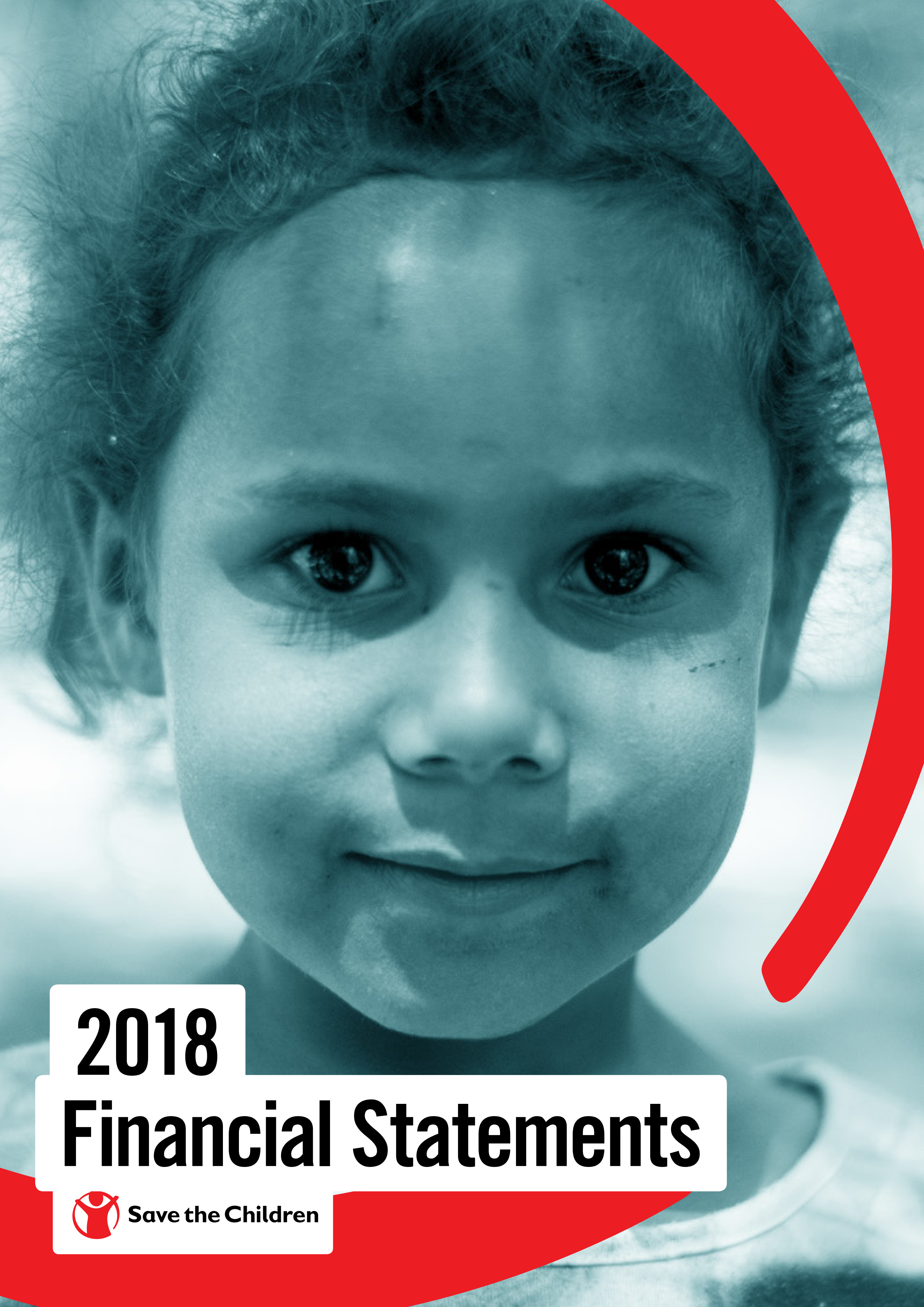

2018 Financial Statements

Save the Children

SAVE THE CHILDREN AUSTRALIA

ACN 008 610 035

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Company Secretary: Elizabeth Flynn

Registered Office:

33 Lincoln Square South, Carlton, VIC 3053.
Telephone: 03 7002 1600

This page has been left intentionally blank

SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035
31 DECEMBER 2018

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 2018.

