

**ALUMINIUM STEWARDSHIP INITIATIVE LTD**  
**ABN 29 606 661 125**

**FINANCIAL STATEMENTS**

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

**ALUMINIUM STEWARDSHIP INITIATIVE LTD**

**ABN 29 606 661 125**

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**FOR THE YEAR ENDED 31 DECEMBER 2018**

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## ALUMINIUM STEWARDSHIP INITIATIVE LTD

ABN 29 606 661 125

### DIRECTORS' REPORT

31 DECEMBER 2018

#### 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 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 rigorous and credible systems for ASI's certification program that comply with the ISEAL Codes of Good Practice.
- 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 under the ASI governance model to implement and grow the ASI certification program.

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**DIRECTORS' REPORT**

**31 DECEMBER 2018**

**Information on directors**

**The Directors of the Company at any time during the 2018 financial year were:**

**Mr Jan Boekelman**

Qualifications and experience

Director from 5 August 2016 to 20 April 2018

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 (2015-2018)

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)

Member of the Supervisory Board and Chair of the Audit Committee - Oasen Drinkwater (2018 - current)

**Mr Gerard Bos**

Qualifications and experience

Director since 20 April 2018

BBA(European)

Chair of Biodiversity Steering Group of the Natural Capital Protocol Biodiversity Supplement Development (2018 - current)

Member of the Natural Capital Coalition Advisory Panel (2016 - current)

Member of the European Business and Biodiversity Advisory Board (2015 - current)

**Mr Rolf Brunkhorst**

Qualifications and experience

Director since 27 April 2018

MEng

**Ms Heather Campbell**

Qualifications and experience

Director since 8 September 2016

BA (History), BEng (Agric), MEngSc, GAICD, TGMP

Chairman – Sustainability Victoria (2016-current)

Director - Zoos Victoria (2017 - current)

Director – Earthwatch Institute (2007-2016)

Director/Deputy Chairman – Melbourne Polytechnic (2011-2015)

**Dr Sasha Courville**

Qualifications and experience

Director since 8 September 2016

BES (EnvironmentalSt), MSc (DevelSt), PhD

Commissioner of Australian Centre for International Agricultural Research (2017 - current)

Chair of the Advisory Board of the Shared Value Project (Australia) (2018 - current)

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)

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**DIRECTORS' REPORT**

**31 DECEMBER 2018**

<b>Mr Tolga Egrilmezer</b> Qualifications and experience	Director since 1 March 2017 BScPoliticalSc&Admin, MBA Member of Rio Tinto Aluminium Executive Committee (2017 - current) Board Member - The Aluminium Association, US (Oct 2018 - current) Member of Sapa Executive Board (2011 - 2016) Vice Chairman, Board of Directors, Sapa Chalco Aluminium Products China (2011 - 2015)
<b>Mr Toby Gray</b> Qualifications and experience	Director since 28 February 2017 BEng(Env)
<b>Dr Alexander Nick</b> Qualifications and experience	Director from 15 April 2016 - 20 April 2018 MIndEng(Dipl. Wirtsch. Ing.), PhD (BusAdmin)
<b>Dr Fiona Solomon</b> 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)
<b>Mr Daniel Weston</b> 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)
<b>Mr Ken Willings</b> Qualifications and experience	Director since 15 June 2017 BSc(Ed)

**ALUMINIUM STEWARDSHIP INITIATIVE LTD**

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**DIRECTORS' REPORT**

**31 DECEMBER 2018**

**Meetings of directors**

During the financial year, 7 Board meetings were held.

During the financial year, 2 Finance and Audit Committee meetings were held. Members of the Finance and Audit Committee were Jan Boekelman (Chair), Gerard Bos, Sasha Courville (co-chair), Tolga Egrilmezer (co-chair) and Daniel Weston.

During the financial year, 2 Governance Committee meetings were held. Members of the Governance Committee were Heather Campbell (Chair), Rolf Brunkhorst, Alexander Nick, Toby Gray and Ken Willings.

