

AUSTRALIAN NAPPY NETWORK LTD

ABN 83 128 449 187

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

This is annexure (A) of 18 pages referred to in Form 388: Copy of Financial Report

Signed

Director

Date:

TABLE OF CONTENTS

Director's Report	3 – 4
Financial Report	
Income Statement	5
Balance Sheet	6
Statement of Recognised Income and Expense	7
Cash Flow Statement	8
Notes to the Financial Statements	9 – 13
Director's Declaration	14
Auditor's Independence Declaration	15
Independent Audit Report.	16 -17

DRAFT

AUSTRALIAN NAPPY NETWORK LTD
A COMPANY LIMITED BY GUARANTEE

ABN 83 128 449 187

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2009.

The names of directors in office at any time during or since the end of the year are:

Lucinda Ellen Westerman – Company Director
Daniel Francis Westerman – Company Director
Fiona Rebecca Young – Company Director
Mary Andrea Donohue – Company Director (Resigned)
Shane Fletcher – Company Director
Michelle Anne Prince – Company Director
Andrea Benham – Company Director (Appointed)
Kelli Haynes – Company Director (Appointed)

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

The Profit of the company after providing for income tax amounted to \$11,098.

The principal activities of the company during the financial year were –

The promotion of the health, environmental and financial benefits of reusable nappies.

No matters or circumstances 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.

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

No dividends were declared or paid to members.

AUSTRALIAN NAPPY NETWORK LTD
A COMPANY LIMITED BY GUARANTEE
ABN 83 128 449 187

DIRECTORS' REPORT (CONTINUED)

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

No director of the Company received any form of emoluments during the financial year.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received a declaration from the auditor of the Company. Please refer to page 15. No non-audit services were provided during the financial year.

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

.....
Director – Lucinda Ellen Westerman

.....
Director – Andrea Benham

Dated this day of 2009

AUSTRALIAN NAPPY NETWORK LTD

ABN 83 128 449 187

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
Revenues	2	29,432	16,850
Administration Expenses		4,671	2,910
Merchandise Expenses		5,267	3,993
Promotional Expenses		<u>8,396</u>	<u>2,565</u>
Profit/(Loss) from before income tax expense		11,098	7,382
Income tax expense	3	<u>-</u>	<u>-</u>
Net profit/(loss) from after income tax expense attributable to members of the company		<u>11,098</u>	<u>7,382</u>

AUSTRALIAN NAPPY NETWORK LTD

ABN 83 128 449 187

BALANCE SHEET

AS AT 30 JUNE 2009

	Note	2009 \$	2008 \$
Current Assets			
Cash and cash equivalents	4	18,405	7,382
Trade Receivables	5	<u>75</u>	<u>-</u>
Total Current Assets		<u>18,480</u>	<u>7,382</u>
Non Current Assets		<u>-</u>	<u>-</u>
Total Non Current Assets		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>18,480</u>	<u>7,382</u>
Current Liabilities			
Payables	6	<u>-</u>	<u>-</u>
Total Current Liabilities		<u>-</u>	<u>-</u>
Non Current Liabilities		<u>-</u>	<u>-</u>
Total Non Current Liabilities		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
NET ASSETS		<u>18,480</u>	<u>7,382</u>
Equity			
Retained Profits	7	<u>18,480</u>	<u>7,382</u>
TOTAL EQUITY		<u>18,480</u>	<u>7,382</u>

AUSTRALIAN NAPPY NETWORK LTD

ABN 83 128 449 187

STATEMENT OF RECOGNISED INCOME AND EXPENSE

AS AT 30 JUNE 2009

Note	2009 \$	2008 \$
- Items recognised directly in equity	-	-
- Income tax on items recognised directly in equity	-	-
Net income/(loss) recognised directly in equity	-	-
Net (loss) / profit for the year	<u>11,098</u>	<u>7,382</u>
Total recognised income & expense	<u><u>11,098</u></u>	<u><u>7,382</u></u>
Attributable to:		
Members of the entity	<u>11,098</u>	<u>7,382</u>

AUSTRALIAN NAPPY NETWORK LTD

ABN 83 128 449 187

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
<i>Cash Flows from</i>		
<i>Operating Activities:</i>		
Donations	476	638
Memberships / Sponsorships	20,150	9,125
Sales	8,731	7,087
Payment for Expenses Incurred	<u>(18,334)</u>	<u>(9,468)</u>
Net Cash Provided by (Used in)		
Operating Activities	11(b)	
	<u>11,023</u>	<u>7,382</u>
<i>Cash Flows from Investing Activities:</i>		
	<u>-</u>	<u>-</u>
Net Cash Provided by (Used in)		
Investing Activities	<u>-</u>	<u>-</u>
<i>Cash Flows from Financing Activities:</i>		
	<u>-</u>	<u>-</u>
Net Cash Provided by (Used In)		
Financing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash Held	11,023	7,382
Cash and Cash Equivalents at the beginning of year	<u>7,382</u>	<u>7,382</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	11(a)	
	<u>18,405</u>	<u>7,382</u>

The accompanying notes form part of these financial statements.

AUSTRALIAN NAPPY NETWORK LTD

ABN 83 128 449 187

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 1. Statement of Significant Accounting Policies

a) Basis of Preparation

The financial report is a special purpose financial report that has been prepared in accordance with the Corporations Act 2001. The financial report is for the Australian Nappy Network Ltd as an individual entity. The Australian Nappy Network Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

The 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:

AASB101: Presentation of Financial Statements;
AASB107: Cash Flow Statements;
AASB108: Accounting Policies, Changes in Accounting Estimates and Errors;
AASB1004: Contributions;
AASB1031: Materiality; and
AASB1048: Interpretation and Application of Standards

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

The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values, or except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue from sponsorship, memberships and sale of merchandise is recognised upon receipt of consideration.