1. Directors

Directors for the full financial year were:

Peter Hodgson	Jill Cameron
Gary Oliver	Karen Harmon
Michelle Somerville	Annabelle Herd
Harvey Collins	Rod Glover

Directors for part of the financial year were:

Christine Charles (resigned 23/5/18)	Michael White (appointed 19/9/18)
Mary Sue Rogers (appointed 31/1/18)	

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*
Peter Hodgson	6	6
Jill Cameron	6	6
Annabelle Herd	6	6
Michelle Somerville	6	6
Karen Harmon	4	6

Board Member	Meetings Attended	Meetings Held*
Gary Oliver	1	6
Harvey Collins	5	6
Rod Glover	5	6
Mary Sue Rogers	6	6
Michael White	2	2

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

3. Directors' qualifications, experience and special responsibilities

<u>Peter Hodgson</u> MA(Honours) in Law (Cambridge)	**Chairman of the Board and ex-officio member of the Board Audit Committee, Board Programs & Risk Committee and Board Human Resources Committee** Peter is currently the Chairman of Greengate, Paranta Pty Ltd and Judo Capital 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 for two years (2005-2007) before which time he had been Head of Structured Finance. Prior to returning to Australia in 1997 Peter had been working in advisory and structured finance, in the United Kingdom, Asia and the United States, variously at Bank of America and BZW. 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.
<u>Jill Cameron</u> BA, B.Ed	**Member of the Board Programs & Risk Committee** Jill has a wealth of experience across education, health and children's services in government and non-government sectors. As a consultant for two decades, she has undertaken strategic planning, policy development, program and project design, and evaluation projects, large and small, at the local, state wide and national levels. Jill has been a director of Save the Children between 2003 and 2009 and most recently since May 2012.
<u>Michelle Somerville</u> BAcc, MAppFin, MAICD, FCA	**Treasurer, Chairman of the Board Audit Committee** Michelle is currently Director and Treasurer of Down Syndrome Australia and Non-Executive Director of Challenger Retirement and Investment Services Ltd, Bank Australia Limited and the GPT Group. 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.
<u>Gary Oliver</u>	**Member of the Board Human Resources Committee & Member of the Board Programs and Risk Committee** 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 specialising in Indigenous Strategic Practice across diverse industries. Gary has been a director of Save the Children Australia since May 2013.

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

Annabelle Herd **BA(Asian Studies)** **LLB**	**Member of the Board Programs and Risk Committee** Currently Chief Operating Officer Network 10, Annabelle is a corporate affairs executive with 20 years' experience and expertise in senior management, policy development and implementation, regulatory affairs and government relations in both commercial and public sector roles. Before 10, Annabelle spent four years as Senior Adviser 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 is a Council Member of the Australian Film Television and Radio School (AFTRS), and a Director of Freeview Australia. Annabelle has been a director of Save the Children since August 2016.
Rod Glover B.Com. (Hons), M.Com, Senior Fellow, Govlab, New York University	**Member of the Board Audit Committee** 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 Behavior Works 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 Sustainability 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.
Harvey Collins B.Bus, Dip Fin Studies, FAICD, Life Member FINSIA	**Member of the Board Audit Committee and Board Programs & Risk Committee** Harvey is currently Chairman of Insitor Impact Asia Fund, Singapore (a social venture capital fund), and an Executive Coach with Foresight's Global Coaching. He was also Chairman and Non Executive Director of Navitas Limited, retiring in November 2018. Harvey has extensive experience at executive and board levels in a range of industries. This includes CFO of Challenge Bank Limited (a Western Australian regional bank). Executive Director of listed-investment company Chieftain Securities Limited, and Chairman of Bankwest Limited and HBF Inc. In September 2016, Harvey retired as Chairman of international NGO Hagar International. Harvey has also held board roles in other industries including telecommunications, electricity and mining services. His earlier professional work was in treasury and financial markets. Prior to this, Harvey taught for three years in the tertiary education sector. Harvey has been a director of Save the Children since May 2017.

DIRECTORS REPORT

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

<u>Karen Harmon AM</u> FCNA, FIML (Aus & NZ), GAICD/MAICD, RN, RM, Grad Dip Intl Health, Grad Cert Mgt, B. Admin, Dip Nsg Studies, Dip Nsg Admin.	**Chairman of the Board Programs & Risk Committee** Karen is currently the principal Adviser for Domestic and International programs, Abt Associates and formerly Vice President for Program and Technical Quality. 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.
<u>Mary Sue Rogers</u> BSc	**Chairman of the Board Human Resources Committee** Mary Sue is a professional services executive with extensive global experience and a passion for building robust business strategies. She is an expert in HR and Talent Management, including coaching senior executives and mentoring junior staff, and has a proven track record of growing businesses with strong financial performance both top and bottom line. Mary Sue's career includes holding positions in IBM and PwC that span over 20 years and over 20 countries, and working with a professional services focus in a variety of organisations including listed, family owned and private enterprise. Mary Sue has been a director of Save the Children since January 2018.
<u>Michael White</u> BA(Tas), DipEd (Flinders), MEd (Tas)	**Member of the Board Audit Committee and Board Programs & Risk Committee** 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. Michael has been a director of Save the Children since September 2018.

