



**2019**

# **Financial Statements**



**Save the Children**

**SAVE THE CHILDREN AUSTRALIA**

**ACN 008 610 035**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

Company Secretary: Elizabeth Flynn

*Registered Office:*

33 Lincoln Square South, Carlton, VIC 3053.

Telephone: 03 7002 1600

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**SAVE THE CHILDREN AUSTRALIA**  
**ACN 008 610 035**  
**31 DECEMBER 2019**

**DIRECTORS' REPORT**

The directors present their report on the Consolidated Entity consisting of Save the Children Australia ("the company") and the entities it controlled (Consolidated Entity) at the end of, or during, the year ended 31 December 2019.

**1. Directors**

Directors for the full financial year were:

Peter Hodgson	Karen Harmon
Gary Oliver	Annabelle Herd
Michelle Somerville	Rod Glover
Harvey Collins	Mary Sue Rogers
Michael White	

Directors for part of the financial year were:

Larry Kamener (appointed 18/9/19)	Jill Cameron (retired 27/11/19)
Michelle Scott (appointed 27/11/19)	Sandy Pitcher (appointed 27/11/19)

Directors have been in office since the start of the financial year to the date of this report except as noted above.

**2. Directors meetings**

The number of directors meetings and number of meetings attended by each of the current directors of the company during the financial year were:

Board Member	Meetings Attended	Meetings Held*	Board Member	Meetings Attended	Meetings Held*
Peter Hodgson	6	6	Gary Oliver	2	6
Annabelle Herd	3	6	Harvey Collins	5	6
Michelle Somerville	5	6	Rod Glover	5	6
Karen Harmon	5	6	Mary Sue Rogers	6	6
Sandy Pitcher	1	1	Michael White	5	6
Michelle Scott	0	0	Larry Kamener	2	2

(\*) Reflects the number of meetings held during the time the director held office during the financial year.

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**DIRECTORS' REPORT**

**3. Directors' qualifications, experience and special responsibilities**

<p><b><u>Peter Hodgson</u></b>  MA(Honours) in Law  (Cambridge)</p>	<p><b>Chairman of the Board and ex-officio member of the Board Audit Committee, Board Programs &amp; Risk Committee and Board Human Resources Committee</b></p> <p>Peter is currently the Chairman of Judo Bank, Greengate and Paranta Pty Ltd and until late 2016 was the Chief Executive Officer of The Myer Family Investments, a privately held investment and wealth management business with offices in four states. Until 2008, Peter was Group Managing Director Institutional at ANZ. Previously he was Chief Risk Officer before which time he had been Head of Structured Finance. Peter worked in advisory and structured finance, in the United Kingdom, Asia and the United States, variously at Bank of America and BZW. He sits on the Investment Committee of Trinity College and the Advisory Board of Drummond Capital Partners. Peter has been a director of Save the Children since May 2012 and became Chairman in June 2012. Peter is also Chair of the Audit and Risk Committee of Save the Children International.</p>
<p><b><u>Michelle Somerville</u></b>  BAcc, MappFin,  MAICD, FCA</p>	<p><b>Treasurer, Chairman of the Board Audit Committee</b></p> <p>Michelle is currently Director and Treasurer of Down Syndrome Australia and Director of Bank Australia Limited, the GPT Group and IOOF Holdings Limited. Michelle was previously an audit partner at KPMG and has had 30 years of experience in financial accounting, audit, risk management and compliance across a range of industries including the not for profit sector, in both Australia and the United States. Michelle has been a director of Save the Children since December 2012.</p>
<p><b><u>Gary Oliver</u></b></p>	<p><b>Member of the Board Human Resources Committee &amp; Member of the Board Programs and Risk Committee</b></p> <p>Gary is a proud Kuku Yalanji man from Cape York Queensland. Over the past two decades, he has held senior government positions, including with Aboriginal Affairs NSW and the Queensland Department of Communities, and was Chairman of NSW Aboriginal Legal Services from 2009 to 2012. Gary is currently the Managing Director of Synergy Nation Group, an Indigenous Australian company involved in Indigenous Strategic Practice across diverse industries. Gary has been a director of Save the Children Australia since May 2013.</p>

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**DIRECTORS' REPORT**

**3. Directors' qualifications, experience and special responsibilities – cont'd**

<p><b><u>Annabelle Herd</u></b>  BA (Asian Studies)  LLB</p>	<p><b>Member of the Board Programs and Risk Committee</b></p> <p>Currently Chief Operating Officer Network 10, Annabelle is a corporate affairs executive with 20 years' experience and expertise in senior management, strategy, policy development and implementation, media and communications, regulatory affairs and government relations in both commercial and public sector roles. At 10 Annabelle leads the Network's Operations, Strategy, Corporate Communications, and Regulatory Affairs functions as well as having oversight of the stations outside Sydney.</p> <p>Annabelle is a Council Member of the Australian Film Television and Radio School (AFTRS), and a Director of Freeview Australia. Before 10, Annabelle spent four years as Senior Adviser and Acting Chief of Staff to Communications Minister, Senator the Hon. Richard Alston. She has also worked for Virgin Mobile Australia, and led copyright policy and advocacy functions for Australian and international industry peak bodies, the Australian Digital Alliance and the Australian Libraries Copyright Committee, in addition to completing a secondment to the Federal Attorney-General's Department. Annabelle has been a director of Save the Children since August 2016.</p>
<p><b><u>Rod Glover</u></b>  B.Com. (Hons),  M.Com, Senior Fellow,  Govlab, New York  University</p>	<p><b>Member of the Board Audit Committee</b></p> <p>Rod is Interim Director and Professor of Practice at Monash Sustainable Development Institute, Monash University, a Board Member of Climate Works Australia and an Advisory Council Member of BehaviourWorks Australia. He has extensive experience in public policy, including as a Deputy Secretary in the Victorian Department of Premier and Cabinet, as Senior Adviser to an Australian Prime Minister, and with Melbourne Business School and the Australian Treasury. His executive education has been in public leadership, economic development, collaboration and platform strategy. Rod was previously a director of the Victorian Government's Centre of Excellence in Intervention and Prevention Science and is a member of the Australian Government's National Sustainable Development Council. Until its merger with Save the Children, Rod was the chair of Hands on Learning Australia. Rod has been a director of Save the Children since April 2017.</p>
<p><b><u>Harvey Collins</u></b>  B.Bus, Dip Fin, FAICD,  SFFin</p>	<p><b>Member of the Board Audit Committee and Board Programs &amp; Risk Committee</b></p> <p>Harvey is currently Chairman of impact funds manager, Insitor Partners Pte. Ltd, Singapore, and an executive coach with Foresight's Global Coaching. He has held board roles in a number of ASX listed and other corporations including Chairman of Navitas Limited, Bankwest Limited, HBF Health Fund Inc, and iiNet Limited. His executive roles included CFO Challenge Bank Limited, and Executive Director, Chieftain Securities. His earlier professional work was in treasury and financial markets. In September 2016, Harvey retired as Chairman of international NGO, Hagar International. Harvey has been a director of Save the Children since May 2017.</p>

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**DIRECTORS' REPORT**

**3. Directors' qualifications, experience and special responsibilities – cont'd**

<p><b><u>Karen Harmon AM</u></b>  FCNA, FIML (Aus &amp; NZ),  GAICD/MAICD, RN,  RM, Grad Dip Intl  Health, Grad Cert Mgt,  B. Admin, Dip Nsg  Studies, Dip Nsg  Admin.</p>	<p><b>Chairman of the Board Programs &amp; Risk Committee</b></p> <p>Karen is currently a Director of Banks Creek Retreat (NFP Mental Health Service) and an Independent Consultant to DFAT. She has been involved in the health sector for more than 40 years and has wide-ranging experience in government, non-government and business sectors. Karen has also worked in humanitarian aid and assistance with a special focus on the health of women and children. Much of Karen's work has focused on Primary Health Care policy and practice domestically and internationally, in the area of aid and development. Most recently she has concentrated on Aboriginal and Torres Strait Islander child and young people's health and social and emotional wellbeing. Another important element of Karen's work is advocacy in the areas of social justice, juvenile justice and human rights, especially the rights of the child. In 2006, Karen was recognised as a Member Order of Australia for her work in International Health. Karen has been a director of Save the Children since September 2017.</p>
<p><b><u>Mary Sue Rogers</u></b>  BSc</p>	<p><b>Chairman of the Board Human Resources Committee</b></p> <p>Mary Sue is a non-executive director with several organisations including Women on Boards, East-West Seed and Aiir Consulting. In addition, she is leading ForPurposeCo, a for-profit for-purpose social enterprise that has a focus on food waste. She is a professional services executive with extensive global experience and a passion for building robust business strategies, with a strong focus on HR and Talent Management. Mary Sue's career includes senior positions in IBM, PwC and Talent2 that span over 20 years and over 20 countries. Mary Sue has been a director of Save the Children since January 2018.</p>
<p><b><u>Michael White</u></b>  BA(Tas), DipEd  (Flinders), Med (Tas)</p>	<p><b>Member of the Board Audit Committee and Board Programs &amp; Risk Committee</b></p> <p>Michael is the Director of MW Group Consulting, which provides strategic advice to both government and non-government agencies delivering services to children and their families. His professional experience includes over 30 years in the fields of child development and early childhood services, child health and safety and youth programs including youth justice. Michael's career has combined academic roles with leading both government and non-government organisations, as well as substantial board experience, and he is currently on the board of the Australian Children's Education and Care Quality Authority and Successful Collaborations Pty Ltd. Michael has been a director of Save the Children since September 2018.</p>
<p><b><u>Larry Kamener</u></b></p>	<p><b>Member of the Board Programs &amp; Risk Committee</b></p> <p>Larry Kamener is a Senior Adviser and former Senior Partner in the Boston Consulting Group. During his time with BCG, Larry founded and was the inaugural leader of BCG's Global Public Sector Practice. He founded and is now the Chair of the Centre for Public Impact, a BCG Foundation based in London. Larry is also the Chair of Teach for Australia and a Director of the Melbourne Theatre Company. Larry has been a director of Save the Children since September 2019.</p>