	<b>Board of Directors</b>		<b>Finance and Audit Committee</b>		<b>Governance Committee</b>	
	<b>Number eligible to attend</b>	<b>Number attended</b>	<b>Number eligible to attend</b>	<b>Number attended</b>	<b>Number eligible to attend</b>	<b>Number attended</b>
Jan Boekelman	2	2	1	1	-	-
Gerard Bos	5	5	1	1	-	-
Rolf Brunkhorst	5	5	-	-	1	-
Heather Campbell	7	7	-	-	2	2
Sasha Courville	7	7	2	1	-	-
Tolga Egrilmezer	7	7	2	2	-	-
Toby Gray	7	5	-	-	2	2
Alexander Nick	2	2	-	-	1	-
Daniel Weston	7	7	2	2	-	-
Ken Willings	7	7	-	-	2	2

**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.

**ALUMINIUM STEWARDSHIP INITIATIVE LTD**

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**DIRECTORS' REPORT**

**31 DECEMBER 2018**

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
- Reports on engagement in China

Credible program

- Reports on strategic issues as identified
- Reports on operational issues as identified
- Reports on IT program and risks
- Growth of certifications
- Growth of accredited auditors
- Delivery of training

Financial resilience

- YTD and EOY performance against budget
- Operating reserves
- Cash flow
- Financial Dashboard
- 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 2018, the Company had 76 members. The total value of the members' guarantee at 31 December 2018 is \$760.

**Auditor's independence declaration**

The lead auditors independence declaration for the period ended 31 December 2018 has been received and can be found on page 6 of the financial report.

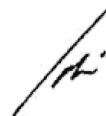
Signed in accordance with a resolution of the Directors.



.....  
**Daniel Weston**

Chair of the Board

Dated: 12 April 2019



.....  
**Tolga Egrilmezer**

Director

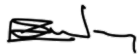
## **AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE ACNC ACT TO THE DIRECTORS OF ALUMINIUM STEWARDSHIP INITIATIVE LTD**

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 2018, 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.

*Morrows*

**MORROWS AUDIT PTY LTD**



**L.S. WONG**

Director 11 April 2019





ALUMINIUM STEWARDSHIP INITIATIVE LTD

ABN 29 606 661 125

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Revenue	5	1,330,728	828,049
Amortisation expense		(21,060)	(1,891)
Employee benefits expense		(264,367)	(239,872)
Administration expenses		(961,447)	(492,892)
<b>Surplus for the year</b>		<u>83,854</u>	<u>93,394</u>
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<u>83,854</u>	<u>93,394</u>

The accompanying notes form part of these financial statements.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

ABN 29 606 661 125

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	424,826	218,172
Trade and other receivables	8	471,820	500,674
TOTAL CURRENT ASSETS		<u>896,646</u>	<u>718,846</u>
NON-CURRENT ASSETS			
Intangibles - Formation costs		-	945
Intangible assets	9	40,230	60,345
TOTAL NON-CURRENT ASSETS		<u>40,230</u>	<u>61,290</u>
TOTAL ASSETS		<u>936,876</u>	<u>780,136</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	10	54,557	44,308
Deferred income	11	556,825	501,282
Employee benefits	12	6,323	12,046
TOTAL CURRENT LIABILITIES		<u>617,705</u>	<u>557,636</u>
NON-CURRENT LIABILITIES			
Employee benefits	12	12,817	-
TOTAL NON-CURRENT LIABILITIES		<u>12,817</u>	<u>-</u>
TOTAL LIABILITIES		<u>630,522</u>	<u>557,636</u>
NET ASSETS		<u>306,354</u>	<u>222,500</u>
<b>EQUITY</b>			
Retained earnings		<u>306,354</u>	<u>222,500</u>
TOTAL EQUITY		<u>306,354</u>	<u>222,500</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 2018

	Retained earnings	Total
	\$	\$
<b>Balance at 1 January 2018</b>	222,500	222,500
Surplus for the year	<u>83,854</u>	<u>83,854</u>
<b>Balance at 31 December 2018</b>	<u>306,354</u>	<u>306,354</u>
<b>Balance at 1 January 2017</b>	129,106	129,106
Surplus for the year	<u>93,394</u>	<u>93,394</u>
<b>Balance at 31 December 2017</b>	<u>222,500</u>	<u>222,500</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 2018

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members and customers	1,555,142	916,611
Payments to suppliers and employees	(1,349,848)	(822,319)
Interest received	1,360	1,550
Net cash (used in)/provided by operating activities	19 <u>206,654</u>	<u>95,842</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cost of development of intangibles	-	(60,345)
Net cash used by investing activities	-	<u>(60,345)</u>
Net (decrease)/increase in cash and cash equivalents held	206,654	35,497
Cash and cash equivalents at beginning of year	<u>218,172</u>	<u>182,675</u>
Cash and cash equivalents at end of financial year	7 <u>424,826</u>	<u>218,172</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 2018**

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

The principal activities of the Company for the year ended 31 December 2018 were to work with members and stakeholders under the ASI governance model to implement and grow the ASI certification program.

The functional and presentation currency of ASI is Australian dollars.

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

Comparatives are consistent with prior years, unless otherwise stated.

**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 (ACNC Act).

The financials have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant account policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

**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.

**ALUMINIUM STEWARDSHIP INITIATIVE LTD**

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

**2 Summary of Significant Accounting Policies**

**(b) Revenue and other income**

**Member subscriptions**

Revenue from the provision of membership subscriptions is recognised upon receipt of payment. Member subscriptions that relate to future periods 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.

**(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 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**

**Classification**

On initial recognition, the Company classifies its financial assets at amortised cost.

**ALUMINIUM STEWARDSHIP INITIATIVE LTD**

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

**2 Summary of Significant Accounting Policies**

**(d) Financial instruments**

**Financial assets**

**Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

**Impairment of financial assets**

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

**ALUMINIUM STEWARDSHIP INITIATIVE LTD**

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

**2 Summary of Significant Accounting Policies**

**(d) Financial instruments**

**Financial assets**

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

**Trade receivables**

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

**Other financial assets measured at amortised cost**

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

**Financial liabilities**

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables.

**(e) Impairment of non-financial assets**

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.



ALUMINIUM STEWARDSHIP INITIATIVE LTD

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

**2 Summary of Significant Accounting Policies**

**(e) Impairment of non-financial assets**

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

**(f) Intangibles**

**Research and development**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

**Amortisation**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**Information technology**

Information technology, specifically the online assurance platform, has a finite life and is carried at cost less any accumulated amortisation and impairment losses. The online assurance platform has an estimated useful life of three years.

**(g) Cash and cash equivalents**

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

**ALUMINIUM STEWARDSHIP INITIATIVE LTD**

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

**2 Summary of Significant Accounting Policies**

**(h) 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.

**(i) 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.

**(j) 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 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 will 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 fully quantified. The deferred revenue for each year is likely to double in size as memberships are paid for the year in advance and will be amortised on a monthly basis.

**ALUMINIUM STEWARDSHIP INITIATIVE LTD**

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

**2 Summary of Significant Accounting Policies**

**(j) New Accounting Standards and Interpretations**

**AASB 16 Leases**

**(applicable for annual reporting periods commencing on or after 1 January 2019)**

AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown; the profit and loss impact of the leases will be through amortisation and interest charges.

The entity currently has no operating leases to be brought onto the statement of financial position. If new operating leases are entered into, interest and amortisation expense will increase due to these.

**3 Change in Accounting Policy**

**Financial Instruments - Adoption of AASB 9**

The Company has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 January 2017.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

There is no financial impact on these financial statements from applying AASB 9 either in the current year or in the comparatives.

The key changes to the Company's accounting policy are described below. Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively.

**Change in accounting policy**

The financial assets of the Company have been reclassified into the category "measured at amortised cost" on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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

**4 Critical Accounting Estimates and Judgments**

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

**Key estimate - amortisation rate**

The company has estimated the amortisation rate of the online assurance platform to be comparable to industry amortisation rates.