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, Afghanistan, Philippines, Thailand, Indonesia and other countries as needs arise.

There were no significant changes in the nature of the activities of the Consolidated Entity during the year.

5. Significant changes in the state of affairs

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

6. Matters subsequent to the end of the financial year

No matters or circumstance has arisen since 31 December 2018 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 $27,972 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.

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 survival, protection, development and participation.
- 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 2016. The Strategy defines the Consolidated Entity's organisational goals to be achieved by 2018, 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.

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 55,000, 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 2018 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 $127,087k increased by $18,463k or 17.0% compared to 2017.
- The surplus result of $93k includes a $235k loss incurred by Inclusiv Ventures Pty Ltd. The excess of revenue over expenditure from continuing operations improved by $1,777k in 2018, reflecting an improvement in program delivery efficiency across Australia, International and the Pacific.
- Net Assets increased to $1,575k from $1,482k in the prior year.
- Save the Children continues to hold significant cash on hand of $12,726k. Cash flow from operations in 2018 was negative $4,146k.
- Fundraising income including donations and gifts and bequests and legacies reduced by $4,488k or 14.5%. This is a result of lower cash appeals and community fundraising along with regular giving being impacted by high attrition and reduced acquisition. Fundraising costs have decreased by $2,023k or 14.1%. The decrease in the fundraising income net of costs was $2,466k or 14.9%.
- Grant income increased by $21,656k or 32.4% driven by a $10,643k or 55.9% rise in grants from the Department of Foreign Affairs and Trade (DFAT). The level of grants from DFAT has grown from increased programming in the Pacific, Yemen and Bangladesh.
- Grant expenditure increased by $14,284k or 19.1% driven by a large increase in international programs expenditure following the rise in DFAT grants. Domestic programs expenditure increased by $3,962k or 10.1% primarily driven by an expansion of our programming activities in Queensland.
- Revenues from Commercial activities increased by $2,640k or 31.8%, with commercial expenditure increasing $3,387k, largely driven by the continued growth in consulting income from Child Wise and the Centre for Evidence and Implementation 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 increased by $1,036k or 10.3%. Our administration cost ratio has decreased to 8.7% from 9.1% in prior year. The ratio remains higher than historical levels due to the continued strong growth in our domestic programs portfolio which requires more intensive support from our administration functions such as human resources, finance and information technology, than our international programs which are supported by SCI.

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 2018 the collective liability of members was $1,980 (2017: $ 4,080).

DIRECTORS REPORT

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.

Peter Hodgson
Chairman

Melbourne
27 March 2019

SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035
31 DECEMBER 2018

DIRECTORS REPORT

Auditor's Independence Declaration

As lead auditor for the audit of Save the Children Australia for the year ended 31 December 2018, 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.

Jason Perry
Partner
PricewaterhouseCoopers

Melbourne
27 March 2019

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035
31 DECEMBER 2018

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 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), Jill Cameron, Gary Oliver, Annabelle Herd, Harvey Collins, Michael White, Justin Hanney (external member) and Peter Hodgson (ex officio).

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 Mary Sue Rogers was appointed to the Board on 31/1/2018 and became Chair of the Committee on that date. She was previously an external member of the Committee.

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
ACN 008 610 035

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated 2018 $000	2017 $000
REVENUE			
Donations and gifts – monetary		**24,628**	28,567
Donations and gifts – non-monetary		**134**	434
Bequests and legacies		**1,681**	1,930
Grants			
- Department Foreign Affairs and Trade		**29,688**	19,045
- Other Australian		**52,306**	40,720
- Other overseas		**6,462**	7,035
Revenues from commercial activities	**2**	**10,943**	8,303
OTHER INCOME			
Investment income	**3 (a)**	**286**	307
Other income	**3 (b)**	**959**	1,087
Discount on acquisition	**15 (a)**	**-**	1,196
TOTAL REVENUE		**127,087**	108,624
EXPENDITURE			
International Aid and Development Programs Expenditure			
International programs			
- Funds to international programs		**43,502**	32,704
- Program support costs		**2,373**	2,849
Domestic Aid and Development Programs Expenditure			
Domestic programs			
- Funds to domestic programs		**41,163**	37,638
- Program support costs		**1,955**	1,518
Community Education		**3,388**	3,385
Fundraising costs (International and Domestic)			
- Public – monetary		**10,975**	12,894
- Government, multilateral and private		**1,356**	1,460
Commercial activities (Domestic)		**11,227**	7,841
Accountability and Administration (International and Domestic)		**11,055**	10,019
TOTAL EXPENDITURE		**126,994**	110,308
Surplus/(Shortfall) of income over expenditure from continuing operations		**93**	(1,684)
Total surplus/(shortfall) of income is attributable to:			
Owners of Save the Children Australia		**328**	(1,684)
Non-controlling interests	**15 (c)**	**(235)**	-
Total		**93**	(1,684)

The accompanying notes form part of these financial statements.

SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated 2018 $000	Consolidated 2017 $000
Surplus/(shortfall) of income over expenditure from continuing operations		**93**	(1,684)
Other comprehensive income			
Exchange differences on translation of foreign operations		-	-
TOTAL COMPREHENSIVE GAIN/(LOSS) FOR THE YEAR		**93**	(1,684)
Total comprehensive income is attributable to:			
Owners of Save the Children Australia		**328**	(1,684)
Non-controlling interests	**15 (c)**	**(235)**	-
Total		**93**	(1,684)

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
ACN 008 610 035

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	Consolidated 2018 $000	Consolidated 2017 $000
Assets			
Current assets			
Cash and cash equivalents	5	12,726	18,617
Trade and other receivables	6	17,441	12,174
Inventories	7	500	514
Assets classified as held for sale	8	321	-
Total current assets		30,988	31,305
Non-current assets			
Property, plant and equipment	9	4,012	5,056
Goodwill	15 (b)	156	156
Intangible Assets	10	3,201	2,446
Total non-current assets		7,369	7,658
Total assets		38,357	38,963
Liabilities			
Current Liabilities			
Trade and other payables	11	5,564	7,317
Provisions	12	3,479	3,296
Deferred income	13	25,956	25,237
Total current liabilities		34,999	35,850
Non-current liabilities			
Trade and other payables	11	590	487
Provisions	12	1,193	1,144
Total non-current liabilities		1,783	1,631
Total liabilities		36,782	37,481
Net assets		1,575	1,482
Equity			
Accumulated Surplus	14	1,810	1,482
Equity attributable to owners of Save the Children Australia		1,810	1,482
Non-controlling interest	15 (c)	(235)	-
Total equity		1,575	1,482

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 2018

	Accumulated Surplus	Non-controlling Interest	Total Equity
	$000	$000	$000
Balance at 31 December 2016	**3,166**	**-**	**3,166**
Total comprehensive income for the year			
Shortfall of income over expenditure for the year	(1,684)	-	(1,684)
Balance at 31 December 2017	**1,482**	-	**1,482**
Total comprehensive income for the year			
Surplus/(Shortfall) over expenditure for the year	328	(235)	93
Balance at 31 December 2018	**1,810**	**(235)**	**1,575**

The accompanying notes form part of these financial statements.

SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035

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

	Note	Consolidated 2018 $000	2017 $000
Cash flows from operating activities			
Cash received in the course of operations (inclusive of GST)		**125,876**	110,889
Cash paid in the course of operations (inclusive of GST)		**(130,308)**	(119,078)
Interest received		**286**	307
Net cash used in operating activities	**18**	**(4,146)**	(7,882)
Cash flows from investing activities			
Proceeds from acquisitions (cash acquired)		**-**	1,570
Proceeds from sale of plant and equipment		**-**	858
Proceeds from landlord contribution		**-**	435
Payments for plant and equipment		**(585)**	(2,097)
Payments for intangible assets		**(1,160)**	(1,196)
Net cash used in investing activities		**(1,745)**	(430)
Net decrease in cash held		**(5,891)**	(8,312)
Cash at the beginning of the financial year		**18,617**	26,929
Cash at the end of the financial year	**5**	**12,726**	18,617

The accompanying notes form part of these financial statements.

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 which is the functional and presentation currency.

The consolidated financial statements for the year ended 31 December 2018 were approved and authorised for issue by the Board on 27 March 2019.

Going concern

At 31 December 2018, Save the Children Australia's current liabilities exceed its current assets by $4.0m, an improvement of $0.5m compared to the prior year. Net cash outflow from operating activities was $4,146k. The consolidated entity recorded an excess of revenue over expenditure for the year of $93k, a significant improvement from the deficit of $1,684k recorded in 2017.

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.

After reviewing cash flow projections and other available current information, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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 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.

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 2018 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". These entities are set out in note 19(d).

Controlled entities are entities over which the Consolidated Entity has the power to govern the financial and operating policies generally accompanying a shareholding 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 Statement of Comprehensive Income and 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. No provision for income tax is necessary. Save the Children Australia (Singapore Branch) is subject to the tax legislation requirements of the Income Tax Act in Singapore. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(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. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(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 taking into account 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 is carrying $134k Gifts in Kind for 2018 (2017: $434k).

