

Social

Traders

Unlocking business for good

**ANNUAL
FINANCIAL
REPORT
2022**

Social Traders Ltd
ABN 42 132 665 804
Annual Financial Report
For the year ended 30 June 2022

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Social Traders Ltd
ABN 42 132 665 804
(a company limited by guarantee)
The Company's registered office and principal place of business is:
Level 27, 150 Lonsdale Street
Melbourne, Vic. 3000
T: (03) 8319 8444
E: info@socialtraders.com.au
W: socialtraders.com.au

Financial Report

For the year ended 30 June 2022

Directors' Report

The Directors present the Financial Report on the Company for the year ended 30 June 2022.

Board of Directors

The Directors of the Company at any time during the financial year and up to the date of this report are as follows. Directors held office for the entire period unless otherwise stated.

Director	Experience	Committee* Membership
<p>Patricia Edwards Post Grad Cross Sector Partnership Cambridge, PBAS (internationally accredited partnership broker), GAICD</p> <p>Non-executive (Retired as Chair 30/6/2022)</p>	<p>A director for 12 years. Originally appointed 1/7/10 and last reappointed 21/6/18. Retired as a Director 30/6/2022.</p> <p>Director, 1532 Communications Director, Patricia Toohey & Partners Pty Ltd</p>	<p>ARG SBD</p>
<p>Sally Powell Graduate Certificate of Public Policy Flinders University of South Australia, Graduate Diploma of Human Resource Management University of Southern Queensland, Bachelor of Arts (Psych) Flinders University of South Australia, GAICD, CAHRI</p> <p>Non-executive (Appointed Chair 30/6/2022)</p>	<p>A Director for 3 years, appointed 23/10/18.</p> <p>Strategy, Governance and Program Manager, Bunnings Group Limited Former CEO, Bedford Group Limited</p>	<p>HRN (Chair)</p>
<p>Susan Condron B.Ec – Monash university</p> <p>CA/CPA GAICD</p> <p>Non-executive</p>	<p>Appointed a Director 17/2/2022</p> <p>Director, Sterling Infrastructure Pty Ltd Director, ActivateRail Pty Ltd Director, Go-Train Industry Pty Ltd Director, Rippers Pty Ltd</p>	
<p>Janet Edwards BA Queen's University Canada - Statistics Psychology, MBA Queen's University, Canada - Finance & Economics, CA/CPA GAICD</p> <p>Non-executive</p>	<p>A Director for 1 year, appointed 26/7/2021</p> <p>Director, Warringah Financial Services Limited Director, Dying with Dignity NSW</p>	<p>ARG HRN</p>

Director	Experience	Committee* Membership
<p>Helen Fenney MBA Melbourne Business School, BA (Hons) University of Hull, Grad. Dip. Counselling RMIT, PBAS (internationally accredited partnership broker)</p> <p>Non-executive</p>	<p>A director for 13 years. Helen's term as a Director concluded 9/9/2021.</p> <p>Director, Fenney & Letts Pty Ltd</p>	<p>HRN SBD</p>
<p>Justin Meade BA Monash University - Economics and German</p> <p>Non-executive</p>	<p>A Director for 3 years, appointed 6/12/18.</p> <p>Director at PwC Australia Leader of PwC's Procurement Consulting practice Former Global General Manager Procurement, Treasury Wine Estates</p>	<p>ARG</p>
<p>James Flintoft MBA, Wharton, University of Pennsylvania, LLB, University of Melbourne. B.Sc, University of Melbourne. GAICD</p> <p>Non-executive</p>	<p>A director for 1 year, appointed 26/7/2021</p> <p>Director, Development Victoria Director, Epworth Healthcare Group Director, Foundation House Director, Foundation for Regional and Rural Renewal Director, TAC Former CEO Regional Development Victoria</p>	<p>SBD</p>
<p>Wendy Lewis OAM MBA Mt Eliza Business School/Queensland University, M.Ed. University of Melbourne, B.Bus (Acc) Caulfield Institute of Technology, CPA, GAICD, FIML</p> <p>Non-executive</p>	<p>A Director for 3 years, appointed 22/5/19.</p> <p>Executive Officer, Collier Charitable Fund Director & Chair, The Knox School Director & Chair, The Invergowrie Foundation Director, Queen's College</p>	<p>ARG (Chair)</p>
<p>Christopher Newton MBA Melbourne Business School, Grad. Dip. Applied Finance, FINSIA, B.Com Murdoch University GAICD</p> <p>Non-executive</p>	<p>A Director for 3 years, appointed 23/10/18. Resigned as a Director 20/4/22.</p> <p>Executive Director - Responsible Investment, IFM Investors Director, Westernport Water Advisory Board Member, McKell Institute</p>	<p>SBD</p>