**5 Revenue and Other Income**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Member subscriptions	1,278,947	822,126
Interest received	1,360	1,550
Auditor accreditation	5,344	657
Other trading revenue	45,077	3,716
Total Revenue	<u>1,330,728</u>	<u>828,049</u>

**6 Result for the Year**

The result for the year includes the following specific expenses:

Employee benefits expense	264,367	239,872
Impairment of receivables:		
- Bad debts*	6,426	1,223
Amortisation of formation costs	21,060	1,891

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

**7 Cash and Cash Equivalents**

Cash at bank and in hand	<u>424,826</u>	<u>218,172</u>
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ALUMINIUM STEWARDSHIP INITIATIVE LTD

ABN 29 606 661 125

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

**8 Trade and Other Receivables**

	<b>2018</b>	<b>2017</b>
	\$	\$
CURRENT		
Trade receivables	452,429	476,766
Prepayments	8,749	14,851
GST receivable	10,642	9,057
<b>Total current trade and other receivables</b>	<u>471,820</u>	<u>500,674</u>

**9 Intangible Assets**

Online assurance platform		
Cost	60,345	60,345
Accumulated amortisation	(20,115)	-
<b>Net carrying value</b>	<u>40,230</u>	<u>60,345</u>

**(a) Movements in carrying amounts of intangible assets**

	<b>Online assurance platform</b>	<b>Total</b>
	\$	\$
Opening balance at 1 January 2018	60,345	60,345
Amortisation	(20,115)	(20,115)
Closing value at 31 December 2018	<u>40,230</u>	<u>40,230</u>

**10 Trade and Other Payables**

	<b>2018</b>	<b>2017</b>
	\$	\$
CURRENT		
Trade payables	7,848	125
PAYG Withholdings Payable	13,928	19,605
Other payables	32,781	24,578
	<u>54,557</u>	<u>44,308</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 2018

**11 Deferred Income**

	2018	2017
	\$	\$
CURRENT		
Provision for Income in Advance	556,825	501,282

**12 Employee Benefits**

**(a) Employee benefits - current liabilities table**

CURRENT		
Provision for annual leave	6,323	12,046

**(b) Employee benefits - non-current liabilities table**

NON-CURRENT LIABILITIES		
Provision for long service leave	12,817	-

Current employee provisions represent amounts accrued for annual leave. Based on past experience, the entity expects the full amount of annual leave to be settled within the next 12 months. The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

**(c) Reconciliation**

2018	Employee benefits
	\$
Opening balance	12,046
Additional provisions	31,489
Amounts used	(24,395)
<b>Closing balance</b>	<b>19,140</b>

**13 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:

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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

13 Financial Risk Management

Specific risks

- Liquidity risk
- 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

	2018	2017
	\$	\$
<b>Financial assets</b>		
Held at amortised cost		
Cash and cash equivalents	424,826	218,172
Trade receivables	452,429	476,766
GST receivable	10,642	9,057
<b>Total financial assets</b>	<b>887,897</b>	<b>703,995</b>
<b>Financial liabilities</b>		
Financial liabilities at fair value		
Trade and other payables	54,557	44,308
<b>Total financial liabilities</b>	<b>54,557</b>	<b>44,308</b>
<b>Total</b>	<b>833,340</b>	<b>659,687</b>

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 2018

13 Financial Risk Management

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

The Company manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

	Not later than 1 month		1 to 3 months	
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade and other payables	40,557	30,708	14,000	13,600
<b>Total</b>	<b>40,557</b>	<b>30,708</b>	<b>14,000</b>	<b>13,600</b>

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.

	2018	2017
	\$	\$
Cash and cash equivalents	424,826	218,172
Trade receivables	452,429	476,766
GST receivable	10,642	9,057
<b>Total</b>	<b>887,897</b>	<b>703,995</b>



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

13 Financial Risk Management

Credit risk

The following table details the Company's trade and other receivables exposure to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			< 30 \$	31-60 \$	61-90 \$	> 90 \$	
2018							
Trade receivables	452,429	-	19,620	6,491	-	-	426,318
GST receivable	10,642	-	-	-	-	-	10,642
Total	463,071	-	19,620	6,491	-	-	436,960
2017							
Trade receivables	476,766	-	127	-	12,453	7,971	456,215
GST receivable	9,057	-	-	-	-	-	9,057
Total	485,823	-	127	-	12,453	7,971	465,272

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

Market risk

Foreign currency sensitivity

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

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

13 Financial Risk Management

Market risk

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

	USD 2018	USD 2017
	\$	\$
Nominal amounts		
Cash at bank	116,977	57,663
Trade receivables	319,059	371,100
<b>Short-term exposure</b>	<u>436,036</u>	<u>428,763</u>

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 to American Dollar exchange rate for the year ended 31 December 2018. This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months.

