

ALUMINIUM STEWARDSHIP INITIATIVE LTD
ABN 29 606 661 125

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2016

ALUMINIUM STEWARDSHIP INITIATIVE LTD

ABN 29 606 661 125

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FOR THE YEAR ENDED 31 DECEMBER 2016**

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ALUMINIUM STEWARDSHIP INITIATIVE LTD

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DIRECTORS' REPORT

31 DECEMBER 2016

Directors' report

Objectives and Strategy

Aluminium Stewardship Initiative Ltd (ASI) is a not-for-profit public company limited by guarantee under the Corporations Act 2001. It was incorporated on 25 June 2015 and is also a Registered Charity under the Australian Charities and Not-for-profits Commission (ACNC).

The company has the following objects:

- a. to define globally applicable Standards for sustainability performance and material chain-of-custody for the aluminium value chain;
- b. to promote measurable and continual improvements in the key environmental, social and governance dimensions of aluminium production, use and recycling;
- c. to develop a credible assurance and certification system that both mitigates the risks of non-conformity with Standards and minimises barriers to broad scale implementation of Standards; and
- d. to become and remain a globally valued organisation advancing programs for sustainability in the aluminium value chain, which is financially self-sustaining and inclusive of stakeholder interests.

These objects are supported by ASI's 2017-2020 Strategic Plan, which sets out the following priorities and goals:

- I. Effective governance:** Support organisational performance through effective governance processes, including multi-stakeholder engagement and decision-making.
- II. Credible program:** Build and implement credible systems for ASI's certification program through consultative and consensus-building processes, for future ISEAL compliance.
- III. Growing membership:** Strengthen the future success of ASI by encouraging membership growth and certification uptake throughout the global aluminium value chain.
- IV. Financial resilience:** Enhance the financial resilience of the organisation to enable it to securely plan and positively adjust to risks and changing circumstances.

Principal activities

The principal activities during the financial year were to work with members and stakeholders to agree and implement the ASI governance model and continue development of the ASI assurance model for the future ASI certification program.

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DIRECTORS' REPORT

31 DECEMBER 2016

Directors' report

Information on directors

The Directors of the Company at any time during the 2016 financial year were:

Mr Jan Boekelman

Qualifications and experience

Director since 5 August 2016

Drs (Econometrics)
Treasurer – Chimbo Foundation (2011-current)
Member and Chair of the Audit Committee – GasTerra B.V. (2011-current)
Board Member – World Energy Council, the Netherlands (2015-current)
Board Member – Capella Amsterdam (2016-current)
Member of Supervisory Board – KRO-NCRV (2016-current)
Board Member – Kansfonds Foundation (2016-current)
Member of Executive Board and Director Finance – EBN B.V. (2011-current)

Mr Sam Brumale

Qualifications and experience

Director 25 June 2015 – 8 September 2016

BEng (Chem), MEngSc
Director – Brumale Consulting (2002-current)
Director – S3G Victoria Pty Ltd (2003 – 2013)
Director – Shelford Girls Grammar (2013-current)

Ms Heather Campbell

Qualifications and experience

Director since 8 September 2016

BA (History), BEng (Agric), MEngSc, GAICD, TGMP
Chairman – Sustainability Victoria (2016-current)
Director – Earthwatch Institute (2007-current)
Director/Deputy Chairman – Melbourne Polytechnic (2011-2015)

Ms Giulia Carbone

Qualifications and experience

Director since 25 April 2016

BA (Economics), MSc (Marine Policy), MEng (Environmental), Laurea (Geography)

Dr Sasha Courville

Qualifications and experience

Director since 8 September 2016

BES (Environmental Studies), MSc (Development Studies), PhD
Board Member – Global Compact Network Australia (2016-current)
Board Member and Treasurer – Water Stewardship Australia (2012-2016)
Executive Director – ISEAL Alliance (2005-2012)
Chair – Fair Trade Association of Australia and New Zealand (2004-2005)

Ms Lena Dahl

Qualifications and experience

Director since 1 April 2016

MSc (Natural Resources and Conservation)

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DIRECTORS' REPORT

31 DECEMBER 2016

Directors' report

Mr Gervais Jacques

Qualifications and experience

Director since 1 April 2016

Bachelor Chemical Engineering

Chairman – Halco Mining (2010-2013)

Vice Chairman – Cie Bauxite Guinea (2010-2013)