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**DIRECTORS' REPORT**

**3. Directors' qualifications, experience and special responsibilities – cont'd**

<p><b><u>Sandy Pitcher</u></b>  BA (Jur), LLB (Hons),  GAICD</p>	<p><b>Member of the Board Audit Committee</b></p> <p>Sandy Pitcher is the Deputy Secretary, Higher Education and Skills, Department of Education and Training in the Victorian government. She has served as chair and board member of a number of non-government organisations and university boards in the areas of environment, education and research and gender equality. Sandy was the Chief Executive of the South Australian Department of Environment, Water and Natural Resources until 2018, and has worked for the South Australian, Australian and British governments in a wide range of executive roles. Sandy was the National Telstra Businesswoman of the Year (community and government) in 2012 and was admitted as a Fellow of the Institute of Public Administration Australia in 2013. Sandy has been a director of Save the Children since November 2019.</p>
<p><b><u>Michelle Scott</u></b>  BA (Social Sciences)</p>	<p><b>Member of the Board Programs &amp; Risk Committee</b></p> <p>Michelle Scott was appointed the inaugural Director of the McCusker Centre for Citizenship at UWA in October 2015. The Centre is focused on building greater capacity in the community to understand, contribute and positively impact on social issues. Michelle has over 30 years' experience leading and influencing government and community organisations to address and reduce contemporary, complex social challenges. She has also been an independent statutory officer, including as WA's first Commissioner for Children and Young People (6 years), and Public Advocate for WA (5 years). Ms Scott is also currently the Co-Chair of the WA Government's Supporting Communities Forum and a Board Member of Anglicare WA. Michelle has been a director of Save the Children since November 2019.</p>

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**DIRECTORS' REPORT**

**4. Principal activities**

The principal activities of the Consolidated Entity are supporting the welfare and rights of children as stated in the UN Convention on the Rights of the Child. The Consolidated Entity actively seeks public donations, corporate and government grant funding, and operates commercial activities, in order to conduct effective programming to benefit the rights and interests of children in Australia, the Pacific Region (Papua New Guinea, Solomon Islands, Vanuatu and Fiji), Bangladesh, Cambodia, Myanmar, Laos, Pakistan, Rohingya, Iraq, Afghanistan, Philippines, Thailand, Indonesia and other countries as needs arise.

**5. Significant changes in the state of affairs**

In 2019, Save the Children Australia acquired 17 retail stores from The Smith Family. The acquisition has significantly increased the number of shops run by SCA and complements the group's existing Retail division.

There have been no other significant changes in the state of affairs of the consolidated entity during the year.

**6. Matters subsequent to the end of the financial year**

On the 1st of March 2020, Save the Children Australia acquired Library For All for nil consideration. Library For All have created a diverse and inclusive digital and print library aimed at meeting the varied needs of primary school aged children around the world. Their work focuses on making knowledge accessible to all, equally.

The COVID-19 outbreak subsequent to year end may impact SCAs programs delivery, the collection of funds from donors, its fundraising activities, its retail activities amongst others. The directors have concluded there is no material impact from COVID-19 on the FY19 financial statements. In the current environment it is challenging to predict with any certainty the expected impact of COVID-19 on future results. The Board and Management will continue to monitor the impact of the Coronavirus on its program delivery and fundraising activities.

No other matters or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

- (a) The Consolidated Entity's operations in future financial years, or
- (b) The results of those operations in future financial years, or
- (c) The Consolidated Entity's state of affairs in future financial years.

**7. Insurance of officers**

During the financial year, Save the Children Australia paid a premium of \$37,934 to insure directors and secretaries of the company and its Australian based controlled entities, and the general managers of the divisions of the entity.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against costs and those relating to other liabilities.

**DIRECTORS' REPORT**

**8. Short term objective**

The Consolidated Entity's short-term objective is to increase income, program quality and policy influence to increase our impact for vulnerable children.

**9. Long term objectives**

The Consolidated Entity's long-term objectives are to:

- Inspire breakthroughs in the way the world treats children and to achieve immediate and lasting change in their lives.
- Ensure that every child attains the right to survive, learn and be protected
- Create a sustainable entity that strives for continual improvement so as to offer the best possible outcomes for children requiring our assistance.

**10. Strategy for achieving the objectives**

The Consolidated Entity commenced a new three-year Strategy in 2019. The Strategy defines the Consolidated Entity's organisational goals to be achieved by 2021, focus areas and key outcomes. These form the basis for Key Performance Indicators (KPIs) established by management that link to the overall strategy. KPIs are monitored throughout the year and performance compared to KPIs is reported to the Executive and Board periodically.

The Save the Children global initiatives will enable the Consolidated Entity to leverage enhanced systems, coordination, knowledge and capabilities to maximise the benefits to children and achieve its Ambition for Children 2030:

- no child dies from preventable causes before their fifth birthday;
- all children receive a basic quality education; and
- violence against children is no longer tolerated.

Focusing on the most deprived and marginalised children in Australia and the Asia-Pacific, the Consolidated Entity's goals fall into three broad categories:

- creating positive impact for and with children – focusing on the quality and effectiveness of programs, influencing the public and policy makers, and leading the humanitarian sector in the Asia-Pacific;
- fuelling change with partners and supporters – including building a sustainable and trusted organisation, deepening its engagement with partners and supporters, and creating real and lasting change; and
- being a great place to work – by making it easy to get things done, being agile and adaptable, and attracting and retaining the right people.

As a member of the international Save the Children Association, the Consolidated Entity is contributing to a global strategy designed to:

- achieve results at scale – by building humanitarian capability and strengthening thematic focus;
- maximise use of knowledge – by developing global knowledge, culture, capacity and systems;
- create a movement of millions – by building advocacy and campaigning capability, rolling out a global brand and achieving stronger, more diversified funding; and
- become truly global – by building a high performing organisation, investing in people and establishing a global governance structure and culture.

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**DIRECTORS' REPORT**

**11. How principal activities assisted in achieving the objectives**

The Consolidated Entity carried out the following principal activities to achieve its objectives:

- Increase program expenditure and delivery to increase reach both domestically and overseas
- Increase stakeholder and community awareness and engagement
- Increase in the focus on strengthening internal systems and infrastructure.

Save the Children continues to balance the investment of its discretionary funds between activities to improve the lives of vulnerable children, investing in the future growth and sustainability of the organisation, versus recording surpluses and growing its net asset position. With a large proportion of donations and gifts received as regular monthly donations from more than 50,000 donors, Save the Children is able to rely on a regular income stream, which strengthens the financial sustainability of the organisation.

There have been several initiatives in 2019 focused on ensuring maximum funds can be invested in improving the lives of vulnerable children both now and into the future. These include investment in fundraising, further investment and development of commercial activities, and investment in our organisation's systems and processes to drive efficiencies.

The key highlights of the result were:

- Total revenue of \$134,261k increased by \$7,174k or 6% on 2018.
- The surplus result of \$1,175k represents an increase of \$1,082k on 2018. Fundraising, programming efficiency and the contribution from Commercial activities all improved.
- Net assets increased to \$2,750k from \$1,575k in the prior year.
- Save the Children continues to hold significant cash on hand of \$15,053k. Cash flow from operations in 2019 was positive at \$8,606k.
- Fundraising income including donations, gifts, bequests and legacies of \$25,517k and reduced by \$925k or 3% from 2018. This decrease is largely due to reductions in regular giving due to lower acquisition activity and costs. As a result, fundraising costs decreased by \$1,107k or 9% resulting in a small increase in the fundraising net result of \$182k or 1%, taking the fundraising net result to \$14,293k in 2019.
- Grant income increased by \$5,307k or 6% with growth across each of Australian Services, Pacific Programs and International Programs and grant expenditure increased by \$5,519k or 6% in 2019.
- Revenues from Commercial activities increased by \$3,486k or 32%, with commercial expenditure increasing \$2,776k, largely driven by the acquisition of 17 retail stores from the Smith Family as well as sales growth within our retail stores. The continued investment in our commercial activities will help to drive future growth and financial stability.
- Administration costs of \$10,294k decreased by \$761k or 7% on 2018 due to a number of cost savings initiatives implemented in 2019. This has resulting in a reduction in the ratio of administration costs to total income from 8.7% in 2018 to 7.7% in 2019.