Director	Experience	Committee* Membership
Fran Thorn PhD (Hon), Monash University MBA, Melbourne Business School MA, University of Melbourne Grad Dip, Librarianship, RMIT BA (Hons), Monash University FIPAA Non-executive (Deputy Chair)	A Director for 3 years, appointed 27/6/19. Chairperson, Victorian Gambling and Casino Control Commission Former Partner, Deloitte Australia Chair, Melbourne Chamber Orchestra	SBD (Chair)

*** Committees of the Board of Directors:**

ARG – Audit, Risk & Governance, HRN – Human Resources & Nominations, SBD – Strategy & Business Development

Company Secretary

Mark Hart was appointed Company Secretary February 2018.

Meetings of Directors

During the year ended 30 June 2022, six meetings of Directors were held. Attendances by each Director were as follows:

	Attended	Eligible
Susan Condron	2	2
Janet Edwards	5	6
Patricia Edwards	6	6
Helen Fenney	1	1
James Flintoft	6	6
Wendy Lewis	6	6
Justin Meade	6	6
Christopher Newton	1	3
Sally Powell	5	6
Fran Thorn	6	6

Overview and Principal Activities

Social Traders is the national trailblazer of social enterprise procurement. Our work to build the social enterprise procurement marketplace is creating social impact through jobs, community services and support for the most marginalised. Our strategies to make buying from social enterprise the norm is helping to create a more inclusive and equitable Australia. We are the national voice advocating for the policy settings that enable Social Enterprise procurement and lead to employment and social impacts across the community.

The Company's principal activities include capacity building, certification and guiding Social Enterprises to compete and win work to deliver their services to our network of business and government buyers. We work collaboratively with business and government buyers to deeply

integrate Social Enterprise into supply chains, which in turn creates jobs for disadvantaged Australians.

Our strategic priorities

Social Traders is the driving force of the social enterprise procurement marketplace that brings together business and government buyers with social enterprise that creates positive social impact through jobs, community services and support for the most marginalised.

Social Traders priorities include:

Social Enterprise Certification

The Social Traders verification for Social Enterprise to access, participate and connect with Social Traders government and business buyers

Social Enterprise Capacity Building Services

The services for Social Traders Certified social enterprises to access, learn and build their capacity and participate in the Social Enterprise procurement economy.

Social Enterprise Connection Services

Social Traders supports certified enterprises to connect to new business and government buyers that are seeking to include social enterprises in their supply chains.

Government and Business Buyer Services

Adding value to our government and business buyers seeking access to Social Traders' certified social enterprises, specialist social procurement advice and training services, impact reporting and networking events.

Advocacy

The national voice helping to influence Governments at all levels to develop and implement policies that are inclusive and supporting of social enterprises and social procurement.

Operating and Financial Review

Revenue for the 2022 financial year was \$3.55 million (\$2.99 million 2021) and the Company incurred an operating deficit of \$322,722 (\$479,892 deficit 2021).

Revenue from trading activities in FY22 increased to \$1.73 million compared with \$1.44 million in 2021 as the Company continues to grow the number of business and government members and the number of certified social enterprise. Trading revenue during 2022 represented 49% of total revenue.

Cash balances continue to be managed and at 30 June 2022 were \$3.92 million (\$4.07 million 2021) and net assets were \$2.84 million compared with \$3.16 million at 30 June 2021.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year to the date of this report 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.

Dividends

Social Traders is a company limited by guarantee whose constitution does not permit the payment of dividends. Accordingly, no dividends have been declared or paid.