Director – Pathways to Education (2014-current)

Director and President – Aluminium Association of Canada (2016-current)

Director – The Aluminum Association (USA) (2016-current)

Director – International Aluminium Institute (IAI) (2016-current)

Mr Graham Nicholls

Qualifications and experience

Director 25 June 2015 – 26 April 2016

BA (Pol.Sci), MA (Planning)

Director – Point Lake Marketing Inc (2002 – 2007)

Director – BHP Billiton Diamonds Inc (2006-2007)

Director – National Maritime Centre of the Pacific and the Arctic (2007 – 2009)

Director – Gemstone Strategies Inc. (2011-2015)

Dr Alexander Nick

Qualifications and experience

Director since 15 April 2016

Master of Industrial Engineering (Dipl. Wirtsch. Ing.), PhD (Business Administration)

Dr Fiona Solomon

Qualifications and experience

Company Secretary since 25 June 2015

Director 25 June 2015 – 8 September 2016, Chair 25 June 2015 – 26 April 2016

BEng (Mech), PhD, GAICD

Board Member – ISEAL Alliance (2014-2015)

Director – S2F Mondiale Pty Ltd (2014-2016)

Company Secretary – Council for Responsible Jewellery Practices Ltd (Australia) (2013-2015)

Mr Daniel Weston

Qualifications and experience

Director since 8 April 2016, Chair since 27 April 2016

LL.B (Hons) Law, Solicitor of the High Court of England & Wales

Foundation Board Member and Investment Committee – Nestlé

S.A. Swiss Pension Funds (2011-current)

Director – Nestlé Nespresso SA (2011-current)

Director – Nespresso DO & CO SA (2015-current)

Director – Nespresso Sustainable Innovation Fund (2016-current)

Board Member – Nestlé HealthCare Nutrition GmbH (2008-2011)

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DIRECTORS' REPORT 31 DECEMBER 2016

Directors' report

Meetings of directors

During the financial year, 8 Board meetings were held – 3 by the interim Board (Sam Brumale, Graham Nicholls and Fiona Solomon), and 5 by the definitive Board convened under the ASI Constitution structure from April 2016.

During the financial year, 2 Finance and Audit Committee meetings were held. Members of the Finance and Audit Committee were Jan Boekelman, Sasha Courville, Gervais Jacques, and Daniel Weston. A Chair will be appointed in 2017.

During the financial year, 1 Governance Committee meeting was held. Members of the Governance Committee were Heather Campbell, Giulia Carbone, Lena Dahl (Chair) and Alexander Nick.

	Board of Directors		Finance and Audit Committee		Governance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Jan Boekelman	2	2	1	1	-	-
Sam Brumale	7	7	-	-	-	-
Heather Campbell	2	2	-	-	1	1
Sasha Courville	2	2	1	1	-	-
Giulia Carbone	5	4	-	-	1	1
Lena Dahl*	5	2	-	-	1	1
Gervais Jacques	5	4	2	2	-	-
Graham Nicholls	4	4	-	-	-	-
Alexander Nick	5	5	-	-	1	1
Fiona Solomon	7	7	-	-	-	-
Daniel Weston	5	4	2	2	-	-

*On maternity leave for 3 Board of Directors meetings.

Key performance measures

The Company measures its own performance through both quantitative and qualitative evaluation. These metrics are used by Directors to assess the financial sustainability of the Company and whether the company's operational and strategic objectives are being met.

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**DIRECTORS' REPORT
31 DECEMBER 2016**

Directors' report

The Company's metrics include:

Effective governance

- Participation in and feedback on AGM
- Member participation in nominations and elections for governance vacancies
- Annual reviews of Board and Committee effectiveness
- Complaints mechanism

Growing membership

- Growth in ASI members
- Distribution of growth across membership classes
- Pipeline of potential new members
- Engagement in China

Credible program

- Performance against delivery schedule
- Reports on IT program and risks

From 2018:

- Growth of certifications
- Growth of accredited auditors
- Delivery of training

Financial resilience

- YTD and EOY performance against budget
- Operating reserves
- Cash flow
- Management letter from financial auditors

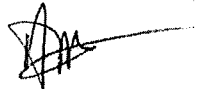
Members' guarantee

The Company is a company limited by guarantee. Every member of the Company has a liability to contribute towards deficiencies in the event of the winding up of the Company, to the extent of AUD10 per member. At 31 December 2016, the Company had 40 members. The total value of the members' guarantee at 31 December 2016 is \$400.

Auditor's independence declaration

The lead auditors independence declaration for the period ended 31 December 2016 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Directors.



.....
Daniel Weston

Chair of the Board

Dated: 28 February 2017

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE ACNC ACT
TO THE DIRECTORS OF ALUMINIUM STEWARDSHIP INITIATIVE LTD**

In accordance with the requirements of section 60-40 of the Australian Charities and Not for Profits Commission Act 2012, as lead auditor for the audit of Aluminium Stewardship Initiative Ltd for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the Australian Charities and Not for Profits Commission Act 2012 in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

[Signature]

L.S. WONG
Partner

Melbourne: 28 February 2017

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Revenue	3	730,316	461,380
Other income		-	8,174
Amortisation expense		(1,891)	(946)
Employee benefits expense		(262,150)	-
Administration expenses		(561,800)	(243,977)
(Deficit)/surplus for the year		<u>(95,525)</u>	<u>224,631</u>
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		<u>(95,525)</u>	<u>224,631</u>

The accompanying notes form part of these financial statements.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	182,675	309,880
Trade and other receivables	6	386,220	435,422
TOTAL CURRENT ASSETS		<u>568,895</u>	<u>745,302</u>
NON-CURRENT ASSETS			
Intangibles - Formation costs		2,836	4,727
TOTAL NON-CURRENT ASSETS		<u>2,836</u>	<u>4,727</u>
TOTAL ASSETS		<u>571,731</u>	<u>750,029</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	45,375	140,512
Deferred income	8	380,044	384,886
Employee benefits	9	17,206	-
TOTAL CURRENT LIABILITIES		<u>442,625</u>	<u>525,398</u>
TOTAL LIABILITIES		<u>442,625</u>	<u>525,398</u>
NET ASSETS		<u>129,106</u>	<u>224,631</u>
EQUITY			
Retained earnings		129,106	224,631
TOTAL EQUITY		<u>129,106</u>	<u>224,631</u>

The accompanying notes form part of these financial statements.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Retained Earnings	
	\$	\$
Balance at 1 January 2016	224,631	224,631
Deficit for the period	<u>(95,525)</u>	<u>(95,525)</u>
Balance at 31 December 2016	<u>129,106</u>	<u>129,106</u>
Balance at 1 January 2015	-	-
Surplus for the period	<u>224,631</u>	<u>224,631</u>
Balance at 31 December 2015	<u>224,631</u>	<u>224,631</u>

The accompanying notes form part of these financial statements.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and customers	850,208	419,013
Payments to suppliers and employees	(979,173)	(103,465)
Interest received	1,760	5
Net cash (used in)/provided by operating activities	16 <u>(127,205)</u>	<u>315,553</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of intangibles	-	<u>(5,673)</u>
Net cash used by investing activities	-	<u>(5,673)</u>
Net (decrease)/increase in cash and cash equivalents held	(127,205)	309,880
Cash and cash equivalents at beginning of year	309,880	-
Cash and cash equivalents at end of financial year	5 <u>182,675</u>	<u>309,880</u>

The accompanying notes form part of these financial statements.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

The financial report covers Aluminium Stewardship Initiative Ltd as an individual entity. Aluminium Stewardship Initiative Ltd is a not-for-profit public Company limited by guarantee, incorporated and domiciled in Australia.

The principal activity of the Company for the year ended 31 December 2016 was to establish an independent third party certification program for the aluminium value chain.

The functional and presentation currency of Aluminium Stewardship Initiative Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on the same date that the Director's Declaration was signed.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(b) 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.

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

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

Interest revenue

Interest is recognised using the effective interest method.

Member subscriptions

Revenue from the provision of membership subscriptions is recognised upon receipt of payment. Member subscriptions that relate to future periods which remain unpaid at year end are included as deferred income.

Other income

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 Summary of Significant Accounting Policies

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

(d) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the 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).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 Summary of Significant Accounting Policies

(d) Financial instruments

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 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.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits.

(f) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 Summary of Significant Accounting Policies

(h) Comparative Financial Period

The financial information for the comparative financial period ending 31 December 2015 is for the period from 25 June 2015 to 31 December 2015.

(i) New Accounting Standards and Interpretations

The Australian Accounting Standards Board (the "AASB") has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following summarises those future requirements, and their impact on the Company where the standard is relevant:

AASB 9: Financial Instruments (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15 Revenue from contracts with customers

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

3 Revenue and Other Income

	2016	2015
	\$	\$
Interest received	1,760	5
Member subscriptions	728,556	461,375
Total Revenue	<u>730,316</u>	<u>461,380</u>

4 Result for the Year

The result for the year includes the following specific expenses:

Employee benefits expense	262,150	-
Impairment of receivables:		
- Bad debts*	726	506
Amortisation of formation costs	1,891	946
Research and development costs	-	1,383
	<u>-</u>	<u>1,383</u>

* Bad debts were due to shortfalls in member subscriptions due to intermediary bank fees.

5 Cash and Cash Equivalents

Cash at bank and in hand	<u>182,675</u>	<u>309,880</u>
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6 Trade and Other Receivables

CURRENT		
Trade receivables	380,321	417,590
GST receivable	5,899	17,832
Total current trade and other receivables	<u>386,220</u>	<u>435,422</u>

7 Trade and Other Payables

CURRENT		
Secured Liabilities		
Trade payables	-	139,200
PAYG withholdings payable	26,432	-
Other payables	18,943	1,312
	<u>45,375</u>	<u>140,512</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

8 Deferred Income

	2016	2015
	\$	\$
CURRENT		
Provision for Income in Advance	380,044	384,886

9 Employee Benefits

CURRENT		
Provision for annual leave	17,206	-

10 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Company does not speculate in financial assets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Credit risk
- Market risk - currency risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables

Objectives, policies and processes

Risk management is carried out by the Company's Directors and the Chief Executive Officer ("CEO"). The CEO has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Company. These policies and procedures are then approved by the Directors.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the CEO believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Company is exposed is provided below.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10 Financial Risk Management

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

Trade receivables consist of a number of members, spread across diverse geographical areas.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Market risk

Foreign currency sensitivity

Exposures to currency exchange rates arise from the Company's overseas sales, which are primarily denominated in American Dollars.

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows,

	USD
2016	\$
Nominal amounts	
Cash at bank	77,245
Trade receivables	275,200
Short-term exposure	<u>352,445</u>
2015	
Nominal amounts	
Cash at bank	60,000
Trade receivables	240,500
Short-term exposure	<u>300,500</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10 Financial Risk Management

Market risk - Foreign currency sensitivity table

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Company's financial assets and financial liabilities and the American – Australian Dollar exchange rate.

It assumes a +/- 10% change of the Australian Dollar / American Dollar exchange rate for the year ended 31 December 2016. A +/- 10% change is considered for the Australian Dollar / American Dollar exchange rate. Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

The year end rate is 1.38 USD.

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the Australian Dollar had strengthened and weakened against the American Dollar by 10% (31 December 2015: 10%) then this would have had the following impact:

	2016		2015	
	+10%	-10%	+10%	-10%
USD				
Net results	48,707	(48,707)	41,130	(41,130)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to foreign currency risk.

11 Members' Guarantee

The Company is incorporated under the Corporations Act 2001 and is a public Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 10 each towards meeting any outstandings and obligations of the Company. At 31 December 2016 the number of members was 40.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

12 Key Management Personnel Disclosures

The total remuneration paid to the Chief Executive Officer of Aluminium Stewardship Initiative Ltd during the year is as follows:

	2016	2015
	\$	\$
Salary	223,693	-
Superannuation contributions	21,251	-
Total	244,944	-

13 Auditors' Remuneration

Remuneration of the auditor of the company, MSI Ragg Weir, for:

- auditing the financial statements	5,000	4,750
- other accounting services	18,120	5,250
Total	23,120	10,000

14 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016.

15 Related Parties

(a) The Company's main related parties are as follows:

(i) Key management personnel:

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

For details of remuneration disclosures relating to key management personnel, refer to Note 12: Key Management Personnel Disclosures.

Other transactions with KMP and their related entities are shown below.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

15 Related Parties

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Consultancy fees paid to
Director	
Sam Brumale	<u>107,625</u>

Sam Brumale was a director of the Company from 25 June 2015 to 8 September 2016.