(g) Property, Plant and Equipment

Each class of property plant and equipment is carried at historical cost less, any accumulated depreciation and accumulated 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

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:

Class of Fixed Asset	Depreciation Rate
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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(h) Leases

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long-term payables. Each lease payment is allocated between the liability and finance costs. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the assets useful life or over the shorter of the assets useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end if the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(i) Intangible Assets

Goodwill

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 assets 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(i) Intangible Assets cont'd

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
- 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 at cost and 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(l) Foreign Currency Translation

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.

(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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(o) 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 is measured at the fair value of the consideration received or receivable. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the company activities as described below. The company bases its estimates on historical results, taking into consideration the type of transactions and the specifics of each arrangement.

Revenue from Fundraising

General donations and fund-raising events

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

Committed donations

The revenue received under Save the Children Australia's Committed Giving program is recognised when it is received, 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 SCA is legally entitled to the funds and receipt is unconditional, 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

Government and other funding received or receivable on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Where there is recourse over the funding (i.e. the funding body can reclaim unspent monies) such grants are recognised as deferred income, and revenue is recognised as services are performed or conditions fulfilled, being the expenditure incurred relating to the specified program. In the event that funds remain unspent after programs are completed or program completion date is reached, these unspent funds are returned to the relevant funding bodies when requested.

Where grants are non-reciprocal, and there is no recourse over the funding (i.e. any unspent monies will stay with SCA), 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(p) Revenue Recognition – cont'd

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.

Interest Revenue

Interest revenue is recognised on a proportional basis using the effective interest rate method, taking into account 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
Income is recognised for the Endowment Fund when it is received and is based on the nature of the income. Revenue recognised is measured at the fair value of the consideration received.

(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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(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) New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted the following new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current period.

(i) AASB 9 Financial Instruments

Impact of adoption

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model. Following the changes approved by the AASB in December 2014, the Consolidated Entity no longer expects any impact from the new classification, measurement and derecognition rules on the Consolidated Entity 's financial assets and financial liabilities.

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 January 2018. There will be no impact on the Consolidated Entity's accounting for financial liabilities that are designated at fair value through profit or loss and the Consolidated Entity does not have any such liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(u) Impact of standards issued but not yet applied to the consolidated entity

The Directors are continuing to work through the impact of the following standards issued but not yet applied:

(i) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities was released in December 2016. Rather than accounting for all contribution transactions under AASB 1004, the consolidated entity will now need to determine whether a transaction is a genuine donation or actually a contract with a customer. This means that the consolidated entity will need to decide whether the transaction falls within one of two standards: AASB 1058 or AASB 15 Revenue from Contracts with Customers.

The standard applies to annual reporting periods beginning on or after 1 January 2019, although early adoption is permitted provided entities also concurrently apply AASB 15. The consolidated entity is not early adopting AASB 1058.Management is currently working through determining the exact impact of the adoption of the new standard and is involved in discussions with peers in determining an appropriate and consistent application of the standard within the sector.

(ii) AASB 16 Leases

The AASB has issued a new standard to govern accounting for leases. This will replace AASB 117 which previously governed the accounting and disclosure of leases. AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard is applicable to annual reporting periods beginning on or after 1 January 2019.

The standard will affect primarily the accounting for the consolidated entity's operating leases. As at the reporting date, the consolidated entity has non-cancellable operating lease commitments of $13,383k. However, the consolidated entity has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the consolidated entity's income statement and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The consolidated entity does not intend to adopt the standard before its effective date.

SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035

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

		Consolidated Entity	
		2018	2017
		$000	$000
2.	**REVENUE FROM COMMERCIAL ACTIVITIES**		
	Sale of goods	**6,985**	5,754
	Consulting services	**3,958**	2,418
	Ticket sales	**-**	45
	Income from training services	**-**	86
	Total	**10,943**	8,303
3 (a)	**INVESTMENT INCOME**		
	Interest	**286**	307
	Total	**286**	307
3 (b)	**OTHER INCOME**		
	Humanitarian Leadership course fees	**264**	374
	Other income	**695**	713
	Total	**959**	1,087
4.	**EXPENSES**		
	Surplus/(shortfall) of income over expenditure includes the following specific expenses:		
	Depreciation of property, plant and equipment	**1,059**	1,214
	Amortisation of intangibles	**405**	189
	Loss on disposal of assets	**44**	160
	Rental expenses relating to operating leases	**5,877**	5,686
	Bad and doubtful debts expense	**336**	299
5.	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	**31**	28
	Cash at bank	**9,592**	16,986
	Term deposits	**3,103**	1,603
	Total	**12,726**	18,617

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.