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**31 DECEMBER 2019**

**DIRECTORS' REPORT**

**12. Members' guarantee**

Save the Children Australia is a company limited by guarantee. In the event of, and for the purpose of, the winding up of the Consolidated Entity, the amount capable of being called up from each member and any person or association who has ceased to be a member in the year prior to the winding up, is limited to \$1,000 for members that are corporations and \$10 for all other members, subject to the provisions of the company's constitution. For 2019 the collective liability of members was \$1,670 (2018: \$1,980).

**13. Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 60 - 40 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012 is set out on page 10 and forms part of the Directors Report.

Signed in accordance with a resolution of the Directors.



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**Peter Hodgson**  
Chairman

Melbourne  
26 March 2020



## *Auditor's Independence Declaration*

As lead auditor for the audit of Save the Children Australia for the year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Save the Children Australia and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'JP', is written in a cursive style.

Jason Perry  
Partner  
PricewaterhouseCoopers

Melbourne  
26 March 2020

**CORPORATE GOVERNANCE STATEMENT**

**1. Introduction**

Save the Children Australia is incorporated as a company limited by guarantee. It operates nationally in all states and the Northern Territory of Australia as well as some overseas countries to promote the welfare and rights of children.

Save the Children Australia's corporate governance and performance are the responsibilities of its directors. The Board delegates the responsibility for the day-to-day administration of the company to the Chief Executive Officer ("CEO") who, together with the Executive Team, is accountable to the Board. The roles of Chairman and CEO are separate.

The company's constitution provides for a maximum of 14 directors. The directors have however determined to cap the number of directors at 12. There must be at least one director resident in each state. A director who has served nine consecutive years from date of appointment will not be eligible for reappointment or re-election unless a minimum period of one year has elapsed since that person last held the position of director or the members in general meeting specifically give their approval.

**2. Remuneration of Directors**

Directors demonstrate their commitment to Save the Children Australia's mission through the contribution of their skills and experience to the collective work of the Board, the contribution of their personal time and efforts, advocacy within their social and business networks of Save the Children Australia's mission and the programs implemented to achieve the mission, and through whatever financial contributions they make personally. They receive no return in cash or kind other than reimbursement of necessarily incurred expenditure. Their sole reward is the satisfaction of seeing the achievement of the goal of Save the Children to improve the lives of children.

**3. Board Meetings**

The Board meets at least six times a year.

Refer to page 1 for the number of directors meetings held and the number of meetings attended by each of the directors during the financial year.

**4. Board Committees**

- (a) The Board Audit Committee assists the Board in carrying out its responsibilities in relation to the financial integrity of the organisation and the Board's accountability to stakeholders, by providing governance and oversight.

At the date of this report the Board Audit Committee members are Michelle Somerville (Chair), Harvey Collins, Rod Glover, Michael White, Sandy Pitcher and Peter Hodgson (ex officio).

- (b) The Board Programs & Risk Committee assists the Board in carrying out its responsibilities in relation to risk management, the program work required to pursue the organisation's mission, and the policy and advocacy work undertaken by the organisation.

At the date of this report the Board Programs & Risk Committee members are Karen Harmon (Chair), Gary Oliver, Annabelle Herd, Harvey Collins, Michael White, Michelle Scott, Larry Kamener, Justin Hanney (external member) and Peter Hodgson (ex officio).

**CORPORATE GOVERNANCE STATEMENT**

**4. Board Committees –cont'd**

- (c) The Board Human Resources Committee assists the Board in carrying out its responsibilities in relation to the nomination of Directors, the CEO and Executive Team, appointment, performance and succession in regard to Directors, the CEO and Executive Team, and SCA Human Resources Strategy and Policies.

At the date of this report the Board Human Resources Committee members are Mary Sue Rogers (Chair) Gary Oliver, Karen Harmon, John Allen (external member) and Peter Hodgson (ex officio).

Note: The CEO and other company employees attend the meetings of the Board committees to report to the committees and assist in their operation.

**5. Executive Team**

The Executive Team supports the CEO and meets fortnightly to review the operation and management of Save the Children Australia.

**6. Executive Remuneration**

Executive remuneration is reviewed annually and is based on current market conditions and trends.

**7. Internal Controls and Management of Risk**

Save the Children Australia has established controls designed to safeguard its assets and interests, and to ensure the integrity of its reporting.

**8. Ethics and Conduct**

Save the Children Australia is committed to ensuring that all its activities are conducted legally, ethically and in accordance with high standards of integrity. Board members, employees and volunteers are required to signify acceptance of, and comply with, the company's Child Safeguarding Policy and Code of Conduct. To facilitate this, employees attend child protection training which is conducted throughout the year. Save the Children Australia has also developed policies which deal with occupational health and safety, privacy, equal opportunity and employee grievances to assist employees and volunteers in meeting the high standards of ethics and conduct required.

**9. Member Relationships**

Save the Children Australia is committed to providing members and donors with relevant and timely information regarding its operations and management through a website, member meetings, social media and direct communications.

Members are encouraged to attend and vote at annual general meetings.

**10. Governance Best Practice**

Save the Children Association, of which Save the Children Australia is a member, requires that the governance processes of its members ensure that the organisation effectively and efficiently strives to achieve its stated goals, while protecting the public interest and trust.

**SAVE THE CHILDREN AUSTRALIA**  
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**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated	
		2019 \$'000	2018 \$'000
<b>REVENUE</b>			
Donations and gifts - monetary		23,184	24,628
Donations and gifts - non-monetary		159	134
Bequests and legacies		2,174	1,681
Grants			
- Department Foreign Affairs and Trade		28,772	29,688
- Other Australian		53,811	52,306
- Other overseas		11,180	6,462
Revenues from commercial activities	2	14,429	10,943
<b>OTHER INCOME</b>			
Investment income	3(a)	119	286
Other income	3(b)	433	959
<b>TOTAL REVENUE</b>		<b>134,261</b>	<b>127,087</b>
<b>EXPENDITURE</b>			
<b>International Aid and Development Programs Expenditure</b>			
International programs			
- Funds to international programs		48,484	43,502
- Program support costs		2,282	2,373
<b>Domestic Aid and Development Programs Expenditure</b>			
Domestic programs			
- Funds to domestic programs		40,661	41,163
- Program support costs		3,085	1,955
<b>Community Education</b>		<b>3,053</b>	<b>3,388</b>
<b>Fundraising costs (International and Domestic)</b>			
- Public - monetary		9,962	10,975
- Government, multilateral and private		1,262	1,356
<b>Commercial activities (Domestic)</b>		<b>14,003</b>	<b>11,227</b>
<b>Accountability and Administration (International and Domestic)</b>		<b>10,294</b>	<b>11,055</b>
<b>TOTAL EXPENDITURE</b>		<b>133,086</b>	<b>126,994</b>
<b>Net surplus from continuing operations</b>		<b>1,175</b>	<b>93</b>
<b>Total surplus of income is attributable to:</b>			
Owners of Save the Children Australia		1,096	328
Non-controlling interests	16(b)	79	(235)
<b>Total</b>		<b>1,175</b>	<b>93</b>

The accompanying notes form part of these financial statements

**SAVE THE CHILDREN AUSTRALIA**  
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated	
		2019	2018
		\$'000	\$'000
Surplus of income over expenditure from continuing operations		1,175	93
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR</b>		<b>1,175</b>	<b>93</b>
<b>Total comprehensive income is attributable to:</b>			
Owners of Save the Children Australia		1,096	328
Non-controlling interests	16(b)	79	(235)
<b>Total</b>		<b>1,175</b>	<b>93</b>

During the financial year, the entity had no transactions in relation to political or religious proselytization programs.

The accompanying notes form part of these financial statements

**SAVE THE CHILDREN AUSTRALIA**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated	
		2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	15,053	12,726
Trade and other receivables	6	24,306	17,441
Inventories	7	534	500
Assets classified as held for sale	8	-	321
<b>Total current assets</b>		<b>39,893</b>	<b>30,988</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	3,921	4,012
Intangible assets	10	3,617	3,357
Right-of-use assets	14	18,659	-
<b>Total non-current assets</b>		<b>26,197</b>	<b>7,369</b>
<b>Total assets</b>		<b>66,090</b>	<b>38,357</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	7,551	5,564
Provisions	12	4,041	3,479
Contract liabilities	13	30,634	25,956
Lease liabilities	14	6,713	-
<b>Total current liabilities</b>		<b>48,939</b>	<b>34,999</b>
<b>Non-current liabilities</b>			
Trade and other payables	11	655	590
Provisions	12	1,464	1,193
Lease liabilities	14	12,282	-
<b>Total non-current liabilities</b>		<b>14,401</b>	<b>1,783</b>
<b>Total liabilities</b>		<b>63,340</b>	<b>36,782</b>
<b>Net assets</b>		<b>2,750</b>	<b>1,575</b>
<b>Equity</b>			
Accumulated surplus	15	2,906	1,810
<b>Equity attributable to owners of Save the Children Australia</b>		<b>2,906</b>	<b>1,810</b>
Non-controlling interest	16(b)	(156)	(235)
<b>Total equity</b>		<b>2,750</b>	<b>1,575</b>

The accompanying notes form part of these financial statements.

**SAVE THE CHILDREN AUSTRALIA**  
ACN 008 610 035

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Accumulated Surplus \$'000	Non-Controlling Interest \$'000	Total Equity \$'000
<b>Balance at 31 December 2017</b>		1,482	-	1,482
<b>Total comprehensive income for the year</b>				
Surplus/(shortfall) over expenditure for the year		328	(235)	93
<b>Balance at 31 December 2018</b>		<b>1,810</b>	<b>(235)</b>	<b>1,575</b>
<b>Total comprehensive income for the year</b>				
Surplus over expenditure for the year		1,096	79	1,175
<b>Balance at 31 December 2019</b>		<b>2,906</b>	<b>(156)</b>	<b>2,750</b>

The accompanying notes form part of these financial statements.

**SAVE THE CHILDREN AUSTRALIA**  
ACN 008 610 035

**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated	
		2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Cash received in the course of operations (inclusive of GST)		143,342	125,876
Cash paid in the course of operations (inclusive of GST)		(134,737)	(130,308)
Interest received		119	286
Interest paid on leases		(118)	
<b>Net cash provided by/(used in) operating activities</b>	<b>19</b>	<b>8,606</b>	<b>(4,146)</b>
<b>Cash flows from investing activities</b>			
Payments for business acquisitions	16(a)	(233)	-
Proceeds from sale of assets held for sale		934	-
Payments for property, plant and equipment	9	(722)	(585)
Payments for intangible assets	10	(559)	(1,160)
<b>Net cash used in investing activities</b>		<b>(580)</b>	<b>(1,745)</b>
<b>Cash flows from financing activities</b>			
Principal elements of lease payments		(5,699)	-
<b>Net cash used in financing activities</b>		<b>(5,699)</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>		<b>2,327</b>	<b>(5,891)</b>
Cash at the beginning of the financial year		12,726	18,617
<b>Cash at the end of the financial year</b>	<b>5</b>	<b>15,053</b>	<b>12,726</b>

The accompanying notes form part of these financial statements.

**SAVE THE CHILDREN AUSTRALIA**  
**ACN 008 610 035**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

Save the Children Australia is a public company limited by guarantee, incorporated and domiciled in Australia.

The financial statements for Save the Children Australia and its consolidated entities (“the consolidated entity”) are general purpose financial statements that are prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

The consolidated entity is a not-for-profit entity.

The financial statements are presented in the Australian currency.

The consolidated financial statements for the year ended 31 December 2019 were approved and authorised for issue by the Board on 26 March 2020.

**Going concern**

At 31 December 2019, Save the Children Australia's current liabilities exceed its current assets by \$9,046k. With the exclusion of lease liabilities, current liabilities exceed its current assets by \$2,333k. Net cash provided by operating activities was \$8,606k with total cash on hand at \$15,053k, an increase of \$2,327k compared to 2018. The consolidated entity recorded an excess of revenue over expenditure for the year of \$1,175k, a significant improvement from the surplus of \$93k recorded in 2018.

Save the Children’s global treasury unit provides a short-term financing facility for all Save the Children entities, including Save the Children Australia. This facility pools liquidity across the global Save the Children organisation to enable entities to access short term financing. The level of financing available at any time depends on the level of liquidity across the global organisation and accordingly, is subject to change. Funding of \$5m would be available if required at the time of signing these financial statements.

The COVID-19 outbreak subsequent to year end may impact SCAs programs delivery, the collection of funds from donors, its fundraising activities, its retail activities amongst others. In the current environment it is challenging to predict with any certainty the expected impact of COVID19 on future result. After reviewing cash flow projections and other available current information, as at the 26th March 2019 the directors believe there are reasonable grounds that the consolidated entity will be able to pay its debts as and when they fall due, and that the preparation of the financial statements on a going concern basis is appropriate.

**Historical cost convention**

The financial statements are prepared on an accrual basis, and are based on historical costs, as modified for the revaluation of financial assets and liabilities at fair value with gains or losses recognised in other comprehensive income and as a separate component of equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Critical accounting estimates**

The preparation of financial statements requires the use of certain accounting estimates which, by definition, will seldom equal the actual results. It also requires management to exercise its judgment in the process of applying the group's accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

**Material accounting policies**

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements. The accounting policies will be consistently applied, unless otherwise stated in the financial statements.

**(a) Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Save the Children Australia as at 31 December 2019 and the results of all controlled entities for the period. Save the Children Australia and its controlled entities are referred to in these financial statements as the "Consolidated Entity".

Controlled entities are entities over which the Consolidated Entity has the power to govern the financial and operating policies generally accompanying a holding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control.

Inter-company transactions, balances and unrealised gains on transactions between entities within the Consolidated Entity are eliminated. Unrealised losses on such transactions are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities are changed where necessary to ensure consistency with those policies applied by the parent entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position respectively.

Controlled entities are fully consolidated from the date on which control is transferred to the parent entity. They are deconsolidated from the date that control ceases.

**(b) Income Tax**

The company is a registered charity under s.50-5 of the Income Tax Assessment Act 1997 and maintains Deductible Gift Receipt (DGR) status. No provision for income tax is necessary.

Save the Children Australia (Singapore Branch) and Centre for Evidence and Implementation Singapore Ltd is subject to the tax legislation requirements of the Income Tax Act in Singapore.

CEI Global UK Limited is subject to income tax under the Corporation Tax Act in the United Kingdom.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) **Income Tax – cont'd**

Inclusiv Ventures Pty Ltd is a company incorporated under the Corporations Act 2001 and is subject to income tax under the Income Tax Assessment Act.

(c) **Trade and Other Receivables**

All receivables are recognised as original invoice amounts. Trade receivables generally have repayment terms between 30 and 90 days. The ability to collect trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance is made for doubtful debts where there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms and considers the lifetime expected credit losses for trade receivables. Amounts due for more than 120 days are reviewed for collectability. On confirmation that the trade receivable will not be collectable the gross carrying value of the asset is written off against the associated provision.

From time to time, the consolidated entity elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the derecognition of the original transaction.

(d) **Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of twelve months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and where the penalty for early withdrawal is not significant and bank overdrafts.

(e) **Inventories**

Inventories comprises goods for resale and goods for distribution at no or nominal consideration as part of the Consolidated Entity's charitable activities. Inventories may be purchased or received by way of donation.

**Goods for resale**

Inventories of goods for resale, mainly through our Retail shops, are valued at the lower of cost and net realisable value. No value is ascribed to goods for resale that have been donated where fair value cannot be reliably determined. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

**Goods held for distribution**

Donated goods and goods purchased for nominal consideration held for distribution are initially recognised at their current replacement cost at date of acquisition. Inventories of goods purchased and held for distribution are initially recognised at cost. The cost of bringing each product to its present location and condition is determined on a first-in, first-out basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(f) Gifts in Kind

Gifts in kind can be in the form of goods (e.g. blankets) or services (e.g. pro bono consulting services).

Donated goods and services are accepted on the basis that they will provide a future benefit. Revenue is brought to account when goods are received or services are rendered, and are recorded at fair value. Fair value is determined by considering the cost to acquire the equivalent goods or services.

Expenditure is brought to account when incurred, for example when the consulting service has been received, or the blankets have been shipped to the recipients

Save the Children Australia recorded \$159k Gifts in Kind for 2019 (2018: \$134k).

(g) Property, Plant and Equipment

Each class of property plant and equipment is carried at historical cost less, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**Assets classified as held for sale**

Assets that meet the 'held for sale' criteria must be sold within 12 months and will be measured at the lower of their carrying amount and their fair value less costs to sell. Assets will cease to be depreciated while they are held for sale.

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Buildings	2% - 3%
Leasehold improvements	11% - 33%
Plant and equipment	7% - 33%
Leased plant and equipment	25%
Vehicles	12.5% - 25%

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Consolidated Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(h) Leases

The consolidated entity leases various offices, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the right-of-use assets that are held by the lessor. Right-of-use assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see note 14 for details. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the right-of-use asset is available for use by the consolidated entity.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- the exercise price of a purchase option if the consolidated entity is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the consolidated entity exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the consolidated entity, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the consolidated entity uses related party financing available through Save the Children International.

The consolidated entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(h) Leases – cont'd

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the consolidated entity is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in several property and equipment leases across the consolidated entity. These are used to maximise operational flexibility in terms of managing the assets used in the consolidated entity's operations. Extension and termination options held are exercisable only by the consolidated entity and not by the respective lessor.

(i) Intangible Assets

**Impairment**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised or the recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**Acquired intangible assets**

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Intangible Assets – cont'd

- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

**Measurement**

All intangible assets (excluding goodwill) are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives commencing from the time the software is held ready for use. These assets are considered finite.

Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 1(k). The following useful lives are applied:

- Software: 3-7 years

Amortisation has been included within depreciation and amortisation.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(j) Financial Instruments

**Recognition**

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the consolidated entity commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

**Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories:

- those to be measured at amortised cost; and
- those to be measured at fair value (either through other comprehensive income, or through profit and loss).

The classification depends on the consolidated entity's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

**Financial assets measured at amortised cost**

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Impairment losses are taken to profit or loss.

The *effective interest method* is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Non-current loans and receivables may include loans due from related parties that are repayable more than one year after the period end. In these circumstances, as these are non-interest bearing, the initial recognition at fair value requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is debited on initial recognition to the investment account.

Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counter party will default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(j) Financial Instruments - cont'd

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are initially measured at their fair value and subsequently measured at amortised cost using the effective interest method.

**Fair value**

Fair values may be used for financial asset and liability measurement as well as for certain disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price for financial assets is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at the end of the reporting period. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

(k) Impairment of assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, the recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where the future economic benefits of an asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(l) Foreign Currency Translation

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**Group companies**

The Consolidated Entity's foreign operations are considered to be integrated foreign operations and accordingly the financial results and financial position of them are translated using the temporal method as follows:

- any exchange differences are recognised as revenues or expenses in the Consolidated Entity's result in the reporting period in which they arise.
- non-monetary assets are translated using historical rates of exchange. They are thus incorporated into the Consolidated Entity's financial report at the amounts at which the entity would have carried such assets had they been acquired by that entity itself and not by the foreign operation.

(m) Provisions

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

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Employee Benefits

**Wages, salaries and annual leave**

Liabilities for wages, salaries, including non-monetary benefits and annual leave to be settled within 12 months of the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(n) Employee Benefits – cont'd

**Long service leave**

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Superannuation**

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

(o) Contract Liabilities – Deferred Income

The liability for deferred income is the unspent amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant.

(p) Revenue Recognition

Revenue arises mainly from fundraising, legacies & bequests, government and other grants, consulting services and retail sales.

Unless funding is received directly from donors without a formal contract/agreement (e.g. regular giving donations, bequests), the consolidated entity uses the following 5-step process to determine when revenue is recognised, in line with AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-Profit entities:

- 1 Identifying the contracts with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the consolidated entity satisfies performance obligations by transferring the promised goods or services to its customer. Grant income for contracts with sufficiently specific performance obligations is recognised over time based on the input method. All contracts with customers have been considered enforceable for the purpose of AASB 15 as the funder may have a remedy through common law, various state statutes and various state based fundraising laws. The consolidated entity has decided that expenses are a good indicator of performance obligations being performed over time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(p) Revenue Recognition – cont'd

The consolidated entity recognises deferred income for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see Note 13). Similarly, if the consolidated entity satisfies a performance obligation before it receives the consideration, the consolidated entity recognises accrued income in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

**Revenue from Donations and Gifts**

General donations and fundraising events

Funding received that is non-recourse is recognised when received.

Committed donations

The revenue received under Save the Children Australia's Committed Giving program is recognised when it is received under AASB 1058, acknowledging that donors have the ability to cancel their ongoing commitment at any time.

**Legacies & Bequests**

Legacies are recognised when the company receives confirmation from the solicitor that entitlement to the funds is uncontested, or when the legacy is received, whichever occurs earlier.

Revenue from legacies comprising bequests of shares are recognised at fair value, being the market value of the shares at the date the company becomes legally entitled to the shares. Subsequent gains/losses realised upon sale of listed securities are recorded in profit or loss.

**Government and Other Grants**

Generally, government and other funding received or receivable clearly outlines the specified services to be delivered, or conditions to be fulfilled, and create obligations on SCA to deliver. Funding received in advance is recognised as deferred income, and revenue is recognised as services are performed or conditions fulfilled, being the expenditure incurred relating to the specified program. Unless prohibited by contract terms, if funds remain unspent after programs are completed or program completion date is reached, these unspent funds are immediately recognised as income.

Where grants do not clearly define services to be performed, such grants will be recognised in income when SCA obtains control or the right to receive a contribution, it is probable that the economic benefits comprising the contribution will flow to the entity, and the amount of the grant can be measured reliably.

**Commercial Income**

Sales of Goods

Revenue from sales of goods comprises revenue earned (net of returns) from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised upon the delivery of goods to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(p) Revenue Recognition – cont'd

Consulting Income

Revenue from consulting services through contracts with clear deliverables is recognised when milestones are achieved, or where allowed by contract terms, revenues is recognised overtime to match costs incurred.

**Investment Income**

Interest, included in investment income, is recognised on a proportional basis using the effective interest rate method, considering the interest rates applicable to the financial assets.

Interest revenue earned on government and other grant funding received in advance of program expenditure is applied for use within a program where the contract for services with the funding provider specifies as such. Such interest revenue is recognised as deferred income, and revenue is recognised as services are performed or conditions fulfilled, being the expenditure incurred relating to the specified project.

Amounts due under funding contracts relate primarily to program funding which has been invoiced by Save the Children Australia but remains outstanding at the end of the reporting period. Accrued income relates primarily to program funding which is un-invoiced as at the end of the reporting period but is due to Save the Children Australia under various funding contracts.

**Endowment Fund**

To mark its 100-year anniversary in 2019 and increase its access to capital, Save the Children Australia has established an endowment fund known as the 'Centenary Innovation Fund' ("the CIF") in collaboration with its trusted advisers and partners. The CIF comprises monies donated or bequeathed to SCA for long-term investment which generate revenue to support aspects of its strategic mission, as well as innovation activities specifically aimed at significantly improving the lives of disadvantaged and vulnerable children and young people. SCA may, at its own discretion, transfer additional monies to the Fund from time to time. The balance of the fund is separately invested in a specific investment portfolio. The revenue for the Fund for the year includes donations, bequests and income from investments, net of associated expenses. Gains or losses on revaluation of the investment portfolio are recorded in Other Comprehensive Income.

(q) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources. Premises overheads have been allocated on a headcount basis and other overheads have been allocated on the basis of head count

Fundraising costs are those incurred in seeking voluntary contributions by donation.

International and domestic aid and development programs expenditure are those costs directly incurred in supporting the objectives of the company and include project management carried out by central administration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**(q) Expenditure – cont'd**

Accountability and administration costs are those incurred in connection with administration of the Consolidated Entity and compliance with constitutional and statutory requirements.

Community education includes all costs related to informing and educating the Australian community of, and inviting their active involvement in, global justice, development and humanitarian issues. This includes the cost of producing and distributing materials, the cost of conducting educational and public policy campaigns, and the cost of personnel involved in these activities.

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

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(s) Interest-Bearing Liabilities**

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

**(t) Changes in accounting policies**

*New and amended standards adopted by the consolidated entity*

The consolidated entity has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- AASB 16 *Leases*
- AASB 15 *Revenue from contracts with customers*
- AASB 1058 *Income of Not-for-Profit Entities*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(t) Changes in accounting policies – cont'd

AASB 16 Leases

This note explains the impact of the adoption of AASB 16 Leases on the group's financial statements.

The group has adopted AASB 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 14.

The adoption of this new Standard has resulted in the consolidated entity recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

Where identified, the consolidated entity has elected to reassess whether a contract is or contains a lease at the date of initial application. For contracts entered into before the transition date the consolidated entity relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an arrangement contains a Lease.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the consolidated entity has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 0.75%.

*Practical expedients applied*

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(t) Changes in accounting policies – cont'd

	Note	
<i>Measurement of lease liabilities</i>		
Operating lease commitments disclosed as at 31 December 2018		<b>13,382,433</b>
Discounted using the lessee's incremental borrowing rate of at the date of initial application		(799,728)
(Less): short-term leases not recognised as a liability		(216,939)
Add/(less): contracts reassessed as lease contracts		1,841,319
Add/(less): adjustments as a result of a different treatment of extension and termination options		3,797,930
<b>Lease liability recognised as at 1 January 2019</b>	<b>14</b>	<b>18,005,015</b>
<b>Of which are:</b>		
Current lease liabilities		5,784,539
Non-current lease liabilities		12,220,476
		<b>18,005,015</b>

AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-Profit entities

These Standards largely supersede the NFP income recognition requirements previously contained in AASB 1004 Contributions as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations when they become effective. AASB 1058 Income of Not-for-Profit entities clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15.

The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

The new standards were effective from 1 July 2019 and the consolidated entity has adopted a full retrospective approach. As such, all contracts that were active at December 2018, and December 2019 were assessed to ensure correct revenue recognition under AASB 15 and AASB 1058. The consolidated entity has adopted a practical expedient available and has not applied the standards to contracts that were completed by the date of initial application. Based on this detailed review, the consolidated entity has determined that at the date of adoption there is no change to current revenue recognition outcomes.

*Key requirements of AASB 15: Revenue from contracts with customers*

For other income transactions, the entity will have to first consider whether AASB 15 applies by way of assessing whether the performance obligation(s) arising from the transaction are 'sufficiently specific' and 'enforceable'. The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition outlined in Note 1(p)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(t) Changes in accounting policies – cont'd

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. When AASB 15 does not apply to a transaction or part of a transaction, the consolidated entity then considers whether AASB 1058 applies.

*Key requirements of AASB 1058: Income of Not-for-Profit entities*

The core principle of the new income recognition requirements in AASB 1058 is when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

The Standard also prescribes specific accounting requirements for volunteer services. The Directors have decided not to recognise volunteer services within the financial statements, given the true value of these services is not reliably measurable in financial terms. Volunteer services provide value by connecting communities, providing personal development, career pathways and work skills, contributing an abundance of knowledge, time and attributes, and are not reliably measured in financial terms.

*Significant judgements and estimates*

The consolidated entity recognises revenue either at a point in time or over time as and when the customer obtains control of the goods and services. Revenue is recognised "over time" if the customer simultaneously receives and consumes the benefits provided by the consolidated entity. The majority of revenue contracts recognised under AASB 15 are considered "over time", as the entity has made a decision that expense is an appropriate indicator of performance obligations being met. Revenue for such grants is recognised over time once expenses are incurred to fulfil these performance obligations.

Where a revenue contract is measured at a point in time, the consolidated entity recognises revenue once the performance obligations has been met, when it has a present right to payment and the customer has obtained the ability to direct the use of goods and services provided.

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the AASB. None of these Standards or amendments to existing Standards have been adopted early by the consolidated entity.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the consolidated entity's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(u) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred, and the equity interest issued by the consolidated entity. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are with limited exceptions, measured initially at their fair values at the acquisition date. On acquisition by acquisition basis, the consolidated entity recognises any non-controlling interest in the acquired, either at fair value or at non-controlling interest proportionate share of the acquirer's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a discount on acquisition. Goodwill is allocated to a group of cash generating assets and is tested for impairment on an annual basis as part of the impairment testing process.

Contingent considerations are classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit and loss.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Consolidated	
	2019	2018
	\$'000	\$'000
<b>2. REVENUES FROM COMMERCIAL ACTIVITIES</b>		
Sale of goods	9,147	6,985
Consulting services	5,282	3,958
Total	14,429	10,943
<b>3(a). INVESTMENT INCOME</b>		
Interest	119	286
Total	119	286
<b>3(b). OTHER INCOME</b>		
Humanitarian Leadership course fees	62	264
Other income	371	695
Total	433	959
<b>4. EXPENSES</b>		
<b>Net surplus includes the following specific expenses:</b>		
Depreciation of property, plant and equipment	916	1,059
Depreciation of right-of-use assets	6,035	-
Amortisation of intangibles	586	405
(Gain) / loss on disposal of assets	(531)	44
Rental expenses relating to operating leases	1,823	5,877
Bad and doubtful debts expense	85	336
Interest paid/payable for lease liabilities	118	-
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	25	31
Cash at bank	14,398	9,592
Term deposits	630	3,103
Total	15,053	12,726

The above cash and cash equivalents reconciles to the cash at the end of the financial year as shown in the consolidated statement of cash flows.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>6. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables	3,650	5,547
Allowance for impairment of receivables	(116)	-
Net trade receivables	<u>3,534</u>	<u>5,547</u>
Sundry receivables and prepayments	4,520	4,973
Partner advances	7,503	-
GST receivable	809	642
Contract assets - accrued income	7,940	6,279
Total	<u><u>24,306</u></u>	<u><u>17,441</u></u>
<b>7. INVENTORIES</b>		
Fundraising merchandise and inventory – at cost	192	61
Pre-positioned emergency stock - at cost	342	439
Total	<u><u>534</u></u>	<u><u>500</u></u>
<b>8. ASSETS CLASSIFIED AS HELD FOR SALE</b>		
Land & buildings held for sale	-	321
Total	<u><u>-</u></u>	<u><u>321</u></u>
<p>In September 2018, a Sale and Purchase agreement, approved by the Board of Directors, was executed for the sale of existing land and buildings at Glenside, SA. Settlement for this sale was completed in February 2019.</p>		
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		
Building & buildings improvements - at cost	927	897
Less: Accumulated depreciation	(256)	(214)
	<u>671</u>	<u>683</u>
Leasehold improvements - at cost	5,106	4,754
Less: Accumulated depreciation	(2,652)	(2,041)
	<u>2,454</u>	<u>2,713</u>
Plant and equipment - at cost	2,079	1,693
Less: Accumulated depreciation	(1,355)	(1,112)
	<u>724</u>	<u>581</u>
Motor vehicles - at cost	332	253
Less: Accumulated depreciation	(260)	(218)
	<u>72</u>	<u>35</u>
Total	<u><u>3,921</u></u>	<u><u>4,012</u></u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**9. PROPERTY, PLANT AND EQUIPMENT – cont'd**

**Movement in carrying amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	<b>Buildings &amp; Building Improvements</b>	<b>Leasehold Improvements</b>	<b>Plant &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Consolidated Entity</u></b>					
Carrying amount at 31 December 2017	1,016	3,209	731	100	5,056
Additions at cost	30	152	198	-	380
Disposals	-	(2)	(42)	-	(44)
Transfers	(321)	-	-	-	(321)
Depreciation expense	(42)	(646)	(306)	(65)	(1,059)
Carrying amount at 31 December 2018	683	2,713	581	35	4,012
Additions at cost	3	319	320	80	722
Additions by acquisition*	-	48	70	-	118
Disposals	-	(11)	(4)	-	(15)
Depreciation expense	(15)	(615)	(243)	(43)	(916)
Carrying amount at 31 December 2019	671	2,454	724	72	3,921

\* Refer to Note 16 for Business Combinations

**10. INTANGIBLE ASSETS**

	<b>Goodwill</b>	<b>Software</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Consolidated Entity</u></b>			
Carrying amount at 31 December 2017	156	2,446	2,602
Additions at cost	-	1,160	1,160
Amortisation expense	-	(405)	(405)
Carrying amount at 31 December 2018	156	3,201	3,357
Additions at cost	-	559	559
Acquisition of business*	287	-	287
Amortisation expense	-	(586)	(586)
Carrying amount at 31 December 2019	443	3,174	3,617

\* Refer to Note 16 for Business Combinations

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>11. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade payables	7,551	5,564
Total	7,551	5,564
<b>Non-current</b>		
Other payables	655	590
Total	655	590
<b>12. PROVISIONS</b>		
<b>Current</b>		
Employee benefits	3,951	3,405
Provision – severance pay	90	74
Total	4,041	3,479
<b>Non-current</b>		
Employee benefits	969	698
Provision for make good	495	495
Total	1,464	1,193
<b>13. CONTRACT LIABILITIES</b>		
Deferred income - contract liabilities	30,634	25,956
Total	30,634	25,956
<b>14. LEASES</b>		
<b>Right-of-use assets</b>		
Buildings	21,846	15,771
Less: Accumulated depreciation	(4,913)	-
	16,933	15,771
Motor Vehicles	2,848	2,234
Less: Accumulated depreciation	(1,122)	-
	1,726	2,234
Total	18,659	18,005

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

14. LEASES – cont'd	Consolidated	
	31 December	1 January
	2019	2019
	\$'000	\$'000
<b>Lease liabilities</b>		
Current	6,713	5,785
Non-current	12,282	12,220
Total	18,995	18,005

Additions to the right-of-use assets during the 2019 financial year were \$6,689k.

**(a) Amounts recognised in the statement of profit or loss**

	Consolidated	
	2019	2018
	\$'000	\$'000
<b>Depreciation charge of right-of-use assets</b>		
Buildings	(4,913)	-
Motor Vehicles	(1,122)	-
	(6,035)	-
Interest expense (included in operating cost)	(118)	-
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	(1,825)	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	(2)	-

The total cash outflow for leases in 2019 was \$7,725k.

**(b) Lease payments not recognised as a liability**

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

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	Consolidated	
	2019	2018
	\$'000	\$'000
<b>15. ACCUMULATED SURPLUS</b>		
Balance at the beginning of the year	1,810	1,482
Surplus for the year	1,096	328
Balance at the end of the year attributable to the owners of Save the Children Australia	2,906	1,810

Accumulated surplus above includes \$585k that relates to the Endowment Fund established in 2018. This fund was established to help the Consolidated Entity to continue to reach the most vulnerable children of all. The Endowment Fund is held solely for the purpose of supporting the long-term objectives of the Consolidated Entity, which includes, without limitation, generating income for special or general purposes and supporting programs in Australia and internationally.

**16. BUSINESS COMBINATIONS**

- (a) In 2019, Save the Children Australia (SCA) acquired 17 retail stores from The Smith Family. The acquisition has significantly increased the number of shops run by SCA and complements the group's existing Retail division. The acquisition met the definition of a business combination for accounting purposes and SCA had been identified as the acquirer.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	2019
	\$'000
<b>Purchase consideration</b>	
Deferred consideration	186
Cash payment	233
<b>Total purchase consideration</b>	419
	<b>Fair Value</b>
	\$'000
The provisional assets and liabilities recognised as a result of the acquisition are as follows:	
Inventory	233
Leasehold improvements	48
Plant & Equipment	70
Provision of employee benefits	(219)
Right-of-use assets	2,845
Lease liabilities	(2,845)
<b>Net identifiable assets acquired</b>	132
<b>Goodwill on Acquisition</b>	287

There were no business combinations in the year ended 31 December 2018.

- (b) Non-Controlling Interest (NCI) relates to Inclusiv Ventures Pty Ltd (Inclusiv). Inclusiv was established and registered as a company under the Corporations Act 2001 on 13 November 2018 and SCA was issued 50% of the share capital on incorporation. Inclusiv is a controlled entity of SCA.

	Consolidated	
	2019	2018
	\$'000	\$'000
<b>Opening balance 31 December</b>	(235)	-
Surplus / (shortfall) over expenditure for the year	79	(235)
<b>Closing balance at 31 December</b>	(156)	(235)

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<b>Consolidated</b>	
<b>2019</b>	<b>2018</b>
<b>\$'000</b>	<b>\$'000</b>

**17. PARENT ENTITY INFORMATION**

The following details information related to the parent entity, Save the Children Australia, at 31 December 2019. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

Current assets	<b>24,903</b>	21,664
Non-current assets*	<b>76,559</b>	57,003
<b>Total assets</b>	<b>101,462</b>	<b>78,667</b>
<hr/>		
Current liabilities	<b>33,083</b>	26,418
Non-current liabilities	<b>13,769</b>	1,794
<b>Total liabilities</b>	<b>46,852</b>	<b>28,212</b>
<hr/>		
Retained earnings	<b>54,610</b>	50,454
<b>Total equity</b>	<b>54,610</b>	<b>50,454</b>
<hr/>		
Surplus for the year	<b>4,156</b>	6,917
<b>Total comprehensive income for the year</b>	<b>4,156</b>	<b>6,917</b>

\* Non-current assets include related party receivables of \$51,814k.

**18. AUDITOR'S REMUNERATION**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Audit and review of financial statements - PwC	<b>108,000</b>	101,000
Audit and review of subsidiaries financial statements - RSM	<b>16,000</b>	22,500
Acquittal audits - PwC	<b>74,650</b>	86,850
Acquittal audits - Others	<b>53,949</b>	-
Audit of SCA Singapore Branch - Jonathan & Lee	<b>5,800</b>	4,950
<b>Total</b>	<b>258,399</b>	<b>215,300</b>

\* Audit of specific project income and expenditure as required by donors.

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**19. CASH FLOW INFORMATION**

Reconciliation of net surplus of income over expenditure for the year to net cash provided by operating activities:

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net surplus for the year</b>	<b>1,175</b>	93
<b>Non-cash flows in surplus for the year:</b>		
Non-monetary donations	<b>(159)</b>	(134)
Loan forgiveness	-	(110)
(Gain) / Loss on sale of property, plant and equipment and assets held for sale	<b>(531)</b>	44
Expenditure on sale of non-current assets recognised in operating activities	<b>(67)</b>	-
Depreciation and amortisation	<b>1,502</b>	1,464
Right-of-use asset depreciation	<b>6,035</b>	-
<b>Changes in operating assets and liabilities, net of assets and liabilities acquired:</b>		
Decrease in inventories	<b>199</b>	14
Increase in trade & other receivables	<b>(6,865)</b>	(5,267)
Increase / (Decrease) in trade & other payables	<b>1,866</b>	(1,336)
Increase in deferred income	<b>4,837</b>	853
Increase in provisions	<b>614</b>	233
<b>Net cash provided by / (used in) operating activities</b>	<b>8,606</b>	<b>(4,146)</b>

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<b>Consolidated</b>	
<b>2019</b>	<b>2018</b>
<b>\$'000</b>	<b>\$'000</b>

**20. RELATED PARTY TRANSACTIONS**

**(a) Key management personnel compensation**

Key management personnel compensation is related to those employees who sit on the Executive Committee having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.

Short term employee benefits	<b>1,524,714</b>	1,612,328
Long term employee benefits	<b>22,142</b>	24,398
	<b>1,546,856</b>	1,636,726

**(b) Transactions with key management personnel**

No transactions occurred with key management personnel during the reporting period.

**(c) Transactions with related parties**

Directors of the company and controlled entities provide their services on a voluntary basis (see note 2 of the Corporate Governance Statements). There have been no related parties' transactions with directors other than reimbursement of necessarily incurred expenditure.

There are no amounts payable to, or receivable from directors or director-related entities during and at the end of the reporting period.

**(d) Controlled entities**

Interests in controlled entities are set out below.

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 1(a):

<b>Controlled entity of Save the Children Australia:</b>	<b>Established</b>	<b>Trustee</b>
Save the Children Australia Trust (ABN 79 685 451 696)	Australia	Save the Children Australia
Save the Children Solomon Islands Trust Board CT 14 of 2015 under Solomon Islands Charitable Trusts Act	Solomon Islands	Save the Children Australia
Save the Children in Papua New Guinea Trust	PNG	SCIPNG Inc.
	<b>Established</b>	<b>Ownership</b>
Save the Children in Vanuatu Association Committee Inc No. 012567 under Vanuatu Charitable Associations (Incorporation) Act	Vanuatu	100%
Save the Children in Papua New Guinea (SCIPNG) Inc. Association No. 5-4999 under the PNG Associations Incorporation Act	PNG	100%

**SAVE THE CHILDREN AUSTRALIA**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**20. RELATED PARTY TRANSACTIONS - Cont'd**

**(d) Controlled entities - cont'd**

<b>Controlled entity of Save the Children Australia:</b>	<b>Established</b>	<b>Ownership</b>
Good Beginnings Australia Limited (ABN 68 090 673 528)	Australia	100%
Hands on Learning Australia (ABN 11 130 433 288)	Australia	100%
Child Wise Limited (ABN 57 098 261 575)	Australia	100%
Centre for Evidence and Implementation Limited (ABN 56 625 430 177)	Australia	100%
CEI Global UK Limited (Company No. 11471351)	UK	100% (via CEI)
Centre for Evidence and Implementation Singapore Ltd (UEN 201934244Z)	Singapore	100% (via CEI Australia)
Save the Children Australia - Singapore Branch (Reg No T17FC0068C)	Singapore	100%
Save the Children Impact Fund Limited (ACN 634 440 145)	Australia	100%
Inclusiv Ventures Pty Ltd (ACN 629 974 161)	Australia	50%
Inclusiv Ventures PNG Limited (Entity No 1-123837)	Papua New Guinea	50% (via Inclusiv Ventures Pty Ltd)

**21. CONTINGENT LIABILITIES**

The Consolidated Entity has no material contingent liabilities or material legal claims at the end of the reporting period.

**22. COMMITMENTS**

Operating lease commitments include property leases which are non-cancellable leases with no ability to exit without penalty prior to the end of the lease term. Terms vary but are within one to five-year terms, with rent payable monthly in advance. Contingent rental provisions within the lease agreements may require the minimum lease payments to be increased in line with CPI. Some leases have options to renew the lease at the end of the lease terms for an additional period of time.

From 1 January 2019, the group has recognised leased assets for these leases, except for short term and low-value leases, see note 14 for further information.

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments:		
Not later than 12 months	-	4,666
Later than 12 months but not later than 5 years	-	8,165
More than 5 years	-	551
	-	<u>13,382</u>

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**23. MEMBERS' GUARANTEE**

Save the Children Australia is a company limited by guarantee. In the event of, and for the purpose of, the winding up of the company, the amount capable of being called up from each member and any person or association who has ceased to be a member in the year prior to the winding up, is limited to \$1,000 for members that are corporations and \$10 for all other members, subject to the provisions of the company's constitution. At 2019 the collective liability of members was \$1,670 (2018: \$ 1,980).

**24. SUBSEQUENT EVENTS**

On the 1st of March 2020, Save the Children Australia acquired Library For All for nil consideration. Library For All have created a diverse and inclusive digital and print library aimed at meeting the varied needs of primary school aged children around the world. Their work focuses on making knowledge accessible to all, equally.

The COVID-19 outbreak subsequent to year end may impact SCAs programs delivery, the collection of funds from donors, its fundraising activities, its retail activities amongst others. The directors have concluded there is no material impact from COVID-19 on the FY19 financial statements. In the current environment it is challenging to predict with any certainty the expected impact of COVID-19 on future results. The Board and Management will continue to monitor the impact of the Coronavirus on its program delivery and fundraising activities.

Other than noted above there have been no other matter or circumstance which has arisen since 31 December 2019 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2019, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2019, of the Group.

**25. FINANCIAL RISK MANAGEMENT**

The Consolidated Entity's activities expose it to a variety of financial risks: interest rate risk, credit risk, liquidity risk and foreign currency (fx) risk. The Consolidated Entity's overall risk management strategy & framework recognises the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance and future financial security of the Consolidated Entity.

