210 Winton Road, Joondalup, Western Australia



BILLY-JOE THOMAS

Director & Registered Company Auditor

Dated at Perth, Western Australia this 11th day of July 2024