	Consolidated Entity	
	2018	2017
	$000	$000

6. TRADE AND OTHER RECEIVABLES

	2018 $000	2017 $000
Current		
Trade receivables	**5,547**	2,255
Provision for doubtful debts	**-**	(299)
Net trade receivables	**5,547**	1,956
Sundry receivables and prepayments	**4,973**	4,762
GST receivable	**642**	645
Accrued income	**6,279**	4,811
Total	**17,441**	12,174

7. INVENTORIES

	2018 $000	2017 $000
Fundraising merchandise – at cost	**61**	75
Pre-positioned emergency stock	**439**	439
Total	**500**	514

8. ASSETS CLASSIFIED AS HELD FOR SALE

	2018 $000	2017 $000
Land and buildings held for sale	**321**	-
Total	**321**	-

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.

9. PROPERTY, PLANT AND EQUIPMENT

	2018 $000	2017 $000
Building & building improvements – at cost	**897**	1,394
Less: Accumulated depreciation	**(214)**	(378)
	683	1,016
Leasehold improvements – at cost	**4,754**	5,840
Less: Accumulated depreciation	**(2,041)**	(2,631)
	2,713	3,209
Plant and equipment – at cost	**1,693**	4,648
Less: Accumulated depreciation	**(1,112)**	(3,917)
	581	731
Motor vehicles – at cost	**253**	1,238
Less: Accumulated depreciation	**(218)**	(1,138)
	35	100
Total property, plant and equipment	**4,012**	5,056

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 financial year:

Consolidated Entity	Buildings & Building Improvements $000	Leasehold Improvements $000	Plant & Equipment $000	Motor Vehicles $000	Total $000
Carrying amount at 31 December 2016	620	4,082	868	218	5,788
Additions at cost	432	346	293	900	1,971
Disposals	(1)	(83)	(32)	(938)	(1,054)
Landlord contribution	-	(435)	-	-	(435)
Depreciation expense	(35)	(701)	(398)	(80)	(1,214)
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)**	**(1059)**
Carrying amount at 31 December 2018	**683**	**2,713**	**581**	**35**	**4,012**

*Transfer to assets classified as held to sale (see note 8)

	Consolidated Entity 2018 $000	Consolidated Entity 2017 $000
10. INTANGIBLE ASSETS		
Software	**4,185**	3,025
Less: accumulated amortisation	**(984)**	(579)
	3,201	2,446

		Consolidated Entity	
		2018	2017
		$000	$000
11.	**TRADE AND OTHER PAYABLES**		
	Current		
	Trade payables	**5,564**	7,207
	Other payables	**-**	110
		5,564	7,317
	Non-current		
	Other payables	**590**	487
		590	487
12.	**PROVISIONS**		
	Current		
	Employee benefits	**3,405**	3,207
	Provision – severance pay	**74**	89
		3,479	3,296
	Non-current		
	Employee benefits	**698**	649
	Provision for make good	**495**	495
	Total	**1,193**	1,144
13.	**DEFERRED INCOME**		
	Deferred income	**25,956**	25,237
14.	**ACCUMULATED SURPLUS**		
	Balance at the beginning of the year	**1,482**	3,166
	Surplus (shortfall) for the year	**328**	(1,684)
	Balance at the end of the year attributable to the owners of Save the Children Australia	**1,810**	1,482

Accumulated surplus above includes $260k 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 operating income for special or general purposes and supporting programs in Australia and internationally.

15. BUSINESS COMBINATIONS

(a) In the prior year, Save the Children Australia merged with Hands on Learning Australia Limited (company limited by guarantee) and became the sole member of the company. There was no purchase consideration provided as part of the merger (cash or other consideration).

The merger met the definition of a business combination for accounting purposes and SCA had been identified as the acquirer.

The assets and liabilities acquired as a result of the merger were as follows

	Fair Value $000
Cash	1,463
Trade & other receivables	4
Plant and equipment	1
Trade payables	(71)
Deferred income	(121)
Provision of employee benefits	(80)
Net identifiable assets acquired	1,196
Purchase consideration	-
Discount on Acquisition	1,196

15. BUSINESS COMBINATIONS – cont'd

(b) In the prior year, Save the Children Australia merged with Child Wise Limited (company limited by guarantee) and became the sole member of the company. There was no purchase consideration provided as part of the merger (cash or other consideration).

The merger met the definition of a business combination for accounting purposes and SCA had been identified as the acquirer.

