

**Australian Ethical World Trust**  
ARSN 123 618 520

**Annual Financial Report for the year ended 30 June 2013**

# **Australian Ethical World Trust (AEWT)**

## **Annual Financial Report for the year ended 30 June 2013**

<b>Contents</b>	<b>Page</b>
<b>Directors' Report</b>	<b>1</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>	<b>3</b>
<b>Statement of Financial Position - in liquidation</b>	<b>4</b>
<b>Statement of Changes in Equity</b>	<b>5</b>
<b>Statement of Cash Flows</b>	<b>6</b>
<b>Notes to the Financial Statements</b>	<b>7</b>
<b>Directors' Declaration</b>	<b>14</b>
<b>Lead Auditor's Independence Declaration</b>	<b>15</b>
<b>Independent Auditor's Report</b>	<b>16</b>

## Australian Ethical World Trust

### Directors' Report

#### For the year ended 30 June 2013

Australian Ethical Investment Limited, the "Responsible Entity" of the Australian Ethical World Trust ("AEWT" or "the Scheme") presents its directors' report together with the audited financial statements of the Scheme for the year ended 30 June 2013 and the accompanying independent auditor's report.

### Responsible Entity

Australian Ethical Investment Limited serves as the Responsible Entity for the Scheme. The registered office and principal place of business for the Responsible Entity is:

Registered office:

Trevor Pearcey House (Block E)  
Traeger Court, 34 Thynne Street  
Bruce ACT 2617

Principal place of business:

Level 8, 130 Pitt St  
Sydney,  
NSW 2000

The following persons were directors of Australian Ethical Investment Limited during the whole of the financial year and up to the date of this report unless otherwise indicated:

Justine Hickey (resigned 26 April 2013)

André Morony

Phillip Vernon

Stephen Newnham (resigned 26 April 2013)

Louise Herron (resigned 25 July 2012)

Stephen Gibbs (appointed 25 July 2012)

Mara Bun (appointed 4 February 2013)

Tony Cole (appointed 4 February 2013)

Kathy Greenhill (appointed 22 February 2013)

### Principal activities and state of affairs

The Responsible Entity has wound up the operations of the Scheme with the last unitholder redemption on 14 August 2009. The effective wind up date will be 30 June 2013.

### Review of operations

#### Net Assets

The value of the Scheme's net assets attributable to unitholders as at 30 June 2013 was \$0 (30 June 2012: \$6,336).

### Likely developments

The Scheme is terminating operations.

### Events occurring after the reporting date

The Directors resolved to wind up the Scheme on 30 September 2013.

Except as outlined above, during the period between the end of the financial year and the date of this report, there were no items, transactions or events of a material and unusual nature likely in the opinion of the Responsible Entity, to affect significantly the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

## Australian Ethical World Trust

### Directors' Report

For the year ended 30 June 2013

#### Indemnities and insurance premiums for the Responsible Entity and auditors

No insurance premiums are paid out of the assets of the Scheme for insurance cover provided to the Responsible Entity, its officers or auditor of the Scheme. Where the Responsible Entity acts in accordance with the Scheme's constitution and the law, it is generally entitled to an indemnity out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditor of the Scheme is not indemnified out of the assets of the Scheme.

#### Related party disclosures

Fees paid to the Responsible Entity and its associates out of Scheme assets and interests held in the Scheme is shown in note 10 of the attached financial statements.

#### Environmental regulation

The operations of the Scheme are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory legislation.

#### Auditor's declaration

The auditor's independence declaration is included on page 15 of the annual report and forms part of the Directors report for the financial year ended 30 June 2013.

Signed in accordance with a resolution of the Board of Directors of Australian Ethical Investment Limited.



Phillip Vernon  
Managing Director  
Australian Ethical Investment Limited  
30 September 2013

**Australian Ethical World Trust**

**Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2013**

	Note	2013 \$	2012 \$
<b>Investment income</b>			
Interest income	4	-	164
		-	164
<b>Operating expenses</b>			
Administration costs	10	6,336	2,452
		6,336	2,452
<b>Loss from operating activities</b>		<b>(6,336)</b>	(2,288)
<b>Change in net assets attributable to unitholders (total comprehensive income)</b>		<b>(6,336)</b>	(2,288)

The accompanying notes form part of these financial statements.

**Australian Ethical World Trust**  
**Statements of Financial Position as at 30 June 2013 - in liquidation**

	Note	2013 \$	2012 \$
Cash and cash equivalents	5	-	6,722
Trade and other receivables	6	-	164
<b>Total assets</b>		-	<b>6,886</b>
<b>Liabilities</b>			
Trade and other payables	7	-	550
<b>Net assets attributable to unitholders</b>	3	-	<b>6,336</b>

The accompanying notes form part of these financial statements.