16 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016	2015
	\$	\$
Profit for the year	(95,525)	224,631
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	1,891	946
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	49,202	(435,422)
- (decrease)/increase in income in advance	(4,842)	384,886
- (decrease)/increase in trade and other payables	(95,137)	140,512
- increase in employee benefits	17,206	-
Cashflow (used in)/from operations	<u>(127,205)</u>	<u>315,553</u>

17 Events after the end of the Reporting Period

The financial report was authorised for issue on by the Directors on the same date of the signing of the Directors' Declaration. 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.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

ABN 29 606 661 125

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18 Company Details

The principal place of business is:

C/o - Norton Gledhill

Level 23, 459 Collins Street,

Melbourne, Victoria 3000, Australia

ALUMINIUM STEWARDSHIP INITIATIVE LTD

ABN 29 606 661 125

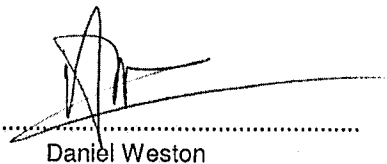
DIRECTORS' DECLARATION

The Directors declare that in the Directors' opinion:

- there are reasonable grounds to believe that the entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

Chair of the Board :



Daniel Weston

Dated: 28 February 2017

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALUMINIUM STEWARDSHIP INITIATIVE LTD**

Report on the Financial Report

We have audited the accompanying financial report of Aluminium Stewardship Initiative Ltd, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period 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 (ACNC Act) 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we 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 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 Company'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 Company'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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

Opinion

In our opinion the financial report of Aluminium Stewardship Initiative Ltd has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.



MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner
Melbourne: 28 February 2017

**COMPILATION REPORT
TO ALUMINIUM STEWARDSHIP INITIATIVE LTD**

We have compiled the accompanying special purpose Detailed Profit and Loss Account for the year ended 31 December 2016 of Aluminium Stewardship Initiative Ltd. The specific purpose for which the special purpose Detailed Profit and Loss Account has been prepared is to provide detailed additional information relating to the performance of the entity that satisfies the information needs of the directors.

The Responsibility of the Directors

The Directors' of Aluminium Stewardship Initiative Ltd are solely responsible for the information contained in the special purpose Detailed Profit and Loss Account, the reliability, accuracy and completeness of the information and for the determination that the basis used is appropriate to meet their needs and for the purpose that the special purpose Detailed Profit and Loss Statement was prepared.

Our Responsibility

On the basis of the information provided by the Directors we have compiled the accompanying special purpose Detailed Profit and Loss Account in accordance with APES 315: Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile the special purpose Detailed Profit and Loss Account in accordance with the requirements of the directors.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by the directors to compile the special purpose Detailed Profit and Loss Account. Accordingly, we do not express an audit opinion or a review conclusion on the special purpose Detailed Profit and Loss Account.

The special purpose Detailed Profit and Loss Account was compiled exclusively for the benefit of the directors, who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose Detailed Profit and Loss Account.



MSI RAGG WEIR
Chartered Accountants

Melbourne: 28 February 17

ALUMINIUM STEWARDSHIP INITIATIVE LTD

ABN 29 606 661 125

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Income		
Member subscriptions	728,556	461,375
Interest income	1,760	5
Other income	-	8,174
Total income	<u>730,316</u>	<u>469,554</u>
Less: Expenses		
Amortisation	<u>1,891</u>	946
Salaries	223,693	-
Annual leave expense	17,206	-
Superannuation contributions	<u>21,251</u>	-
Total Employee Benefits Expense	<u>262,150</u>	-
Accounting and audit fees	23,120	10,000
Bad debts	726	506
Bank charges	1,462	845
Legal fees	104,958	63,190
Entertainment	209	111
Fees and permits	-	1,080
Foreign currency exchange loss/(gain)	20,155	12,008
Governance meetings	96,635	-
Insurance	5,044	309
Management Fees	4,334	117,000
Other expenses	8,993	2,369
Postage	505	7
Research and development costs	-	1,383
Hardware and software expenses	26	138
Subcontracting costs	170,107	27,259
Software subscriptions	4,396	579
Telephone and fax	2,967	361
Travel - domestic and international	108,498	6,832
Training expenses	<u>9,665</u>	-
Total Administration Expenses	<u>561,800</u>	<u>243,977</u>
Total Expenses	<u>825,841</u>	<u>244,923</u>
(Deficit)/surplus for the year	<u>(95,525)</u>	<u>224,631</u>