

Palmera Projects

ABN 54 135 781 118

Financial Report for the year ended
31 December 2019

DIRECTORS' REPORT

The directors present their report together with the financial statements of Palmera Projects ("Palmera" or the "Company") for the financial year ended 2019.

1. Directors

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

Tamara Pararajasingham
Abarna Suthanthiraraj
Ram Kangatharan
Richard Millen
Megan Donnelley
Dr Manomohan Vairamuttu (resigned on 24 June 2019)
Shane Nichols

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. See details on each director in Section 5 below.

2. Principal Activities

The principal activity of Palmera is the provision of aid for humanitarian projects overseas.

3. Objectives

Palmera currently has a 5 year Board approved strategy in place (2016 – 2020). Palmera's aim by 2020 is to best serve the needs of those in its country of focus through its core market based village model, "Village2Markets", and support an enabling environment for livelihood participation. In line with its strategy, Palmera will have proven the effectiveness of our core model, generated recognition of its approach and scaled its work in country with flexibility for adoption in other countries. This will be effectively supported by a strong organisation with the right people, streamlined operations & resource effective funding.

4. Operating Result

The surplus from ordinary activities amounted to **\$346,076**.

5. Information on Directors

All members of the Board of Directors of the Company (the "Board") are not remunerated for their services on the Board. The members of the Board as at the date of this report are:

Tamara Pararajasingham

BCom (Accg), MDevelopment Studies

Chairperson

Non-executive Director

Tamara Pararajasingham was appointed to the Palmera Board in January 2014 and has also served as the Chairperson since that time.

Tamara is the Head of Social Impact at Uniting NSW/ACT. She has both corporate experience in accounting and finance and international development experience which includes field work in Sri Lanka, India and Cambodia. Within Australian civil society organisations, Tamara's role has included evidence-based program design, program evaluation (including impact measurement), improving reporting in compliance, risk and financial management, business planning, development of impact investment products and transactions.. Tamara shares a profound connection with the values, vision and mission of Palmera, having been one of its original co-founders.

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Abarna Suthanthiraraj

BCom, LLB

Chief Executive Officer & Founding Director

Abarna Suthanthiraraj is the Chief Executive Officer of Palmera. She was appointed to the Board in March 2009 and continues to serve on the Board.

Abarna is the founding Director of Palmera Projects and has set up and assisted numerous social businesses in Sri Lanka and Cambodia. In her role, she has also been responsible for the development of the fundraising strategy and continues to work to engage a network of volunteers to deliver Palmera's social objectives. Her NGO experience is supported by over a decade of experience in corporate sustainability. Abarna was formerly a Strategy Consultant for Social Venture Australia, working with clients to increase their social impact. Prior to that, she held the role of head of Sustainability, Diversity and safety at Leighton Holdings. Prior to this, Abarna was involved with advising numerous listed companies and government bodies on sustainability, policy and risk at PwC in their sustainability team.

Ram Kangatharan

BCom, LLB

Non-Executive Director

Ram Kangatharan was appointed to the Palmera Board in January 2014.

Ram is the Managing Director and Chief Executive Officer of the Auto & General Group Asia Pacific. He previously served as the Chief Financial Officer and Chief Operating Officer of Bank of Queensland Ltd. Ram is also a non-executive director on the Board of Health in Kind and Corporate Ambassador for Act for Kids in Australia. Ram brings with him a wealth of management, finance and leadership expertise to the Palmera board.

Richard Millen

MA Hons Jurisprudence (Law), CA

Non-Executive Director

Rick Millen was appointed to the Palmera Board in December 2014.

Rick is a qualified Chartered Accountant and was a partner of PwC for 18 years. He led the Advisory Practice of PwC for 3 years and was responsible for the Corporate Responsibility agenda of PwC in Australia for 6 years and globally for 3 years. Rick has long been an active participant in the not for profit sector and currently sits on the board of Australia for UNHCR and served on the board of Youth Off the Streets for 10 years. He is a Director of A2B Limited. Rick's strong background in Corporate Responsibility and especially his involvement in building the PwC Foundation provides invaluable expertise to assist Palmera in this growth phase.

Megan Donnelley

BCom

Non-Executive Director

Megan Donnelley was appointed to the Palmera Board in October 2016.

Megan has spent her entire career on the front line of diverse and pioneering businesses. She's worked in both startups and corporate venture teams, taking responsibility for the full product lifecycle. Her roles span CEO / Head of Product at RadFrame (enterprise SaaS), Senior Product Manager at Redballoon (e-commerce), Lead Product Manager for Scentre Group's new venture (WhatsMine) and Senior Innovation Consultant at Fusion Labs supporting innovation teams at many ASX top 100 including Westpac, TAL, Suncorp and Telstra. As one of the first team members of Car Next Door, she also helped grow peer-to-peer car-sharing from a single suburb in Sydney to a national network.

She has accumulated a unique understanding of how Agile, Lean Startup and Design Thinking practices work in both tech startups, and corporate environments.

Her passion also extends to social enterprise. She is a Director on Palmera's board helping the NFP increase the number of people with access to sustainable livelihoods. She founded the RARE Program (Remote and Rural Enterprise) at the University of Sydney which supports remote and indigenous social enterprise, and worked closely with the private and public sector to develop a social impact measurement framework.

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Shane Nichols

M. Soc Sc (International Development), B Sc (Behavioural Science) with honours

Non-Executive Director

Shane Nichols was appointed to the Palmera Board in November 2018.

Shane has two decades' experience as a leader and manager of inclusive finance, enterprise development and social impact initiatives. He has worked for and with a wide range of organisations across Asia-Pacific, including government agencies, NGOs, banks, credit unions, non-bank financial institutions and private sector in developing and delivering economic development initiatives. He has experience in strategy and leadership, business planning and business model development, governance and management. Shane serves as Executive Director at Good Return, and as Non-Executive Director at the Australian Council for International Development. He lectures in inclusive finance at Macquarie University.

During the financial year, 4 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Tamara Pararajasingham	4	4
Abarna Suthanthiraraj	4	4
Ram Kangatharan	4	4
Rick Millen	4	4
Megan Donnelley	4	4
Dr Manomohan	2	1
Shane Nichols	4	4

7. Role of the Board

Palmera operates under a constitution which sets out the objects of the organisation and the major parameters of governance including membership, election of directors, board size and meeting frequency. The number of directors must be no less than three and no more than nine. The Board is ultimately responsible for all matters relating to the running of the organisation.

The Board has a documented Board Charter which includes a statement that the Board is responsible for ensuring that Palmera effectively conducts its activities in accordance with its vision, mission and objectives (as set out in its constitution), with appropriate accountability and controls. The Board is collectively responsible for promoting the success of Palmera in the community and to all its stakeholders.

8. Members' Liability

The company 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 outstanding obligations of the company. As at 31 December 2019 the total amount that members of the company are liable to contribute if the company is wound up is \$100 (2018: \$100).

9. Authority to fundraise

Palmera Projects has been granted authority to raise funds in NSW under the provisions of the Charitable Fundraising Act 1991, in Victoria under the provisions of the Fundraising Act 1998 and in Queensland under the provisions of the Collections Act 1966.

10. Events subsequent to balance date

There were no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years

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11. Environmental regulations

The Company's operations are not regulated by any significant environmental regulation under laws of the Commonwealth or of a state or territory.

12. Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2019 has been received and can be found on page 5 of the financial report.

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

Director



Tamara Pararajasingham (Chair)

Director



Abarna Suthanthiraraj (Director and CEO)

Dated this 25 day of March **2020**

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT
TO THE DIRECTORS OF PALMERA PROJECTS

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 here have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001 and the Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

Name of Firm: Felsers, Chartered Accountants

Vindran Vengadasalam
Partner
Lvl 6, 1 Chifley Square
Sydney, NSW 2000

Date:

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STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		\$	\$
REVENUE			
Donations and Gifts			
<i>Monetary</i>	2	980,108	867,171
DFAT Grants	2	177,065	191,392
Other income	2	7,867	14,037
TOTAL REVENUE		1,165,040	1,072,600
EXPENDITURE			
International Aid & Development program expenditure			
<i>Funds to international projects</i>	3	577,133	627,701
<i>Research costs</i>	3	64,508	122,136
<i>Program support costs</i>	3	92,722	55,684
Fundraising costs	3	54,125	40,566
Accountability and Administration costs	3	30,476	23,805
TOTAL EXPENDITURE		818,964	869,892
EXCESS OF REVENUE OVER EXPENDITURE		346,076	202,708
Other Comprehensive Income		-	-
Net surplus attributable to members of the entity		346,076	202,708
Total comprehensive income attributable to members of the entity		346,076	202,708

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019	2018
		\$	\$
ASSETS			
Cash and cash equivalents	4	1,434,577	1,118,051
Trade and Other Receivables		5,146	400
TOTAL CURRENT ASSETS		1,439,723	1,118,451
TOTAL ASSETS		1,439,723	1,118,451
LIABILITIES			
Trade and Other Liabilities	6	88,720	113,524
TOTAL LIABILITIES		88,720	113,524
NET ASSETS		1,351,003	1,004,927
EQUITY			
Retained surplus		1,351,003	1,004,927
TOTAL EQUITY		1,351,003	1,004,927

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2019

	Retained Surplus	Total
	\$	\$
Balance at 1 January 2018	802,219	802,219
Comprehensive income		
Surplus for the year	202,708	202,708
Other comprehensive income for the year	-	-
Balance at 31 December 2018	1,004,927	1,004,927
Balance at 1 January 2019	1,004,927	1,004,927
Comprehensive income		
Surplus for the year	346,076	346,076
Other comprehensive income for the year	-	-
Balance at 31 December 2019	1,351,003	1,351,003

The accompanying notes form part of these financial statements.

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STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Commonwealth, state and local government grants		150,000	175,000
Receipts from donations, grants and other philanthropic income		1,118,144	884,818
Payments to suppliers and employees		(959,485)	(797,960)
Interest received		7,867	1,089
Net cash generated from operating activities	7	316,526	262,947
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities			
Net increase in cash held		316,526	262,947
Cash on hand at beginning of the financial year		1,118,051	855,104
Cash on hand at end of the financial year	4	1,434,577	1,118,051

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The financial statements cover Palmera Projects as an individual entity, incorporated and domiciled in Australia. Palmera Projects is a company limited by guarantee and is a charity registered with the Australian Charities and Not-for-profits Commission.

The financial statements were authorised for issue on 16 May 2019 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Palmera Projects applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Revenue

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

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

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

Palmera Projects receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

b. Cash on Hand

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

c. Provisions

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

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

d. Comparative Figures

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

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

e. Income Tax and GST

No provision for income tax has been raised as the Company is exempted from Income Tax under Div. 50 of the Income Tax Assessment Act 1997. The Company is also exempted for Good Services Tax (GST) and Fringe Benefits Tax.

f. Trade Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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 judgement – Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services.

h. Economic Dependence

Palmera Projects is dependent on the General Donations for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Public will not continue to support Palmera Projects.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2: REVENUE AND OTHER INCOME

	2019	2018
	\$	\$
REVENUE		
Donations and Gifts		
- <i>Monetary Income</i>		
o <i>Project Income</i>	659,511	671,137
o <i>Events and Campaigns</i>	144,349	118,373
o <i>Merchandise</i>	5,813	(24,839)
o <i>Growth Fund*</i>	115,000	-
o <i>Research Income</i>	55,435	102,500
	980,108	867,171
DFAT Grants	177,065	191,392
Other Income	7,867	14,037
	1,165,040	1,072,600
TOTAL REVENUE	1,165,040	1,072,600

*Growth Fund are investors that subsidise the Administration and the Project support costs from the public.

NOTE 3: EXPENDITURE

	2019	2018
	\$	\$
EXPENDITURE		
International Aid & Development program expenditure		
- <i>Funds to international projects</i>	577,133	610,797
- <i>Research costs</i>	64,508	116,956
- <i>Program support costs</i>	92,722	46,057
	734,363	773,810
Fundraising costs*		
- Head Office Fundraising Salaries	25,369	11,563
- Marketing, Event & Campaign costs	18,600	8,740
- Merchandise costs	3,049	16,511
- Website & IT costs	3,741	3,252
- Donor engagement	3,366	501
	54,125	40,566
Accountability and Administration*	30,476	23,805
TOTAL EXPENDITURE	818,964	869,892

Fundraising cost ratio (total fundraising expenses/total fundraising revenue) for 2019 was 5% and for 2018 was 4%

* Fundraising expense ratio (total fundraising expenses/total expense) for 2019 was 7% and for 2018 was 5%

* Accountability and Administration expense ratio (total administration expense/total expense) for 2019 was 4% and for 2018 was 3%

* Combined Fundraising and Accountability and Administration expense ratio (fundraising expenses + Accountability and Administration cost/total expenses) for 2019 was 10% and for 2018 was 7%.

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NOTE 4: CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
CURRENT		
Cash at bank – unrestricted	1,434,577	1,118,051
Total cash on hand as stated in the statement of financial position and statement of cash flows	1,434,577	1,118,051

NOTE 5: CASH MOVEMENTS FOR DESIGNATED PURPOSES

This table discloses the movement of cash received by the Australian Government for a designated purpose.

	Cash available at beginning of 2019	Cash raised during 2019 (PALMERA)	Cash raised during 2019 (DFAT)	Cash disbursed during 2019	Cash available at end of 2019 for future use
Designated purpose	\$		\$	\$	\$
SLCDF – AI	85,485	159,508	-	244,993	-
LM4P Capacity Building & Programme Design	-	30,000	150,000	82,109	97,891
Total	85,485	189,508	150,000	327,102	97,891

NOTE 6: TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Trade and other payables	5,345	3,083
Income in advance (DFAT)	81,575	108,640
Accruals	1,800	1,800
Total trade and other payables	88,720	113,524

NOTE 7: NET CASH GENERATED FROM OPERATING ACTIVITIES

	2019	2018
	\$	\$
Net surplus	346,076	202,708
Non-Cash flows:		
Movement:		
(Increase)/decrease in accounts receivable and other debtors	(4,746)	4,609
Increase/(decrease) in accounts payable and other payables	(24,804)	55,630
	316,526	262,947

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NOTE 8: RELATED PARTIES

Key management personnel compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

Key management personal compensation (including PAYG and Super)

	2019	2018
	\$	\$
Short term benefits	78,223	66,707

The directors of the company do not receive remuneration for their Board positions.

Related party transactions

Directors do not hold positions in other entities where they have control or significant influence over the financial or operating policies that have transacted with Palmera over the reporting period.

NOTE 9: EVENT AFTER REPORTING PERIOD

No matters of significance have arisen since the end of the financial year which significantly affected or may significantly affect the operation of the entity, the results of those operations or state of affairs of the entity in future financial years.

NOTE 10: ENTITY DETAILS

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

Palmera Projects
57 Chalmers Road, Strathfield 2135
New South Wales Australia

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Palmera Projects, the directors declare that:

1. The ACFID Code Compliant financial statements are consistent with the statutory audited financial statements of Palmera Projects for the year ended 31 December 2019.
2. The full financial statements and notes, as set out on pages 6 to 14:
 - a. comply with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*;
 - b. give a true and fair view of the financial position of the company as at 31 December 2019 and of its performance for the year ended on that date.
3. 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.



Tamara Pararajasingham (Chair)

Dated this 25 day of March 2020