Interest revenue is recognised when the company controls the right to receive the interest payment.

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

AUSTRALIAN NAPPY NETWORK LTD

ABN 83 128 449 187

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 1. Statement of Significant Accounting Policies (cont'd)

c) Cash & cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

For the purposes of the Cash Flow Statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

d) Income Tax

The Company is exempt from income tax under section 50-10 of the Income Tax Assessment Act, 1997.

e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

f) Trade and other Payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

AUSTRALIAN NAPPY NETWORK LTD

ABN 83 128 449 187

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 2. Revenue & Expenses

	2009 \$	2008 \$
<i>Revenues</i>		
- Donations	476	638
- Memberships / Sponsorships	20,225	9,125
- Sales	<u>8,731</u>	<u>7,087</u>
- Total revenue	<u>29,432</u>	<u>16,850</u>

Note 3. Income Tax Expense

The Company is exempt from income tax under section 50-10 of the Income Tax Assessment Act, 1997.

Note 4. Cash Assets

Cash at bank	<u>18,505</u>	<u>7,382</u>
--------------	---------------	--------------

Note 5. Receivables

Trade receivables	<u>75</u>	<u>-</u>
-------------------	-----------	----------

Note 6. Payables

Trade creditors	<u>-</u>	<u>-</u>
-----------------	----------	----------

Note 7. Retained Profits

Retained profits at the beginning of the financial year	<u>7,382</u>	<u>0</u>
Net Profit/(Loss) attributable to members of the company	11,098	7,382
Retained profits at the end of the financial year	<u>18,480</u>	<u>7,382</u>

AUSTRALIAN NAPPY NETWORK LTD

ABN 83 128 449 187

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 8. Members' Guarantee

The Company is limited by Guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company.

Note 9. Contingent Liabilities

No material contingent liabilities exist as at reporting date.

Note 10. Related Party Disclosures

Directors

The directors of the Company at any time during the year were as follows. All directors have been in office since the beginning of the year, unless otherwise stated.

Lucinda Ellen Westerman – Company Director
Daniel Francis Westerman – Company Director
Fiona Rebecca Young – Company Director
Mary Andrea Donohue – Company Director (Resigned)
Shane Fletcher – Company Director
Michelle Anne Prince – Company Director
Andrea Benham – Company Director (Appointed)
Kelli Haynes – Company Director (Appointed)

The Company has not provided any financial or related benefits to directors and their related entities during the financial year.

Note 11. Segment Information

The company is an organisation that promotes the health, environmental and financial benefits of reusable nappies. There are no reportable business or geographical segments.

AUSTRALIAN NAPPY NETWORK LTD

ABN 83 128 449 187

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 12: Cash Flow Information

	2009 \$	2008 \$
(a) Reconciliation of Cash		
Cash at the end of financial year as shown in the Cash flow statement is reconciled to the related items in the Balance Sheet as follows:		
Cash at bank	<u>18,405</u>	<u>7,382</u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit/(Loss) from after income tax	11,098	
Non-cash flows in operating profit:		
Changes in Assets & Liabilities:	-	-
Decrease / (Increase) in Receivables (Decrease) / Increase in Payables	(75) <u>-</u>	- <u>-</u>
Cash flows from operations	<u>11,023</u>	<u>7,382</u>

NOTE 13: Events Subsequent to Reporting Date

Since the end of the financial year there have been no material events or transactions that would affect the financial position and performance of the Company at reporting date.

NOTE 14: Company Details

The registered office of the company is:
18 Camberwell Road,
HAWTHORN, VIC, 3123

The principal place of business is:
22 Valias Street
NORTH WARRANDYTE, VIC, 3113

AUSTRALIAN NAPPY NETWORK LTD

ABN 83 128 449 187

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 14, are in accordance with the Corporations Act 2001:
 - a) Comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) Give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company;
2. In the director's 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 – Lucinda Ellen Westerman

.....
Director – Andrea Benham

Dated this day of 2009

Auditor's Independence Declaration to the Directors of Australian Nappy Network Ltd.

The following non-audit services were provided by the entity's auditor, MCG Partners. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

MCG Partners received or are due to receive the following amounts for the provision of non-audit services during the financial year ended 30 June 2009:

Company secretarial services	\$286
------------------------------	-------

MCG PARTNERS
Chartered Accountants

ANGELO MAZZONE
Partner

Dated this day of 2009

INDEPENDENT AUDITOR'S REPORT

To the Members of the Australian Nappy Network Ltd

Scope

We have audited the accompanying financial report, being a special purpose financial report of the Australian Nappy Network Ltd for the year ended 30 June 2009 as set out on pages 5 to 14. The financial report comprises the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Recognised Income & Expense and Cash Flow Statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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.

(Independent Audit Report continued over page...)

INDEPENDENT AUDIT REPORT (CONT...)

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

We are independent of the Company and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Qualification

It is not practicable for the Australian Nappy Network Ltd to establish controls over receipts prior to their initial entry in the accounting records, nor is it practicable for us to ensure all such revenue has been brought to account. Our examination related to receipts was therefore limited to the amount included in the records of the Company.

Qualified Audit Opinion

In our opinion, subject to the matters referred to in the qualification paragraph, and except for such adjustments, if any, as might have been determined to be necessary as a consequence of same, the financial report of the Australian Nappy Network Ltd is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

MCG PARTNERS

Chartered Accountants

ANGELO MAZZONE

Partner

Hawthorn East
Melbourne

Date: