



# 40K Foundation Annual Report 2018

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## CEO's Report

40K's mission is to provide scalable education to children living in restricted environments around the world, and I am very excited to say that we ended the year with just under 3,000 children now enrolled in our program across India and Cambodia.

Launching in the second country was incredibly exciting for us. It validated that the restrictions that we have designed our system for - limited electricity, little-to-no internet and unqualified teachers- are similar around the world. It also validated that our platform can be quite seamlessly adapted for a different country, with different language and different curriculum mapping requirements.

The 4-school pilot, working through government schools in a province called Kampong Cham, was a success. Indeed, the government reviewed the pilot, interviewing parents, teachers and students to contemplate next steps. Following a meeting with the Cambodian Minister for



Education, we are now in the process of signing an MOU that will see us expand the program in up to 30 more schools next year. Whilst this will bring its own challenges, we are thrilled with the potential of 40K Plus reaching more kids. A massive thanks to Rachel Bennett, who moved to Cambodia and oversaw the Cambodian launch.

In India, we have had to accept that the pod channel was not going to help us achieve the level of scale critical to our mission. As such, under the leadership of our new CEO in India, Swetha Prakash, we made the tough call to shut down the majority of the pods, only keeping 12 open for test purposes. This enabled the team to focus on finding new channels that would be more efficient and scalable. This was an incredibly trying time for the team and the communities in which we operated and I thank the team in India for their resilience and ability to work through such difficult times.



In validating this move, 40K PLUS has now found a home in 3 government schools in Bangalore, partnering with businesses and non-profits to deliver our program. The learning outcomes are still being validated, but with the reduced operational burden of having to set up spaces and hire facilitators, a clear pathway to scale has been uncovered. It is our plan to now build on this significantly into next year.

The tech this year continued to improve. We were able to start integrating some new remedial features into the system to allow students to know more about their areas of improvement. Furthermore, data capabilities have improved a lot too. Every pod facilitator as well as teacher in India and Cambodia administering our program, now receives a report every Friday outlining how every child in their class is performing. This is momentous in allowing us to personalise learning for each child and allows teachers to focus on driving improvement individually. Our team also keeps a close eye on it, so if there is intervention needed, ideas and tips can be passed on to the teachers.

We were stoked to learn in Boston in May that we were to be announced as Stage 2 winners of SOLVE, run by the Massachusetts Institute of Technology (MIT). Atlassian and DFAT also continued their amazing support of our work, increasing their commitments to our mission, as well as providing incredible technical and strategic help.

From a team perspective, we have been on a 2-year journey to drive more expertise into the team. This started in 2017, with the hiring of 2 senior leaders (Swetha as CEO in India, and Jesse Whelan as 40K's CFO). This year, we have continued to invest in human capital, hiring specialists in program and product management, as well as ESL content. As we look to 2019, I am very excited about how the program will improve based on the investment we have made in such specialists. The team in India and Cambodia is growing!

From a board perspective, this year our Chairman Bob Thomas and another Director Peter Dunne, said that it was their time to move on. Bob had served as the organisation's chair for 7 years, and Pete had been on the board for 8 years. Both gentlemen have put a huge amount of energy and time into the organisation for a long time, brought so much to the organisation, and I have so much to thank them for. Their selfless commitment of time, and their calm and level heads in the board room helped us navigate a huge amount of challenges. For Bob as chair, we would often speak multiple times per week and no matter what time of day it was, Bob always made himself available. I wish them both the absolute best for the future and thank them once again.

In 2019, we will be bringing a number of new candidates onto the board, and we are now looking for people who have skills in government relations, edtech and scaling technology. If you know of anyone who may be interested, please feel free to contact me.

From a Globe perspective, 2018 was a watershed year. After many months of deliberation, we made the decision to cease the undergraduate programs after July so that we could focus more exclusively on 40K PLUS. This was done with very mixed feelings. On the one hand, we were very proud that we had been lucky enough to send 2,500 young Australians on an experience many of them will

treasure for life. I always love hearing from Globers about where they're up to, and of hearing of the mates that they made during the program. On the other hand, it was with sadness to think that we would not keep meeting more of them. That being said, we feel that the decision was the right one. Globe lives on in the form of running 2 bespoke programs at MBA level for two of Australia's top university, and we look forward to continuing that into 2019.

So what does 2019 look like? The key things we're looking to achieve next year include ultimately driving better student learning, in a strong business model by a strong team. We'll be working on all of those things, but specifically we will be:

- **Driving better children learning:** with a new team in place, and better measurement systems, we will be looking to improve the children's pace of learning, and knowledge retention.
- **External evaluation:** Everything 40K does is part of a grand experiment to test different ways to unlock how to scale quality education to children around the world. We are going to run an independent evaluation to validate what works in our model, and what does not.
- **Driving scale in Cambodia and India:** We've uncovered new delivery channels in two different countries We have to get the operating model right so that we can keep the quality consistent as the student enrolments grow.

Clary

## ABOUT 40K

### Mission

To provide world-class education programs that accelerate learning outcomes for people in restricted environments.

### Vision

Anyone can afford high quality education regardless of their location.

### Our History

In 2005, Clary Castrission and Karyn Avery, two university students from Sydney Australia, took a holiday to India that would change their lives forever.

Upon witnessing firsthand the devastating impact of extreme poverty affecting so many children, Clary and Karyn's life took a complete departure from the career trajectories they were on.

Clary and Karyn believed that education would change the lives of these children, and open up opportunities to change and shape their own futures. Five years later, the Banyan School opened its doors to its first children. Had it not been for 40K's work, the 200 children who are now at the school would still be spending their days in a nearby quarry with their parents.

Now that the school is opened, we've added years of further learning in how to identify need, plan projects, and successfully implement them.

### **The Banyan School was just the beginning for us.**

In moving forward, we wanted to be more cost effective and if we want to extend our reach to thousands more kids, then building schools was not going to be the answer.

We have found a better way in the form of 40K PLUS.

## Our Values

**“It’s time to do Good: Business.”**



**Be good to people**



**Make a massive  
difference**



**Strive for a  
better way**



**Step up & get  
shit done**

## **OUR ORGANISATION**

### **Board of Directors**

Our Board of Directors are responsible for guiding the strategic direction of the organisation and is accountable for our actions and the impact of our activities.

Mr Peter Dunne

Bachelor of Economics and Laws, Postgraduate dip Applied Finance and Investment  
Partner at Freehills

Mr Andrew Vickery Hipsley

Bachelor of Commerce  
Board member McDonald's Japan Ltd, Member since 2010

Mr George Mathew

Bachelor of Technology  
Executive consultant at Cochlear Ltd, Digital Strategist

Mr Gordon Stalley

Bachelor of Engineering  
Executive director and Founder of Premier Fire Protection

Mr Les Szekely

Bachelor of Arts, Master of Laws  
Managing Director Gran Prix Capital, Former Tax Consulting Director Deloitte Private

Mr Robert Thomas

Dip. Teach, Bachelor of Education  
Former Headmaster of Knox College

### **Management Team**

CEO – Peter 'Clary' Castrission

CFO – Jesse Whelan

Head of Learning and GM Cambodia – Rachel Bennet

CEO India – Swetha Prakash

## Our Work

In the digital age, English is becoming the global transactional language and a lack of access to English severely limits the opportunities available to children. In Cambodia, the growing tourism industry has further increased this need for English.

40K's innovative learning platform addresses this need by curating & localising online material onto an offline system, that allows children in low-resource environments to learn global English within the constraints set by their environment. Our theory of change is that when children can read, write and speak English, they can read to learn and engage in basic conversations, which lays the foundation for future education & employment.

## Key Achievements for 2018

During the project period, 40K PLUS has expanded to Cambodia, completed a strategic business model shift, and seen significant improvements in its technology and child protection systems. The key achievements between the start and end of the project period are shown in the table:

Topic	Start of Project	End of Project
Sustainability and Scale	<ul style="list-style-type: none"><li>After school pod model, which delivered learning, but struggled to create the financial sustainability needed to scale up.</li></ul>	<ul style="list-style-type: none"><li>Strategic shift completed from pod to a more sustainable in school and delivery partner model.</li><li>New model validated through implementation in 6 government schools, in India and Cambodia.</li></ul>
Enrolments	<ul style="list-style-type: none"><li>1,073 children enrolled in 40K PLUS in 20 villages in India. No children enrolled in Cambodia.</li></ul>	<ul style="list-style-type: none"><li>2,163 children enrolled in 40K PLUS, across two countries (903 in India, and 1,263 in Cambodia).</li></ul>
Technology System	<ul style="list-style-type: none"><li>A basic Version 1, with a series of known bugs.</li><li>One use case only.</li></ul>	<ul style="list-style-type: none"><li>A more robust Version 3 of technology system operational, with improved learning and engagement features.</li><li>Demand scoped out for 3 new use cases.</li></ul>
Learning and Data	<ul style="list-style-type: none"><li>No data system, very paper based.</li><li>Internal learning data showing good baseline and ongoing results</li></ul>	<ul style="list-style-type: none"><li>Data analyst hired and auto-generated data dashboard established to enable data driven action and insights.</li></ul>

		<ul style="list-style-type: none"> <li>• JPAL evaluation being explored for external evaluation of PLUS.</li> </ul>
<b>Risk and Compliance</b>	<ul style="list-style-type: none"> <li>• a basic child protection system, with little structured staff child protection training.</li> </ul>	<ul style="list-style-type: none"> <li>• DFAT approved child protection framework implemented.</li> <li>• All key staff completed comprehensive DFAT child protection training.</li> </ul>

## Impact

Our theory of change is that greater learning outcomes and better education will allow children to have increased opportunity for better employment, thus lifting themselves out of poverty.

PLUS has not been operational for long enough for students to progress all the way through school to employment. However, indicators are positive, with 5 early PLUS graduates currently studying in college, in commerce and science courses, despite only 52% college enrolment in India.<sup>1</sup>

## Outcomes and Results

The key outcomes from our MEL report are below. These have been reported against in the following section.

Outcome	Target Results	Key Performance Indicators
Students enrolled in 40K PLUS demonstrating accelerated learning outcomes.	<ul style="list-style-type: none"> <li>• Students demonstrating accelerated learning outcomes compared to peers enrolled in government schools in similar areas.</li> <li>• Students demonstrating progression through learning pathways.</li> </ul>	<ul style="list-style-type: none"> <li>• Pace of progression according to age/band level.</li> <li>• Children assessed according to gender.</li> <li>• General English and phonics progression rates.</li> </ul>

**Target Result: Students demonstrating accelerated learning outcomes compared to peers enrolled in government schools in similar areas.**

In the 2017-18 academic year, we conducted a baseline test, with PLUS students in India, and a control group of government school students, who do not attend PLUS.

<sup>1</sup> <https://www.firstpost.com/india/unesco-47-million-youth-in-india-drop-out-of-school-by-10th-standard-2961334.html>

The test was split into two parts, by skills, with the number of students completing each test shown below:

	<b>Literacy Baseline Test</b>	<b>Speaking and Listening Baseline Test</b>
Number of PLUS students tested	125	160
Number of Control group students tested	76	62

### *Results Overview*

40K PLUS students had an overall baseline improvement of up to 35%. Of this, 16% to 20% was the 'PLUS difference' – the PLUS improvement above and beyond the control group improvement.

In academic years, the PLUS difference equates to 1 term to 4 years of PLUS learning pace acceleration, compared to the current control group pace (varying by skill).

### *Literacy Results*

The literacy test was based on the Early Grade Reading Assessment<sup>2</sup>, with students completing 6 subtests across early literacy skills.

As the graph shows, PLUS outperformed the control group in all 6 of the literacy skills tested, with an average PLUS acceleration effect of 18%.

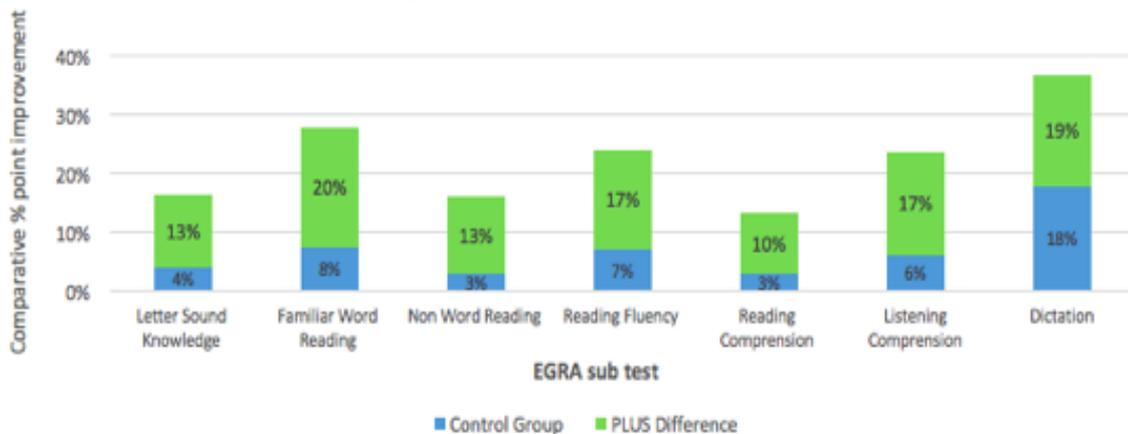
PLUS adds greatest value in familiar word reading, reading fluency and listening comprehension, with up to 20% improvement above the control group growth.

Reading comprehension is a PLUS problem skill, with the lowest impact shown.

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<sup>2</sup> <https://www.rti.org/rti-press-publication/early-grade-reading-assessment>

### Literacy Baseline 2017-18 % Learning Improvement Attributable to PLUS



Overall, 39% of PLUS Government School students are fluent readers or emerging readers, compared to 10% of control group students.