**Australian Ethical World Trust**  
**Statement of Changes in Equity for the year ended 30 June 2013**

The Scheme's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Scheme has no equity, and no items of changes in equity have been presented for the current or comparative year.

**Australian Ethical World Trust**  
**Statements of Cash Flows for the year ended 30 June 2013**

	Note	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Interest received		164	-
Expenses paid		(6,886)	(10,643)
<b>Net cash provided by operating activities</b>	9	<b>(6,722)</b>	<b>(10,643)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(6,722)</b>	<b>(10,643)</b>
<b>Cash at 1 July</b>		<b>6,722</b>	<b>17,365</b>
<b>Cash at 30 June</b>	5	<b>-</b>	<b>6,722</b>

The accompanying notes form part of these financial statements.



## Australian Ethical World Trust

### Notes to the Financial Statements for the year ended 30 June 2013

#### Note 1 - Statement of significant accounting policies

The Australian Ethical World Trust ("AEFIT" or the "Scheme") is a registered managed investment scheme under the Corporations Act 2001. The Scheme is a for profit entity. The financial statements of the Scheme are for the year ended 30 June 2013. The financial statements of the Scheme are not prepared on a going concern basis. They are prepared on a liquidation basis as the Directors resolved to wind up the operations of the Scheme, with the last unitholder redemption on 14 August 2009.

##### *Statement of compliance*

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements of the Scheme comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors of the Responsible Entity on 30 September 2013.

##### **Basis of preparation**

These financial statements are presented in Australian dollars and are prepared on the historical cost basis with the exception of financial assets designated at fair value through profit and loss and derivatives which are measured at fair value, and receivables and payables which are measured at amortised cost.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been applied consistently.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### **Accounting policies**

###### **(a) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions or highly liquid investments with original maturities of three months or less.

###### **(b) Financial instruments**

Financial instruments comprise of investments held at fair value through profit or loss, loans held at amortised cost, trade and other receivables, cash and cash equivalents and other payables.

##### *Recognition and initial measurement*

A financial instrument is recognised when the Scheme becomes a party to the contractual provisions of the instrument. Regular way purchase and sales of financial assets are accounted for at trade date (i.e. the date the Scheme commits itself to purchase or sell the asset).

Financial assets and liabilities at fair value through profit or loss are recognised initially at fair value, with transaction costs recognised in the Statement of Profit or Loss and Other Comprehensive Income. Financial assets and liabilities not at fair value through profit or loss are initially recognised at fair value plus any directly attributable transaction costs.

##### *Derecognition*

The Scheme derecognises financial assets when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and the transfer qualifies for derecognition in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Notes to the Financial Statements for the year ended 30 June 2013

Note 1 - Statement of significant accounting policies - continued

**(b) Financial instruments - continued**

*Classification*

Financial assets and financial liabilities held at fair value through profit or loss are classified as either held for trading or are designated at fair value through profit or loss. Financial assets and liabilities held for trading include derivative financial instruments. Financial assets and liabilities designated at fair value through profit or loss include equity securities, investments in unit trusts and fixed interest securities.

*Measurement*

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. All other financial instruments are carried at amortised cost using the effective interest rate method less any recognised impairment.

Financial liabilities arising from redeemable units issued by the Scheme are carried at the redemption amount representing the unitholders' rights to the residual interest in the Scheme's assets, effectively the fair value at the reporting date.

*Fair value measurement principles*

The Scheme can invest into a variety of assets, including cash, equities, and derivative contracts. Generally, valuation information is obtained from third party industry standard service providers to ensure that the most recent security prices are obtained. The prices used to value investments include, but are not limited to:

- independent prices obtained for each security;
- quoted 'bid' prices on long securities and quoted 'ask' prices on securities sold short;
- redemption prices published by the relevant Responsible Entity, for investments into unlisted unit trusts.

For certain investments, prices cannot be obtained from the above sources. In these instances, valuations obtained from service providers are estimated through the use of valuation models which are consistent with accepted industry practice and incorporate the best available information regarding assumptions that market participants would use when pricing the assets or liabilities. Irrespective of the method used by third party industry standard service providers to obtain valuations, prices achieved in actual transactions may be different.

*Impairment of financial assets held at amortised cost*

Financial assets other than those at fair value through profit or loss are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that the estimated future cash flows are less than the carrying amount.

*Offsetting*

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

*Derivative financial instruments*

In accordance with the Investment Mandate, the Scheme may invest in derivative financial instruments to gain or hedge exposure to equities, interest rates or foreign currencies. Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

**Australian Ethical World Trust**

**Notes to the Financial Statements for the year ended 30 June 2013**

**Note 1 - Statement of significant accounting policies - continued**

**(c) Trade and other receivables**

Receivables are carried at amortised cost and may include accrued income and other receivables such as Reduced Input Tax Credits (RITC).

**(d) Payables**

Payables are carried at amortised cost and may include amounts for unsettled purchases, accrued expenses and other payables such as GST and redemption monies owing by the Scheme. Unsettled purchases are amounts due to brokers for securities purchased that have not been paid at reporting date. Trades are recorded on trade date and normally settle within three business days.

Accrued expenses include management fees payable.

**(e) Distributions paid and payable**

In accordance with the Constitution, the Scheme fully distributes its net income to unitholders. The distributions are determined by reference to the net taxable income of the Scheme. Distributable income includes capital gains arising from the disposal of investments. Unrealised gains and losses are transferred to net assets attributable to unitholders and are not assessable or distributable until realised. Realised capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains. Distributions paid and payable to unitholders are recognised in the Statement of Profit or Loss and Comprehensive Income as 'Finance costs'. Distributions paid are included in the Statement of Cash Flows as 'Net cash flows (used in)/ provided by financing activities'.

**(f) Change in net assets attributable to unitholders**

Change in net assets attributable to unitholders may consist of realised net capital losses and unrealised increments and decrements arising from fluctuations in the value of investments. They are included in the determination of distributable income when assessable for taxation purposes.

**(g) Revenue**

*Interest income*

Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income as it accrues using the effective interest rate method. This also applies to premiums and discounts paid on interest bearing instruments. Interest income is recognised on a gross basis, including withholding tax, if any.

**(h) Goods and Services Tax (GST)**

The Scheme qualifies for Reduced Input Tax Credits (RITC's) at a rate of between 55% to 75% depending on the service.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## Australian Ethical World Trust

### Notes to the Financial Statements for the year ended 30 June 2013

#### Note 1 - Statement of significant accounting policies - continued

##### (i) Income tax

Under current income tax legislation the Scheme is not liable to pay income tax as the net income of the Scheme is assessable in the hands of the beneficiaries (the unitholders) who are 'presently entitled' to the income of the Scheme. There is no income of the Scheme to which the unitholders are not presently entitled and additionally, the Scheme's Constitution requires the distribution of the full amount of the net income of the Scheme to the unitholders each period.

As a result, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that taxable gains are realised by the Scheme, these gains would be included in the taxable income that is assessable in the hands of the unitholders as noted above.

Realised capital losses are not distributed to unitholders but are retained within the Scheme to be offset against any realised capital gains. The benefit of any carried forward capital losses are also not recognised in the financial statements. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income that is assessable in the hands of unitholders in that period and is distributed to unitholders in accordance with the requirements of the Scheme's Constitution.

##### (j) Net assets attributable to unitholders

In accordance with AASB 132, unitholders' funds are classified as a financial liability and disclosed as such in the Statement of Financial Position, being referred to as 'Net assets attributable to unitholders'. The units can be returned to the Scheme at any time for cash equal to the proportionate share of the Scheme's net asset values. The value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the Statement of Financial Position date if unitholders exercised their right to put the units back to the Scheme. Changes in the value of this financial liability are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

##### (k) Expenses

All expenses, including management fees, are recognised in the profit or loss on an accrual basis.

##### (l) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

##### (m) Standards affecting presentation and disclosure

Amendments to AASB 101 'Presentation of Financial Statements':

The amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

##### (n) Standards and interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

## Australian Ethical World Trust

### Notes to the financial statements for the year ended 30 June 2013

#### Note 1 - Statement of significant accounting policies - continued

##### (o) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The Responsible Entity has not elected to early adopt any of these new standards or amendments in this Financial report. The impact on the financial position or performance of the Trust of these new standards and amendments is currently being assessed by management.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	30 June 2016
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangement standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13.	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards - Investment Entities'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'	1 January 2013	30 June 2014

**Australian Ethical World Trust**

**Notes to the financial statements for the year ended 30 June 2013**

**Note 2 - Issued units**

Each unit represents a right to an individual share in the Scheme per the Constitution.

	2013 Units	2012 Units
On issue at beginning of year	-	-
On issue at year end	-	-

**Note 3 - Net assets attributable to unitholders**

	2013 \$	2012 \$
Adjusted opening balance	6,336	8,624
Change in net assets attributable to unitholders	(6,336)	(2,288)
Total net assets attributable to unitholders	-	6,336

Cash and cash equivalents	-	164
---------------------------	---	-----

**Note 5 - Cash and cash equivalents**

Cash at bank	-	6,722
--------------	---	-------

For the purposes of the Statement of Cash Flows, cash includes cash at bank and cash on deposit.

**Note 6 - Trade and other receivables**

Other debtors	-	164
---------------	---	-----

**Note 7 - Trade and other payables**

Trade payables and sundry creditors	-	550
-------------------------------------	---	-----

**Note 8 - Auditors' remuneration**

Audit fees in relation to the Scheme are paid directly by the Responsible Entity. During the year the following fees were paid or payable by the Responsible Entity for services in relation to the audit of the Scheme. In the 2012 year audit fees were paid directly by the Scheme.

Auditing the financial statements	2,000	550
Compliance plan audit	2,375	1,334
	4,375	1,884

The auditor of the scheme is KPMG (2012: Thomas Davis and Co).

**Note 9 - Reconciliation of profit for the period to net cash provided by operating activities**

Net profit from operating activities	(6,336)	(2,288)
<i>Changes in assets and liabilities:</i>		
Decrease in trade and other receivables	164	-
Decrease in trade and other payables	(550)	(8,355)
Net cash used in operating activities	(6,722)	(10,643)

## Australian Ethical World Trust

### Notes to the financial statements for the year ended 30 June 2013

#### Note 10 - Related party disclosures

Australian Ethical Investment Limited (AEIL), as Responsible Entity of each Scheme, provides investment services for the Scheme in accordance with each Scheme's constitution. Transactions with the Responsible Entity are undertaken on commercial terms and conditions.

During the year the following amounts were paid to the Responsible Entity in accordance with the Scheme's Constitution.

	2013 \$	2012 \$
Accounting fees (Reimbursable)	6,336	2,452

#### Note 11 - Financial risk management and financial instruments

The Scheme is exposed to a variety of financial risks from investments in financial instruments.

##### (a) Categories of financial instruments

###### *Financial assets*

Cash and cash equivalents	-	6,722
Trade and other receivables	-	164
	-	6,886

###### *Financial liabilities*

Trade and other payables	-	550
Amounts payable to Responsible Entity	-	6,336
	-	6,886

##### (b) Interest rate risk management

Interest rate risk represents the risk that the Scheme's financial performance will be adversely affected by fluctuations in interest rates.

Management has performed a sensitivity analysis relating to the Scheme's exposure to interest rate risk at balance sheet date. This sensitivity analysis demonstrates the effect on the current year results which could result from a change in interest rates by 100 basis points. In the analysis it is assumed that the amount of financial assets exposed to fluctuations in interest rates as at balance sheet date is representative of balances held throughout the financial year. No other flow on effects of fluctuations in interest rates have been taken into account.

At 30 June 2013, the effect on net assets as a result of changes in interest rates with all other variables remaining constant would be as follows:

Increase in interest rate by 1%	-	67
Decrease in interest rate by 1%	-	(67)

#### Note 11 - Events subsequent to the reporting date

The Directors resolved to wind up the Scheme on 30 September 2013.

Except as outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the scheme, the results of its operations, or the state of affairs of the scheme, in future financial years.

#### Note 12 - Contingencies

There are no contingent liabilities or contingent assets as at 30 June 2013 (30 June 2012: Nil).

**Australian Ethical World Trust**  
**Directors' Declaration**

In the opinion of the Directors of Australian Ethical Investment Limited, the Responsible Entity of the Australian Ethical Fixed Interest Trust (the "Scheme"):

The financial statements and notes that are set out on pages 3 to 13 are in accordance with the Scheme's constitution, including:

- i. Giving a true and fair view of the Scheme's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
- ii. Complying with Australian Accounting Standards; and

The Directors draw attention to Note 1 of the financial report which contains a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors of Australian Ethical Investment Limited.



Phillip Vernon  
Managing Director  
Australian Ethical Investment Limited  
30 September 2013





*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of Australian Ethical Investment Limited, the Responsible Entity for the Australian Ethical World Trust:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Karen Hopkins  
*Partner*

Sydney  
30 September 2013



## **Independent auditor's report to the unitholders of the Australian Ethical World Trust**

### **Report on the financial report**

We have audited the accompanying financial report of the Australian Ethical World Trust (the "Scheme"), which comprises of the statement of financial position – in liquidation as at 30 June 2013, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' responsibility for the financial report*

The directors of Australian Ethical Investment Limited ('the Responsible Entity') are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, 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 note 1, the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *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 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 Scheme'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 Scheme's internal controls. 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Scheme's financial position, and of its performance.



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 *Corporations Act 2001*.

*Auditor's opinion*

In our opinion:

- (a) the financial report of the Australian Ethical World Trust is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

KPMG

Karen Hopkins  
*Partner*

Sydney

30 September 2013