The year end rate is 1.42 AUD 1=USD 0.706

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 2017: 10%) then this would have had the following impact:

	2018		2017	
	+10%	-10%	+10%	-10%
<b>USD</b>				
Net results	(61,778)	61,778	(54,970)	54,970

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.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

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

**14 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 2018 the number of members was 76.

**15 Key Management Personnel Disclosures**

The total remuneration paid to the key management personnel of Aluminium Stewardship Initiative Ltd during the year is as follows:

	<b>2018</b>	<b>2017</b>
	\$	\$
Salary	234,932	223,744
Superannuation contributions	22,342	21,288
<b>Total</b>	<u>257,274</u>	<u>245,032</u>

**16 Auditors' Remuneration**

Remuneration of the auditor of the company, Morrows Audit (2017: MSI Ragg Weir), for:

- auditing the financial statements	6,650	5,000
- other accounting services	10,316	8,500
<b>Total</b>	<u>16,966</u>	<u>13,500</u>

**17 Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2018.

**18 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 15: Key Management Personnel Disclosures.

ALUMINIUM STEWARDSHIP INITIATIVE LTD

ABN 29 606 661 125

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

**18 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:

Some directors of ASI were also directors of member entities. Memberships were paid to ASI at normal membership rates, on terms no more favourable than those available to other parties.

**19 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:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Profit for the year	83,854	93,394
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	21,060	1,891
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	28,854	(114,454)
- (decrease)/increase in income in advance	55,543	121,238
- (decrease)/increase in trade and other payables	10,249	(1,067)
- increase in employee benefits	7,094	(5,160)
Cashflow (used in)/from operations	<u>206,654</u>	<u>95,842</u>

**ALUMINIUM STEWARDSHIP INITIATIVE LTD**

**ABN 29 606 661 125**

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

**20 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.

**21 Company Details**

The principal place of business is:

C/o - Piper Alderman

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



Director : .....

Tolga Egrilmezer

Dated: 12 April 2019

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

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Aluminium Stewardship Initiative Ltd, which comprises the statement of financial position as at 31 December 2018, 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 responsible persons' declaration.

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:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

#### 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 Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and 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.

#### Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report relates to the Directors' Report.

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.





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

### Responsibilities of Responsible Entities for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors 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 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

**MORROWS AUDIT PTY LTD**

**L.S. WONG**  
Director

Melbourne 18 April 2019







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Website: [www.morrows.com.au](http://www.morrows.com.au)

## 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 2018 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.

**Morrows**

**MORROWS AUDIT PTY LTD**

**Melbourne:** 18 April 2019



ALUMINIUM STEWARDSHIP INITIATIVE LTD

ABN 29 606 661 125

DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
<b>Income</b>		
Member subscriptions	1,278,947	822,126
Interest income	1,360	1,550
Auditor accreditation	5,344	657
Other revenue	45,077	3,716
<b>Total income</b>	<u>1,330,728</u>	<u>828,049</u>
<b>Less: Expenses</b>		
Amortisation	<u>21,060</u>	<u>1,891</u>
Salaries	234,932	223,744
Annual leave expense	7,093	(5,160)
Superannuation contributions	<u>22,342</u>	<u>21,288</u>
Total Employee Benefits Expense	<u>264,367</u>	<u>239,872</u>
Accounting and audit fees	17,166	15,120
Bad debts	6,426	1,223
Bank charges	2,040	1,678
Legal fees	13,553	4,590
Entertainment	700	31
Foreign currency exchange loss/(gain)	9,367	16,861
IT Expenses	527	3,552
Governance meetings	149,157	75,695
Insurance	5,238	5,227
Other expenses	54,924	12,038
Postage	1,494	853
Hardware and software expenses	3,072	516
Subcontracting costs	557,821	257,719
Software subscriptions	9,333	3,387
Telephone and fax	3,453	3,014
Travel - domestic and international	121,663	88,263
Training expenses	<u>5,513</u>	<u>3,125</u>
Total Administration Expenses	<u>961,447</u>	<u>492,892</u>
<b>Total Expenses</b>	<u>1,246,874</u>	<u>734,655</u>
<b>(Deficit)/surplus for the year</b>	<u>83,854</u>	<u>93,394</u>