The assets and liabilities acquired as a result of the merger were as follows

	Fair Value $000
Cash	105
Trade & other receivables	48
Plant and equipment	1
Trade payables	(193)
Deferred income	(98)
Provision of employee benefits	(19)
Net identifiable liabilities acquired	(156)
Purchase consideration	-
Goodwill on Acquisition	156

(c) 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.

Non-controlling interests comprises:		
Shortfall allocated to NCI	**(235)**	-
Total	**(235)**	-

16. PARENT ENTITY INFORMATION

The following detailed information is related to the parent entity, Save the Children Australia, at 31 December 2018. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2018	2017
	$000	$000
Current assets	**21,664**	19,711
Non-current assets*	**57,003**	46,544
Total assets	**78,667**	66,255
Current liabilities	**26,418**	21,670
Non-current liabilities	**1,794**	1,048
Total liabilities	**28,212**	22,718
Retained earnings	**50,454**	43,537
Total equity	**50,454**	43,537
Surplus for the year	**6,917**	6,900
Total comprehensive income for the year	**6,917**	6,900

*Non-current assets include related party receivables of $49,579k

17. AUDITOR'S REMUNERATION

	$	$
Audit and review of financial statements – PricewaterhouseCoopers	**101,000**	119,000
Audit and review of subsidiaries financial statements - RSM	**22,500**	-
Acquittal audits*	**86,850**	32,380
Audit of SCA Singapore branch - Jonathan & Lee	**4,950**	
Total	**215,300**	151,380

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

18. CASH FLOW INFORMATION

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

	Consolidated Entity	
	2018	2017
	$000	$000
Net surplus/(shortfall) of income over expenditure for the year	**93**	(1,684)
Non-cash flows in shortfall for the year:		
Non-monetary donations	**(134)**	(206)
Loss on Sale of Property Plant and Equipment	**44**	160
Depreciation and amortisation	**1,464**	1,403
Loan forgiveness	**(110)**	
Discount on acquisition	**-**	(1,196)
Changes in operating assets and liabilities, net of assets and liabilities acquired:		
Decrease / (Increase) in inventories	**14**	(395)
(Increase) / Decrease in trade and other receivables	**(5,267)**	859
(Decrease) in trade and other payables	**(1,336)**	(10,092)
Increase in deferred income	**853**	3,074
Increase in provisions	**233**	192
Net cash used in operating activities	**(4,146)**	(7,882)

19. 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.

	Consolidated Entity	
	2018	**2017**
	$	**$**
Short term employee benefits	**1,612,328**	1,571,140
Long-term employee benefits	**24,398**	12,436
	1,636,726	1,583,576

(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 Statement). 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):

Controlled entity of Save the Children Australia:	**Established**	**Trustee**
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.

19. RELATED PARTY TRANSACTIONS – Cont'd

(d) Controlled entities – Cont'd

	Established	Ownership
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%
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)
Save the Children Australia - Singapore Branch (Reg No T17FC0068C)	Singapore	100%
Inclusiv Ventures Pty ltd (ACN 629 974 161)	Australia	50%

20. LEASING COMMITMENTS

	Consolidated Entity	
	2018	2017
	$000	$000
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
Not later than 12 months	**4,666**	5,289
Later than 12 months but not later than 5 years	**8,165**	9,674
More than 5 years	**551**	32
	13,382	14,995

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.

21. CONTINGENT LIABILITIES

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

22. 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 2018 the collective liability of members was $1,980 (2017: $ 4,080).

23. SUBSEQUENT EVENTS

No item, transaction or event of a material or unusual nature has arisen in the interval between the end of the financial year and the date of this report likely, in the opinion of the directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in the next financial year.

24. 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:

		Consolidated Entity	
		2018	**2017**
	Notes	**$000**	**$000**
Financial assets			
Cash and cash equivalents	5	**9,623**	17,014
Fixed term deposits	5	**3,103**	1,603
Trade receivables	6	**5,547**	1,956
Other receivables	6	**11,894**	10,218
Total financial assets		**30,167**	30,791
Financial liabilities			
Trade and Other Payables	11	**6,154**	7,804
Total financial liabilities		**6,154**	7,804

24. 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, $1,603,226 (2017: $3,715,780). 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 $326,904 (2017: $661,057). The Consolidated Entity has assessed that the foreign currency exposure to fluctuations in these non-AUD denominated accounts is not material.