The Consolidated Entity's principal financial instruments comprise of cash and short-term deposits, receivables and payables. The Consolidated Entity holds the following financial instruments:

	Notes	Consolidated	
		2019 \$'000	2018 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	5	14,423	9,623
Fixed term deposits	5	630	3,103
Trade receivables	6	3,534	5,547
Other receivables	6	20,772	11,894
Total financial assets		<u>39,359</u>	<u>30,167</u>
<b>Financial liabilities</b>			
Trade and Other Payables	11	8,206	6,154
Total financial liabilities		<u>8,206</u>	<u>6,154</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**25. FINANCIAL RISK MANAGEMENT - cont'd**

**a. Interest rate risk**

The Consolidated Entity has a significant amount of funds on term deposit with financial institutions that are liquid in nature. Refer to Note 3a for the investment income from these held-to-maturity assets.

These highly liquid investments have maturities of twelve months or less and can be readily converted to cash. They therefore provide no material exposure to changes in market interest rates.

**b. Credit risk**

The Consolidated Entity has no significant concentrations of credit risk apart from with the Australian Government relating to funding for programs.

**c. Liquidity risk**

Liquidity risk arises from the financial liabilities of the Consolidated Entity and its ability to meet its obligations to repay these liabilities as and when they fall due. The Consolidated Entity manages this liquidity risk by monitoring total cash inflows and outflows expected on a monthly basis and maintaining sufficient cash and liquid investments to meet its Australian and worldwide operating requirements.

*(i) Financing Arrangements*

Save the Children's global treasury unit provides a short-term financing facility for all Save the Children entities, including Save the Children Australia. This facility pools liquidity across the global Save the Children organisation to enable entities to access short term financing. The level of financing available at any time depends on the level of liquidity across the global organisation and accordingly, is subject to change.

**d. Foreign currency (fx) risk**

The Consolidated Entity predominately receives funding in Australian Dollars (AUD) and the majority of program commitments are in AUD.

There are some smaller programs and expenses that require a foreign currency commitment, however these are not considered material. There is therefore minimal foreign currency risk and no requirement to hedge our foreign currency exposure.

The Consolidated Entity maintains bank accounts in local currencies for its Pacific operations (Solomon Islands, PNG and Vanuatu), which at the reporting date were for AUD equivalent, \$4,968,449 (2018: \$1,603,226). The Consolidated Entity also maintains foreign currency accounts for the occasional grants received and transfer required in foreign currency. These accounts at the reporting date were for AUD equivalent \$567,544 (2018: \$326,904). The Consolidated Entity has assessed that the foreign currency exposure to fluctuations in these non-AUD denominated accounts is not material.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**25. FINANCIAL RISK MANAGEMENT - cont'd**

**d. Foreign currency (fx) risk - cont'd**

The following are the foreign balances at the end of 2019:

<b>Bank Account</b>	<b>Currency</b>	<b>Foreign Currency Balance</b>	<b>AUD Equivalents</b>
Melbourne	USD	47,218	67,501
Melbourne	EUR	143,076	229,068
In PNG	PGK	11,008,185	4,718,104
In Solomon Islands	SBD	1,020,970	180,382
In Vanuatu	VUV	5,487,103	69,963
In Singapore	SGD	287,095	270,975
<b>Total</b>			<b><u>5,535,993</u></b>

**SAVE THE CHILDREN AUSTRALIA**  
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**26. NSW CHARITABLE FUNDRAISING ACT 1991**

The following information is provided to comply with relevant provisions of NSW legislation (Charitable Fundraising Act 1991).

The Income Statement gives a true and fair view with respect to fundraising appeals conducted by the company. The fundraising provisions of the Act as they apply to the company's fundraising in NSW have been complied with and the internal controls exercised are appropriate and effective in accounting for all income received by the company from fundraising.

Fundraising activities include:

- Direct mail
- Direct response television
- Telemarketing
- On-line
- Media awareness
- Face to face campaigns
- Major gifts program
- Corporate donations
- Trust and foundations program
- Cash appeals
- Emergency appeals
- Workplace Giving program
- Special events
- Community service announcements

	Total Income	Total Fundraising Direct Expenses	Net Income	Total Income	Total Fundraising Direct Expenses	Net Income
	2019 \$'000	2019 \$'000	2019 \$'000	2018 \$'000	2018 \$'000	2018 \$'000
<b><u>Fundraising Information</u></b>						
Donations and Gifts	22,776	9,546	13,230	23,618	10,537	13,081
Special Events	297	371	(74)	409	432	(23)
Emergency Appeals	270	45	225	735	6	729
	<b>23,343</b>	<b>9,962</b>	<b>13,381</b>	<b>24,762</b>	<b>10,975</b>	<b>13,787</b>
Bequests and Legacies	2,174	-	2,174	1,681	-	1,681
Grants						-
- Department Foreign Affairs and Trade	28,772		28,772	29,688	-	29,688
- Australian	53,811	1,262	52,549	52,306	1,356	50,950
- Other Overseas	11,180		11,180	6,462	-	6,462
Revenues from commercial activities						
- Sale of Goods & Other	14,429		14,429	10,943	-	10,943
Interest Income	119		119	286	-	286
Other Income	433		433	959	-	959
<b>Total Net Income Contribution</b>	<b>134,261</b>	<b>11,224</b>	<b>123,037</b>	<b>127,087</b>	<b>12,331</b>	<b>114,756</b>
<b><u>Program, Administration and Other</u></b>						
Community Education	-	3,053	(3,053)	-	3,388	(3,388)
International Programs including delivery	-	50,766	(50,766)	-	45,875	(45,875)
Domestic Programs including delivery	-	43,746	(43,746)	-	43,118	(43,118)
Unallocated Fundraising Costs	-	-	-	-	-	-
Commercial Activities	-	14,003	(14,003)	-	11,227	(11,227)
Administration	-	10,294	(10,294)	-	11,055	(11,055)
<b>Total Program, Administration and Other Costs</b>	<b>-</b>	<b>121,862</b>	<b>(121,862)</b>	<b>-</b>	<b>114,663</b>	<b>(114,663)</b>
<b>Operating Surplus/(Deficit)</b>	<b>134,261</b>	<b>(133,086)</b>	<b>1,175</b>	<b>127,087</b>	<b>(126,994)</b>	<b>93</b>

**SAVE THE CHILDREN AUSTRALIA**  
**ACN 008 610 035**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**26. NSW CHARITABLE FUNDRAISING ACT 1991 - cont'd**

	2019 \$'000	2019 %	2018 \$'000	2018 %
<b><u>Comparison of monetary figures and percentages</u></b>				
<b>Ratio of Fundraising Costs to Gross Income from Fundraising</b>				
Total Cost of Fundraising and Donations	11,224	48%	12,331	50%
Gross Income from Fundraising and Donations	23,343		24,762	
<b>Ratio of Fundraising Costs to Total Income</b>				
Total Cost of Fundraising and Donations	11,224	8%	12,331	10%
Total Income	134,261		127,087	
<b>Ratio of Surplus Fundraising Costs to Gross Income from Fundraising</b>				
Net Surplus from Fundraising and Donations	12,119	52%	12,431	50%
Gross Income from Fundraising and Donations	23,343		24,762	
<b>Total Cost of Fundraising and Donations</b>	<b>11,224</b>	<b>8%</b>	<b>12,331</b>	<b>10%</b>
<b>Total Expenditure</b>	<b>133,086</b>		<b>126,994</b>	
<b>Ratio of Cost of Fundraising using Traders to Total Income received from Fundraising using Traders*</b>				
Total Cost of Fundraising using Traders	1,017	6%	1,248	7%
Total Income from Fundraising from Traders	17,081		18,233	
<b>Ratio of Cost of Service and Programs provided to Total Income</b>				
Total Cost of Services and Programs provided	97,565	73%	92,382	73%
Total Income	134,261		127,087	
<b>Ratio of Cost of Service and Programs provided to Total Expenditure</b>				
Total Cost of Services and Programs provided	97,565	73%	92,382	73%
Total Expenditure	133,086		126,994	

\* Traders is a defined term under the NSW Charitable Fundraising Act 1991, and in this context relates to Face to Face Donor Recruitment

**SAVE THE CHILDREN AUSTRALIA  
ACN 008 610 035**

**DIRECTORS DECLARATION  
FOR THE YEAR ENDED 31 DECEMBER 2019**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 50 are in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* including:
  - (i) complying with Accounting Standards – Reduced Disclosure Requirements, the ACNC Regulations 2013 and any other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and its performance for the year ended on that date.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**Peter Hodgson**  
Chairman

Melbourne:  
26 March 2020



## *Independent auditor's report*

To the members of Save the Children Australia

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### *Our opinion*

In our opinion:

The accompanying financial report of Save the Children Australia (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### ***What we have audited***

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2019
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

### ***Independence***

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

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### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the financial statements for the year ended 31 December 2019, but does not

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include the financial report and our auditor's report thereon.

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 that we 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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### *Responsibilities of the directors 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 - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

PricewaterhouseCoopers

Jason Perry  
Partner

Melbourne  
26 March 2020



**Save the Children**

**Save the Children Australia  
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