Non-executive Directors Compensation

No fees, salaries, bonuses or other remuneration were paid to the Non-executive Directors in their capacity as Board members during the year ended 30 June 2022 and up to the date of this report.

Indemnified Officers

During the year and subsequent to the date of this report, the Company has given an indemnity or entered an Agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has insurance in place to cover each Director against liabilities and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Proceedings on behalf of the Company

No person has applied for leave of a 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.

Liability of Members

Social Traders Ltd is a company limited by guarantee. In the event the Company is wound up each member's liability is limited to \$25 while he or she is a member, or within one year afterwards. The total amount members of the company are liable to contribute if the company is wound up is \$250.

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year has been received and can be found preceding the Independent Auditor's Report.

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



.....
Sally Powell
Chair



.....
Wendy Lewis
Director

18th August 2022

Corporate Governance Statement

The Board of Directors of Social Traders is committed to good governance. Directors acknowledge they have a duty to stakeholders to establish and maintain a framework that will achieve a high standard of governance appropriate to the Company's size and complexity.

The Company has implemented a Corporate Governance Charter which incorporates the Australian Charities and Not-for-profits Commission (ACNC) set of core, minimum standards that deal with how charities are run. The ACNC standards require charities to remain charitable, operate lawfully, and be run in an accountable and responsible way.

In summary, the standards and principles prescribed in Social Traders' Corporate Governance Charter are:

- Purposes and not-for-profit nature - The Company must be not-for-profit and work towards its charitable purpose.
- Accountability - The Company must take reasonable steps to be accountable to members and stakeholders.
- Compliance with Australian laws - The Company must not commit a serious offence and the Board will establish a code of ethical conduct in all areas of responsibility and authority.
- Suitability of Responsible Persons - Directors must be satisfied that Responsible Persons (board or committee members or trustees) are not disqualified from managing a corporation and will remove any Responsible Person who does not meet these requirements.
- Risk - The Company will recognise and manage risk.
- Remuneration - The Company will remunerate staff fairly and responsibly.
- Duties of Responsible Persons - The Company will take reasonable steps to ensure Responsible Persons are subject to, understand and carry out the duties set out in the Governance Charter.

FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue	2	3,555,570	2,995,172
Employee benefit expenses		(2,953,097)	(2,638,526)
Operating expenses		(881,111)	(763,756)
Depreciation	3	(44,037)	(72,048)
Finance costs	3	(47)	(734)
		<hr/>	<hr/>
Surplus/(deficit) for the year		(322,722)	(479,892)
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income/(loss) for the year		<u>(322,722)</u>	<u>(479,892)</u>

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the financial year ended 30 June 2022

	2022 \$	2021 \$
Retained surplus		
Balance at beginning of year	1,159,210	1,639,102
Total comprehensive income/(loss)	(322,722)	(479,892)
	<u>836,488</u>	<u>1,159,210</u>
Reserves		
Balance at beginning of year	2,000,000	2,000,000
Movements during the year	-	-
	<u>2,000,000</u>	<u>2,000,000</u>
Total equity	<u><u>2,836,488</u></u>	<u><u>3,159,210</u></u>

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2022

	Note	2022 \$	2021 \$
Current Assets			
Cash and cash equivalents	4	3,921,825	4,069,754
Debtors	5	301,368	183,238
Prepayments		37,173	18,425
Social investment loans	6	80,000	95,000
		<u>4,340,366</u>	<u>4,366,417</u>
Non-current Assets			
Property, plant & equipment	7	613,804	48,025
Social investment loans	6	40,000	120,000
		<u>653,804</u>	<u>168,025</u>
Total Assets		<u>4,994,170</u>	<u>4,534,442</u>
Current Liabilities			
Payables	8	474,549	291,021
Provisions	9	199,399	204,655
Deferred revenue	10	989,766	851,257
		<u>1,663,714</u>	<u>1,346,933</u>
Non-current Liabilities			
Payables	8	473,587	-
Provisions	9	14,728	14,924
Deferred revenue	10	5,653	13,375
		<u>493,968</u>	<u>28,299</u>
Total Liabilities		<u>2,157,682</u>	<u>1,375,232</u>
Net Assets		<u>2,836,488</u>	<u>3,159,210</u>
Equity			
Retained surplus		836,488	1,159,210
Reserves	11	2,000,000	2,000,000
Total Equity		<u>2,836,488</u>	<u>3,159,210</u>

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts in the course of operations		3,694,880	3,136,380
Payments to suppliers and employees		(3,928,297)	(3,522,916)
Interest received		15,300	82,693
Interest paid	3	<u>(47)</u>	<u>(734)</u>
Net cash (outflow) from operating activities	12	<u>(218,164)</u>	<u>(304,577)</u>
Cash flows from investing activities			
Payments for property, plant & equipment		(12,161)	(12,500)
Social investment loans		-	(30,000)
Social investment loans repaid		<u>95,000</u>	<u>119,000</u>
Net cash inflow from investing activities		<u>82,839</u>	<u>76,500</u>
Cash flows from financing activities			
Payment of lease liabilities		<u>(12,604)</u>	<u>(44,029)</u>
Net cash (outflow) from financing activities		<u>(12,604)</u>	<u>(44,029)</u>
Net increase/(decrease) in cash held		(147,929)	(272,106)
Cash at beginning of year		<u>4,069,754</u>	<u>4,341,860</u>
Cash at end of year	4	<u><u>3,921,825</u></u>	<u><u>4,069,754</u></u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the year ended 30 June 2022

1. Summary of Significant Accounting Policies

(a) Basis of preparation

Statement of Compliance

The Financial Report is a general purpose financial report which has been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

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 stated otherwise.

Basis of measurement

The Financial Report has been prepared on an accruals 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. Costs are based on the fair values of the consideration given in exchange for assets.

Currency

The Financial Report is presented in Australian dollars, which is the functional currency of the Company.

(b) Revenue

Grant revenue is recognised in profit or loss when the Company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Company and the amount can be measured reliably. If conditions are attached to the grant which must be satisfied before the Company is eligible to receive the contribution, the recognition of the grant as income will be deferred until those conditions are satisfied.

Where services income has been invoiced or received in the current period in respect of resources and services to be provided in future periods, the unearned component is recorded as deferred as appropriate. In all other cases services income is recognised when it is probable that the economic benefits gained from the fee will flow to the Company and the amount can be measured reliably.

The Company recognises contributions of pro bono services as income and expenses.

(c) Income Tax

The Company is not liable for Income Tax. The Company is endorsed by the Australian Taxation Office as a Charitable Institution and has an Income Tax exemption under subdivision 50-B of the Income Tax Assessment Act 1997 (ITAA).

1. Summary of Significant Accounting Policies (continued)

During the year the Company has undertaken an annual self-assessment of eligibility for Income Tax Exemption and Directors consider the Company remains eligible for endorsement.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Impairment of assets

All financial assets are assessed at the reporting date to determine whether any may be impaired. This refers principally to loans made to social enterprises.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows that can be estimated reliably. Significant financial assets are tested for impairment on an individual basis.

In assessing individual impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of potential loss incurred. Carrying amounts are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists and where carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is fair value less costs of recovery.

(f) Property, plant & equipment

Property, plant & equipment are recognised and recorded at cost less depreciation and any impairment.

(g) Depreciation

Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Class of Asset	Useful Life
Electronic equipment	up to 3 years
Office equipment	up to 5 years
Leasehold improvements	up to 8 years
Right of use assets	Lease term

All items of property, plant and equipment are reviewed annually to ensure carrying values are not in excess of recoverable amounts. Recoverable amounts are based upon present value of expected future cash flows.

1. Summary of Significant Accounting Policies (continued)

(h) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled plus on costs.

Long Services Leave has been measured as the present value of expected future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

(i) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(j) Leases

Lease assessment at contract inception

At inception of a contract, the Company assesses whether a lease exists.

Right-of-use asset

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

Right-of-use assets are depreciated over the lease term on a straight-line basis and are assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (leases with a term of less than or equal to 12 months) and leases of low-value assets. These lease expenses are recognised on a straight-line basis over the lease term.

(k) Adoption of new and revised accounting standards

During the current year, the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these Standard has had no impact on the recognition, measurement and disclosure of transactions.

(l) Comparative Amounts

When current period balances have been reclassified compared with classifications adopted in the prior period report, comparative balances are restated to ensure consistency of presentation.

	2022	2021
	\$	\$
2. Revenue		
Monetary		
Revenue from contracts with customers		
Revenue from providing services	1,734,760	1,441,202
Revenue from governments	845,000	490,000
Other revenue		
Government COVID-19 subsidies	-	517,713
Grants, donations and bequests	812,929	310,058
Interest income	27,034	58,356
	<u>3,419,723</u>	<u>2,817,329</u>
Non-monetary		
Contributions in kind	135,847	177,843
	<u>3,555,570</u>	<u>2,995,172</u>
3. Expenses		
Depreciation		
Office equipment	24,335	23,135
Leasehold improvements	1,703	6,036
Right of use assets	17,999	42,877
	<u>44,037</u>	<u>72,048</u>
Interest expense on lease liabilities	47	734
Contributions in kind	135,847	177,843
Auditor's remuneration		
Auditing the financial statements	12,250	12,250
Other services	6,150	9,650
	<u>18,400</u>	<u>21,900</u>
4. Cash and cash equivalents		
Cash at bank and on hand	437,364	104,223
Term deposits	251,902	-
Managed investments - cash and fixed income	3,232,559	3,965,531
	<u>3,921,825</u>	<u>4,069,754</u>

Social Traders invests cash in excess of short-term operating requirements in Term Deposits and Managed Investments. Funds in Managed Investments are invested in a diversified portfolio of low investment risk cash and fixed income securities and are available for redemption on short notice.

	2022 \$	2021 \$
5. Debtors		
Trade & other debtors	301,368	183,238
6. Social Investment Portfolio		
Current Assets		
Loans to enterprises	80,000	95,000
Impairment provision	-	-
	<u>80,000</u>	<u>95,000</u>
Non-current Assets		
Loans to enterprises	40,000	120,000
Impairment provision	-	-
	<u>40,000</u>	<u>120,000</u>
Total social investment loans	<u>120,000</u>	<u>215,000</u>
Movement in social investment loans		
Balance at beginning of year	215,000	304,000
Loans to enterprises	-	30,000
Loans repaid	(95,000)	(119,000)
	<u>120,000</u>	<u>215,000</u>
Balance at end of year	<u>120,000</u>	<u>215,000</u>

The Company's Social Investment Portfolio of loans is invested in, and provides support to, social enterprises in a manner consistent with the purposes and objectives of the Company.

	2022 \$	2021 \$
7. Property, plant & equipment		
Office equipment	111,271	117,292
Accumulated depreciation	(89,620)	(83,468)
	<u>21,651</u>	<u>33,834</u>
Leasehold improvements	-	24,145
Accumulated depreciation	-	(22,442)
	<u>-</u>	<u>1,703</u>
Right of use assets - office facilities	597,655	98,252
Accumulated depreciation	(5,502)	(85,754)
	<u>592,153</u>	<u>12,498</u>
Total property, plant & equipment	<u><u>613,804</u></u>	<u><u>48,025</u></u>
Movement in property plant & equipment		
Balance at beginning of year	48,025	107,573
Additions right of use assets	597,655	-
Additions office equipment	12,161	12,500
Depreciation	(44,037)	(72,048)
	<u>613,804</u>	<u>48,025</u>
Balance at end of year	<u><u>613,804</u></u>	<u><u>48,025</u></u>
8. Payables		
Current		
Trade creditors	61,919	68,943
Other creditors	185,410	138,817
Lease liabilities	119,068	12,604
Net GST payable	108,152	70,657
	<u>474,549</u>	<u>291,021</u>
Non-current		
Lease liabilities	473,587	-
Total Payables	<u><u>948,136</u></u>	<u><u>291,021</u></u>

	2022	2021
	\$	\$
9. Provisions		
Current		
Employee benefits	195,899	184,655
Leasehold property make good	3,500	20,000
	<u>199,399</u>	<u>204,655</u>
Non-current		
Employee benefits	9,728	14,924
Leasehold property make good	5,000	-
	<u>14,728</u>	<u>14,924</u>
Total Provisions	<u><u>214,127</u></u>	<u><u>219,579</u></u>
10. Deferred revenue (contract liabilities)		
Current		
Grants received in advance	10,000	100,000
Membership & other income in advance	979,766	751,257
	<u>989,766</u>	<u>851,257</u>
Non-current		
Membership & other income in advance	5,653	13,375
Total Deferred revenue	<u><u>995,419</u></u>	<u><u>864,632</u></u>
11. Reserves		
Financial stability and sustainability reserve	<u>2,000,000</u>	<u>2,000,000</u>

Directors resolved to establish a financial stability and sustainability reserve as part of Social Traders' Risk Management planning. The reserve is deemed appropriate to ensure Social Traders is in a position to continue to operate and meet its commitments if a significant or unexpected change of funding was to occur.

2022	2021
\$	\$

14. Contingent Assets

The Company has secured ongoing support from government and philanthropic organisations contingent on meeting agreed outcomes and deliverables.

Available for drawdown within 12 months	1,491,855	300,000
Available for drawdown after 12 months	1,300,000	900,000
	<u>2,791,855</u>	<u>1,200,000</u>

15. Commitments

Aggregate lease and operating expenditure contracted for at balance date but not provided for in the financial statements.

Payable within 12 months	1,904	5,509
Payable after 12 months, less than five years	5,639	2,789
Payable after five years	-	-
	<u>7,543</u>	<u>8,298</u>

16. Financial Risk Management

The Company's financial instruments consist mainly of term deposits with banks, securities held in managed investments, its portfolio of social investment loans, accounts receivable and payable, and employee benefit liabilities.

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of financial instruments. At 30 June 2022 the Company does not believe it is exposed to any material interest rate risk.

(b) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to financial loss to the Company. At 30 June 2022 the Company does not believe it is exposed to any material credit risk.

(c) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. At 30 June 2022 the Company does not believe it is exposed to any material liquidity risk.

17. Events after balance date

There have been no events after balance date requiring amounts in the financial statements to be adjusted or additional information to be disclosed.

18. Deductible Gift Recipient

The Company is endorsed as a Deductible Gift Recipient (DGR) and has established a Public Fund, to receive Gifts and Deductible Contributions in support of the Company's purpose. All donations are recorded in the Social Traders Public Fund bank account.

During the year the Company has undertaken an annual self-assessment of eligibility for Deductible Gift Recipient and Directors consider the Company remains eligible for endorsement.

Directors' Declaration

The Directors of the Company declare that:

1. the Financial Statements and notes set out on pages 9 to 23 are 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 the Company as at 30 June 2022 and of its performance for the year ended on that date; and
 - b. complying with the Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Regulation 2013 and other mandatory reporting requirements; and
2. at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Directors have received a declaration confirming the foregoing from the Chief Executive Officer for the year ended 30 June 2022.

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



.....
Sally Powell
Chair



.....
Wendy Lewis
Director

18th August 2022

Auditor's Independence Declaration under Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* to the Members of Social Traders Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

ACCRU MELBOURNE (AUDIT) PTY LTD



A N Samadi
Director

18 August 2022

Social Traders Ltd

Independent Auditor's Report to the Members of Social Traders Ltd

Opinion

We have audited the financial report of Social Traders Ltd (the Company), which comprises the statement of financial position as at 30 June 2022, 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 directors' declaration.

In our opinion, the accompanying financial report presents fairly, in accordance with the Australian Accounting Standards Requirements and 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 2022 and of its financial performance and its cash flows for the year then ended; and
- (ii) that the financial records kept by the company are such as to enable financial statements to be prepared in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*.

Basis for Opinion

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 ethical 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report for the year ended 30 June 2022.

Our opinion on the financial report comprises the statement of financial position as at 30 June 2022, 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. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 Company 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 directors 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.



ACCRU MELBOURNE (AUDIT) PTY LTD

18 August 2022



A N SAMADI
Director