24. FINANCIAL RISK MANAGEMENT – Cont'd

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

The following are the foreign balances at the end of 2018:

Bank Account	Currency	Foreign Currency Balance	AUD Equivalents
Melbourne	USD	22,208	31,518
Melbourne	EUR	166,439	270,389
In PNG	PGK	3,034,102	1,305,254
In Solomon Islands	SBD	1,217,337	218,118
In Vanuatu	VUV	6,276,618	79,854
In Singapore	SGD	25,945	24,997
Total		**10,742,648**	**1,930,130**

25. 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
	2018	**2018**	**2018**	**2017**	**2017**	**2017**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Fundraising Information						
Donations and Gifts	**23,618**	**10,537**	**13,081**	26,730	12,497	14,233
Special Events	**409**	**432**	**(23)**	520	354	166
Emergency Appeals	**735**	**6**	**729**	1,751	43	1,708
				29,001	12,894	16,107
Bequests and Legacies	**1,681**	-	**1,681**	1,930	-	1,930
Grants						
- DFAT	**29,688**	-	**29,688**	19,045	-	19,045
- Australian	**52,306**	**1,356**	**50,950**	40,720	1,460	39,260
- Other Overseas	**6,462**	-	**6,462**	7,035	-	7,035
Revenues from commercial activities						
- Sale of Goods & Other	**10,943**	-	**10,943**	8,303	-	8,303
Interest Income	**286**	-	**286**	307	-	307
Other Income	**959**		**959**	2,283	-	2,283
Total Net Income Contribution	**127,087**	**12,331**	**114,756**	108,624	14,345	94,270

25. NSW CHARITABLE FUNDRAISING ACT 1991 - cont'd

	Total Income	Expenses	Net Income	Total Income	Expenses	Net Income
	2018	2018	2018	2017	2017	2017
	$000	$000	$000	$000	$000	$000
Total net Income Contribution	**127,087**	**12,331**	**114,756**	108,624	14,354	94,270
Program. Administration and Other						
Community Education	-	**3,388**	**(3,388)**	-	3,385	(3,385)
International Programs including delivery	-	**45,875**	**(45,875)**	-	35,553	(35,553)
Domestic Programs including delivery	-	**43,118**	**(43,118)**	-	39,156	(39,156)
Unallocated Fundraising Costs	-	-	-	-	-	-
Commercial Activities	-	**11,227**	**(11,227)**	-	7,841	(7,841)
Administration	-	**11,055**	**(11,055)**	-	10,019	(10,019)
Total Program, Administration and Other Costs	-	**114,663**	**(114,663)**	-	95,954	(95,954)
Operating Surplus/(Deficit)	**127,087**	**(126,994)**	**93**	108,624	(110,308)	(1,684)

25. NSW CHARITABLE FUNDRAISING ACT 1991 – cont'd

	2018	2018	2017	2017
Comparison of monetary figures and percentages	$000	%	$000	%
Ratio of Fundraising Costs to Gross Income from Fundraising				
Total Cost of Fundraising and Donations	**12,331**	**50%**	14,354	49%
Gross Income from Fundraising and Donations	**24,762**		29,001	
Ratio of Fundraising Costs to Total Income				
Total Cost of Fundraising and Donations	**12,331**	**10%**	14,354	13%
Total Income	**127,087**		108,624	
Ratio of Surplus Fundraising to Gross Income from Fundraising				
Net Surplus from Fundraising and Donations	**12,431**	**50%**	14,647	51%
Gross Income from Fundraising and Donations	**24,762**		29,001	
Total Cost of Fundraising and Donations	**12,331**	**10%**	14,354	13%
Total Expenditure	**126,994**		110,308	
Ratio of Cost of Fundraising using Traders to Total Income received from Fundraising using Traders*				
Total Cost of Fundraising using Traders	**1,248**	**7%**	3,688	19%
Total Income from Fundraising using Traders	**18,233**		19,355	
Ratio of Cost of Service and Programs provided to Total Income				
Total Cost of Services and Programs provided	**92,382**	**73%**	78,094	72%
Total Income	**127,087**		108,624	
Ratio of Cost of Service and Programs provided to Total Expenditure				
Total Cost of Services and Programs provided	**92,382**	**73%**	78,094	71%
Total Expenditure	**126,994**		110,308	

**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 2018

In the directors' opinion:

(a) the financial statements and notes set out on pages 13 to 46 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 2012 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 2018 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:
27 March 2019

pwc

Independent auditor's report

To the members of Save the Children Australia

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 2018 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 2018
- 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 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.

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* (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.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

pwc

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's financial statements for the year ended 31 December 2018, but does not 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.

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.

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. This description forms part of our auditor's report.

Pricewaterhouse Coopers

PricewaterhouseCoopers

Jason Perry
Partner

Melbourne
27 March 2019

Save the Children Australia
33 Lincoln Square South
Carlton Vic 3053
1800 76 00 11

savethechildren.org.au