Type of Reader	PLUS EGRA Definition	% PLUS Government Students	% Control Group Students
<b>Reader</b>	Has a reading fluency score of <u>50 correct words per minute</u> or above, at a <u>80%+ comprehension level</u>	5%	1%
<b>Emerging Reader</b>	Has a reading fluency score of <u>20 correct words per minute</u> or above, at a <u>30%+ comprehension level</u>	34%	9%
<b>Non Reader</b>	Has a reading fluency score of <u>0 correct words per minute</u> . <u>Unable to read any words in a text</u>	18%	39%

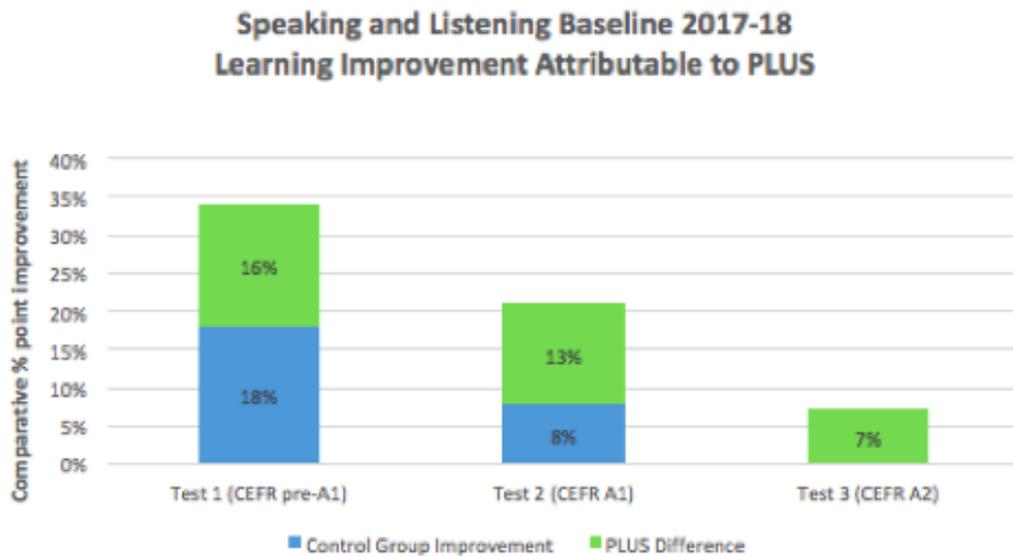
#### Speaking and Listening Results

For speaking and listening, we used a baseline test that maps to the Common European Framework of Reference for Languages (CEFR)<sup>3</sup>. The tests increase in difficulty from Pre-A1 to A2 level.

PLUS outperformed the control group, across all tests and learning levels, from CEFR pre-A1 to A2. PLUS learning acceleration ranged from 13 to 16% in tests 1 and test 2.

<sup>3</sup> <https://www.coe.int/en/web/common-european-framework-reference-languages/level-descriptions>

In test 3, the hardest test, the control group was not at a high enough level to take the test, or showed no improvement. In contrast, PLUS students progressed by 7%, suggesting PLUS enables students to progress to higher learning competency levels.



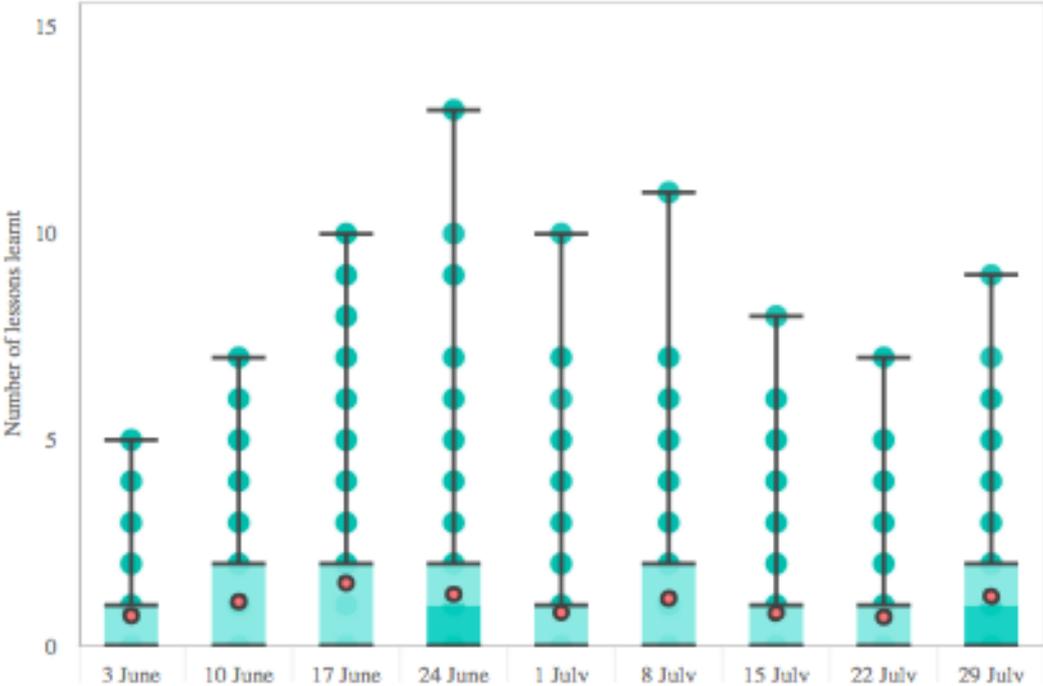
**Target Result: Students demonstrating progression through learning pathways**

In India, the PLUS curriculum is split into two programs – Beginners and Intermediate Program (with Advanced in development). Since the start of the funding period, over 200 students have progressed from the Beginners to the Intermediate Program, demonstrating ongoing progress through the learning pathway.

In Cambodia, ongoing learning progress is shown in the graph below. The red dot shows the mean lessons learnt. It highlights students are consistently progressing an average of 1 lesson completed per week, or 4 lessons per month. This equates to 2 units of progress in the school textbook.

The PLUS self-paced learning structure, has allowed some students to progress much faster, at up to 12 lessons a week, which by far exceeds the Cambodian Ministry’s expected pace of progress.

Number of Lessons Learnt



## Impact Stories

### **Story: Sunitha\***

*Sunitha was born in a village called Kannur, outside Bangalore. Her premature birth affected her growth, and whilst she has remained a small child, she is an intelligent child. Her mother, Anrudha, was stoic about Sunitha's aspirations. "Though her body is weak, her mind is sharp," her mother says assertively, "She wants to be a doctor so that she can help other sick children get better."*

*That's one of the reasons she enrolled her in 40K PLUS, an after school program that couples an innovative use of technology, which makes online content available offline through a learning platform on tablet, with a "flipped" classroom learning environment. In so doing, children like Sunitha receive a dynamic experience with proven learning outcomes.*

*Sunitha goes to a private school not far from her home, Kannur. Her mother explained the decision to send her children to private school and then 40K through her own past. Having been from a poorer background, she wanted her own children to have a better education and learn English to a standard that she couldn't so they could have more opportunities in life and get better jobs.*

*Sunitha is one of 60 children enrolled in 40K PLUS in Kannur, a statistic that the class' facilitator is very proud of. Kavitha, who is a local employed to run the program, says "the class started with 35 children, like that. Then it was 45, 50, 55 and now 60. The children are learning well. With beginners it is about the sounds and phonics, and in intermediate the grammar is there. We want to help Sunitha study Medicine, like she wants to."*

\* This name has been changed for child protection reasons.

### **Story: Arunny\***

*Heng Arunny is 15 years old, and lives in Kompong Cham, Cambodia. She studies in Grade 7, at Sramar Lower Secondary School, the very first 40K PLUS school to open in Cambodia.*

*Her mother is a garment worker, and her father is a taxi driver. They both studied until the end of primary school, and so they don't know any English, and can only read a few words in Khmer.*

*Arunny is the oldest sibling in her family. This means that she is the first child, and the first female, in her family to trail blaze.*

*She knows that English is really important to get a good job in the future, and so she has been trying hard to learn it.*

*But she has a problem. At Sramar Government School her English teacher is trained as a Khmer teacher, and so barely speaks any English. And her parents don't know the language, and so cannot help her.*

*Not to be dissuaded, last year Arunny persuaded her parents to pay to enroll her in extra after school private English classes. They agreed. The extra classes use Oxford University Press reputed English Series 'Let's Go', but are taught by a local Khmer teacher. Arunny studied hard at the class every evening for 2 hours a day, 5 days a week for a whole year.*

*But she has not been happy with her progress. As Arunny explained, 'it only focuses on word study and translation, so I am poor in listening and speaking, and I don't have proper pronunciation. The book is in black and white, and I find it hard to study for a long time, as it gets boring'.*

*40K PLUS started at Arunny's Government School in February 2018. Arunny explains how PLUS has transformed the way she learns English.*

*"Learning through the tablet is managed by me! When I study with the teacher, I have to follow the teachers process of teaching. Sometimes it is too fast, and sometimes it is too slow. With the tablet I can learn for as long as I want, and as fast as I want. If I need to clarify something I can go back to the lesson on the tablet; I can't do that with the teacher or a textbook. I also have the chance to discuss it with my friend who sits next to me.*

*The lessons on the tablet are designed with sound that allows me to hear from every character, word, phrase, question and text. If I can't hear them clearly, or forget them, I can play them again and again until I get them all.*

*The tablet is designed to make learning fun. I want to spend as much time as I can on the tablet. I never get that feeling with the book! I love watching the cartoons, and all the motion graphics and beautiful colours. It motivates me to want to learn more and more.*

*I know recently my accent has changed too!"*

\* This name has been changed for child protection reasons.

## **Directors' report**

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2018**

**Liability limited by a scheme approved under  
Professional Standards Legislation**

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

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**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 31 December 2018.

**Directors**

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

Mr Andrew Vickery Hipsley  
Mr Les Szekely  
Mr Robert Thomas resigned 11 March 2018  
Mr Gordon Stalley  
Mr Peter Dunne resigned 23 April 2018  
Mr George Mathew

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

**Company Secretary**

The following person held the position of entity secretary at the end of the financial year:

Mr Jesse Whelan                      Jesse Whelan had completed MBA at Harvard University and took over responsibilities of 40K Foundation from December 2017

**Principal Activities**

The principal activities of the company during the financial year were to provide education infrastructure and services to underprivileged children in Bangalore, India.

**Significant Changes in State of Affairs**

No significant change in the nature of these activities occurred during the year.

**After Balance Date Events**

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.

**Future Developments**

The entity expects that the level of operations will be increased by:  
-Undertaking new projects in India.

**Environmental Issues**

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

**Dividends Paid or Recommended**

The company's constitution (section 4.1b) does not allow the payment of dividends.

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

**DIRECTORS' REPORT**

**Options**

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

**Indemnifying Officers or Auditor**

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.

**Proceedings on Behalf of the Entity'**

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

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

**Information on Director**

**Mr Andrew Vickery Hipsley**

Qualification

Experience

Director  
Bachelor Of Commerce UNSW, Board Member  
McDonald's Japan Ltd  
Member since 2010, two to three years with  
the entity

**Mr Les Szekely**

Qualification

Experience

Director  
Bachelor of Arts, Master of Laws and Member  
of the Australian Institute of Directors  
Member since 2010, two to three years with  
the entity

**Mr Robert Thomas**

Qualification

Experience

Director  
Dip. Teach, B Ed.  
Member since 2010, two to three years with  
the entity

**Mr Gordon Stalley**

Qualification

Experience

Director  
Bachelor of Engineering  
Executive director of Premier Fire Protection  
Services NSW Pty Ltd

**Mr Peter Dunne**

Qualification

Experience

Director  
Bachelor degrees in Economics and Law  
(Honours) and a postgraduate diploma in  
Applied Finance and Investment  
Partner at Freehills law firm

**Mr George Mathew**

THE 40K FOUNDATION AUSTRALIA LIMITED  
ABN 46 141 849 229

DIRECTORS' REPORT

Qualification

Bachelors of Technology degree, Mahatma  
Gandhi University, Executive Consultant  
Cochlear Ltd

Experience

Member since 2015, Digital Strategist and  
Business Consultant

Meeting of Directors

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Andrew Vickery Hipsley	4	3
Mr Les Szekely	4	4
Mr Robert Thomas	0	0
Mr Gordon Stalley	4	4
Mr Peter Dunne	1	1
Mr George Mathew	4	3

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 60-50(3)(b) of the ACNC Act is set out on page 5.

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

Dated this 25<sup>th</sup> day of June 2019

  
PETER CLARY CASTRISSIAN OAM  
CHAIR

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF  
THE 40K FOUNDATION AUSTRALIA LIMITED**

I declare, that to the best of my knowledge and belief, during the year ended 31 December 2018 there have been:

- (i) no contraventions of the auditor independence requirements 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.

Name of Auditor:

Peter Vickers  
Peter Vickers Chartered Accountant

Address:

Suite 2 345 Pacific Highway LINDFIELD

Dated this 25th day of June 2019

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
Revenue		1,441,041.30	940,610.31
Fund Raising Costs - Events		65,905.95	(165,158.27)
Fund Raising Costs - Pods		(31,161.79)	-
Employee benefits expenses		(202,075.54)	(115,903.69)
Other expenses		<u>(635,771.70)</u>	<u>(663,295.69)</u>
<b>Profit (Loss) for the year</b>	<b>2</b>	<u>637,938.22</u>	<u>(3,747.34)</u>
<b>Total comprehensive income for the year</b>		<u><u>637,938.22</u></u>	<u><u>(3,747.34)</u></u>
Total comprehensive income attributable to members of the entity		637,938.22	(3,747.34)

The accompanying notes form part of these financial statements.

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,034,706.30	336,457.79
Trade and other receivables	4	267,579.12	1,511.10
<b>TOTAL CURRENT ASSETS</b>		<u>1,302,285.42</u>	<u>337,968.89</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	5	490.00	490.00
<b>TOTAL NON-CURRENT ASSETS</b>		<u>490.00</u>	<u>490.00</u>
<b>TOTAL ASSETS</b>		<u>1,302,775.42</u>	<u>338,458.89</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	52,994.32	190,088.72
Financial liabilities	7	463,472.71	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>516,467.03</u>	<u>190,088.72</u>
<b>TOTAL LIABILITIES</b>		<u>516,467.03</u>	<u>190,088.72</u>
<b>NET ASSETS</b>		<u>786,308.39</u>	<u>148,370.17</u>
<b>EQUITY</b>			
Retained earnings	8	786,308.39	148,370.17
<b>TOTAL EQUITY</b>		<u>786,308.39</u>	<u>148,370.17</u>

The accompanying notes form part of these financial statements.

THE 40K FOUNDATION AUSTRALIA LIMITED  
ABN 46 141 849 229

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

Note	Retained earnings \$	Total \$
<b>Balance at 1 January 2017</b>	152,118	152,118
Profit attributable to Stake Holders	(3,747)	(3,747)
<b>Balance at 31 December 2017</b>	148,370	148,370
Profit attributable to Stake Holders	637,938	637,938
<b>Balance at 31 December 2018</b>	<u>786,308</u>	<u>786,308</u>

The accompanying notes form part of these financial statements.

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from donors	734,463.23	1,157,461.86
Receipts from grants	585,572.07	1,652.39
Payments to suppliers, employees and other	(358,524.23)	(210,946.70)
Interest received	685.68	422.05
Payments to charitable institutions	(505,876.27)	(708,020.63)
<b>Net cash provided by operating activities</b>	<b>9</b> <u>456,320.48</u>	<u>240,568.97</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans to related party- payments received	(195,378.14)	(3,019.73)
<b>Net cash used in investing activities</b>	<u>(195,378.14)</u>	<u>(3,019.73)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	-	(3,395.33)
Receipts from advances	437,306.17	-
<b>Net cash provided by (used in) financing activities</b>	<u>437,306.17</u>	<u>(3,395.33)</u>
Net increase in cash held	698,248.51	234,153.91
Cash at beginning of financial year	336,457.79	102,303.88
<b>Cash at end of financial year</b>	<b>3</b> <u>1,034,706.30</u>	<u>336,457.79</u>

The accompanying notes form part of these financial statements.

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

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

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**1 Statement of Significant Accounting Policies**

The 40K Foundation Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia.

**Reporting basis and conventions**

The directors have prepared the financial statements on the basis that the company is a non reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012, and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of these statements are as follows:

**Income Tax**

No tax is payable as the company is exempt from tax to the Income Tax Assessment Act 1997.

**Financial Instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

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

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**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The company's trade and most other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The company's available-for-sale financial assets comprise listed securities.

All available for sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

**Available-for-sale financial assets**

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

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

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**Cash and Cash Equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**Revenue and Other Income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

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

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

**Sale of goods**

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

**Interest revenue**

Interest revenue is recognised using the effective interest rate method.

**Rendering of services**

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

**Other income**

Other income is recognised on an accruals basis when the company is entitled to it.

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

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

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**Comparative Amounts**

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>2 Profit for the year</b>		
The result for the year was derived after charging / (crediting) the following items:		
Profit before income tax from continuing operations includes the following specific expenses:		
<b>Expenses</b>		
Cost of sales	(34,744.16)	165,158.27
<b>3 Cash and Cash Equivalents</b>		
Bank Accounts	1,034,706.30	335,904.35
Petty Cash	-	553.44
	<u>1,034,706.30</u>	<u>336,457.79</u>
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	<u>1,034,706.30</u>	<u>336,457.79</u>
	<u>1,034,706.30</u>	<u>336,457.79</u>
<b>4 Trade and Other Receivables</b>		
<b>Current</b>		
Trade Debtors	1,164.16	-
Loans - 40K Globe Pty Ltd	266,254.17	110.18
Input Tax Credits	160.79	1,400.92
	<u>267,579.12</u>	<u>1,511.10</u>
The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.		
<b>5 Other Financial Assets</b>		
<b>Non-Current</b>		
Shares in Associated Companies	<u>490.00</u>	<u>490.00</u>

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>6 Trade and Other Payables</b>		
<b>Current</b>		
Other Creditors	-	150,000.00
Trade Creditors	47,606.20	38,787.80
Wages Payable	5,062.93	-
Superannuation Payable	325.19	1,300.92
	<u>52,994.32</u>	<u>190,088.72</u>
<p>The carrying amounts are considered to be a reasonable approximation of fair value.</p>		
<b>7 Borrowings</b>		
<b>Current</b>		
Grants/Donations Holding Account	<u>463,472.71</u>	<u>-</u>
Total borrowings	<b>4</b> <u>463,472.71</u>	<b>4</b> <u>-</u>
<b>8 Retained Earnings</b>		
Retained earnings at the beginning of the financial year	148,370.17	152,117.51
Net profit (Net loss) attributable to members of the company	<u>637,938.22</u>	<u>(3,747.34)</u>
Retained earnings at the end of the financial year	<u>786,308.39</u>	<u>148,370.17</u>
<b>9 Cash Flow Information</b>		
<b>Reconciliation of result for the year to cashflows from operating activities.</b>		
<b>Reconciliation of net income to net cash provided by operating activities:</b>		
Profit (Loss) after income tax	637,938.22	(3,747.34)
Cash flows excluded from profit (loss) attributable to operating activities		

THE 40K FOUNDATION AUSTRALIA LIMITED  
ABN 46 141 849 229

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

	2018 \$	2017 \$
<b>Changes in assets and liabilities</b>		
(Increase) Decrease in Trade Debtors	(40,436.14)	70,785.00
Increase (Decrease) in Creditors	(141,181.60)	173,531.31
	<u>456,320.48</u>	<u>240,568.97</u>

**10 Statutory Information**

The registered office of the company is:

The 40K Foundation Australia Limited

Level 2 11 York St Sydney NSW 2000

The principal place of business is:

Level 2 11 York St Sydney NSW 2000

THE 40K FOUNDATION AUSTRALIA LIMITED  
ABN 46 141 849 229

DIRECTORS' DECLARATION

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

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 2 to 16 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
  - (a) comply with Accounting Standards as stated in Note 1; and
  - (b) give a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debt as and when they become due and payable.

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

Dated this 25<sup>th</sup> day of June 2019

  
PETER  
CHAIR

  
CAMY CASTROSSION OAM

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE 40K FOUNDATION AUSTRALIA LIMITED  
ABN 46 141 849 229**

**Report on the Financial Report**

I have audited the accompanying financial report of The 40K Foundation Australia Limited which comprises the statement of financial position as at 31 December 2018 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

**Directors' Responsibility 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 in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012. I confirm that the independence declaration required by the Australian Charities and Not-for-profits Commission Act 2012, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE 40K FOUNDATION AUSTRALIA LIMITED  
ABN 46 141 849 229**

**Auditor's Opinion**

In my opinion:

- (a) the financial report of The 40K Foundation Australia Limited is in accordance with 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 31 December 2018 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012; and
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Name of Auditor:

Peter Vickers  
Peter Vickers Chartered Accountant

Address:

Suite 2 345 Pacific Highway LINDFIELD

Dated this 25th day of June 2019

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>SALES</b>		
Fund Raising Events	734,213.83	-
<b>Grants received</b>		
Payments from 40K Globe Pty Ltd	293,965.89	645,507.85
Donations - DGR	268,022.34	288,089.48
	561,988.23	933,597.33
Globe Sales	143,904.16	-
	1,440,106.22	933,597.33
<b>LESS: COST OF GOODS SOLD</b>		
Fund Raising Costs	800.00	2,763.90
Informal education services - India	-	160,151.78
Foreign Exchange Losses	(66,705.95)	2,242.59
Cost of Globe	31,161.79	-
	(34,744.16)	165,158.27
<b>GROSS PROFIT FROM TRADING</b>	1,474,850.38	768,439.06
<b>OTHER INCOME</b>		
Other Income	249.40	6,590.93
Interest Received	685.68	422.05
	935.08	7,012.98
	1,475,785.46	775,452.04

The accompanying notes form part of these financial statements.

**THE 40K FOUNDATION AUSTRALIA LIMITED**  
**ABN 46 141 849 229**

**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
<b>EXPENSES</b>		
Bank Charges	1,398.30	1,987.21
Consultancy Fees	116,878.00	35,668.00
<b>Grants Given</b>		
Indian Programs - Other	249.46	21,145.49
Community Education	452,250.65	547,869.04
	<u>452,500.11</u>	<u>569,014.53</u>
Fines & Penalties	1,680.00	-
General Expenses	7,313.90	1,020.94
Insurance	12,842.22	4,652.89
IT Expenses	-	3,733.47
Rent	6,791.05	-
<b>Salaries &amp; Wages</b>		
Salaries & Wages	185,188.82	101,278.79
Salaries & Wages - India	-	5,003.33
	<u>185,188.82</u>	<u>106,282.12</u>
Employee FBT Payments	17,220.00	28,695.00
Charity Registration Expenses	5,882.50	946.00
Superannuation Contributions	16,886.72	9,621.57
Communications	-	37.62
Travelling Expenses	13,265.62	17,540.03
	<u>837,847.24</u>	<u>779,199.38</u>
<b>Profit (Loss) before income tax</b>	<u><u>637,938.22</u></u>	<u><u>(3,747.34)</u></u>

The accompanying notes form part of these financial statements.