Annual Financial Statements

Year Ended 30 June 2015

Contents

ChildFund Australia

(A company limited by guarantee)

ABN 79 002 885 761

Directors' report

The directors present their report together with the financial statements of ChildFund Australia ("the Company") for the year ended 30 June 2015 and the auditor's report thereon.

Directors

The Directors at any time during or since the end of the reporting period were:

Marcus Laithwaite (Chair)
Marcus Laithwaite is a partner at PricewaterhouseCoopers Sydney, and is a specialist in the financial services industry. He has extensive experience in external and internal audits, risk management, due diligence and regulatory advice. Marcus joined the Board in 2007 and is the Chair of the Governance Committee.

Michael Pain (Deputy Chair)
Michael is a Managing Director with Accenture Australia, leading Accenture's Analytics activities in Australia. In this capacity, Michael oversees Accenture's analytics activities and works with strategic and technology implementation projects across a range of industry sectors including financial services, public sector and resources. Michael also co-leads Accenture's corporate giving activities, and supports several philanthropic organisations in the area of ethics and the environment. Michael has a Bachelor of Science (Hons) from the University of Sydney and an MBA (Hons) from INSEAD in France. Michael joined the Board on 28 November 2012 and is a member of Audit and Risk Committee and the Governance Committee.

David Shortland
David is a governance specialist and communication counsel to boards and senior executives. He is a facilitator for the Australian Institute of Company Directors (AICD) in Strategy & Risk and Governance and contributed to AICD's Good Governance Principles and Guidance for Not-For-Profit Organisations. David is a director of the Heart Foundation (NSW). He joined the ChildFund Australia board in November 2014 and is a member of the Governance Committee and the Communications and Marketing Committee.

Mary Latham
Mary Latham is a chartered accountant, company director and consultant. She has worked in the financial services industry for 15 years, in Australia and England, and in the Australian not-for-profit sector for 8 years. She is also a director of Australian Conservation Foundation, Australian Podiatry Association (Vic) and IDC Secretariat (Australia). Mary joined the Board on 28 November 2012 and is a member of the Audit & Risk Committee and the Communications and Marketing Committee

Dr Stephen Moss
Stephen Moss is a professional consultant, director and mediator with a background in law, psychology and business. He is currently Chairman of Eaton Capital Partners, an international investment and advisory firm, Vice Chairman of WDScott, an international management consulting firm and Chairman of The Odin Institute. Stephen joined the Board in 2008 and is a member of the Program Review Committee and the Communications and Marketing Committee.

Yassmin Abdel-Magied
Yassmin is the Founder and President of Youth Without Borders and a drilling engineer in the oil and gas industry. She is a passionate social justice advocate, and has served on various councils and Boards throughout the country. As the 2015 Queensland Young Australian of the Year, Yassmin is also an avid writer and social commentator, joining the ChildFund Australia Board in November 2014. Yassmin is a member of the Program Review Committee and the Communications and Marketing Committee.

Michael Rose
Michael Rose is Chief Executive Partner at leading commercial law firm Allens and Chairman of the board of ChildFund Alliance. Michael joined the ChildFund Australia Board in 2005 and is a member of the Governance Committee.

Directors’ report (continued)

Gaye Hart AM

Gaye has over 20 years’ experience as an executive and non-executive director in not-for-profit, government and business boards including the Sydney Paralympics Organising Committee, the Australian National Maritime Museum, the NSW Regional Development Advisory Council and Hunter TAFE. She was awarded the Centenary of Federation medal in 2003 in recognition of her service to international development as President of ACFID, a member of the Simons Committee to Review the Australian Overseas Aid Program and a member of the Foreign Minister’s Aid Advisory Council. In 1989 Gaye was made a Member of the Order of Australia for her services to the community through the Australian Bicentenary. In 2001 she was awarded a Doctorate in Education (honoris causa) in recognition of her contribution to education and training. Gaye joined the Board in 2010 and is a member of the Audit & Risk Committee and Chair of the Communications and Marketing Committee.

Justine Richardson

Justine Richardson is a partner at PricewaterhouseCoopers Sydney. Justine has extensive experience in external and internal audits, providing accounting advice and process improvement specialising in companies undergoing substantial change in high growth environments. Justine joined the ChildFund Australia board in November 2014 and is a member of the Audit and Risk Committee and Governance Committee.

Joanne Thomson

Jo Thomson is an international development specialist having worked in the NGO development sector for 20 years. She has been responsible for managing NGO programs in the Pacific, Asia and Africa having held senior executive positions with Australian NGOs and as a consultant on numerous NGO and Department of Foreign Affairs and Trade initiatives. Joanne joined the Board in 2007 and is the Chair of the Program Review Committee.

Desmond Semple

Des Semple has a background as CEO of Government Human Service Departments and more recently as a consultant undertaking major structural and organisational changes, across and within Government agencies. Des joined the Board in 2007 and is a member of the Program Review Committee and member of the Governance Committee

Jo Brennan

Jo Brennan is a General Manager with CommInsure at the Commonwealth Bank and brings 25 years of executive leadership experience working across a diverse range of industries including financial, insurance, energy and not-for-profit. She was previously the Chief Executive Officer of Habitat for Humanity in Australia and is passionate about international development. Jo has extensive experience in leading operational teams and large-scale transformational programs. Jo joined the ChildFund Australia board in 2014 and is a member of the Program Review Committee and Communications and Marketing Committee

Dr Angeline Low

Angeline Low manages family investments. She is also a Research Affiliate at the University of Technology, Sydney with research interests into entrepreneurship, ethnicity and gender. In addition, she is a board member of the Australian Foundation for Peoples of Asia and the Pacific. Angeline is a former Partner of Deloitte Touche Tohmatsu, Malaysia. Angeline was a member of the Program Review Committee and Chair of the Communications and Marketing Committee. Angeline joined the Board in 2006 and resigned as a Board member on 26 November 2014.

David Pigott

David Pigott is the General Manager, Sector Engagement at Mission Australia. He is Chair of the Ella Centre Board of Management, a Uniting Church disability and aged care provider in Sydney’s Inner West. He has been an adviser to the Minister for Foreign Affairs and Private Secretary to the Premier of NSW. David was Chair of the Audit and Risk Committee. David joined the Board in 2006 and resigned as a Board member on 26 November 2014.

Company Secretary

Bandula Gonsalkorale was appointed on 20 December 2007.

Directors' report (continued)

Directors' meetings

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

	Board Meetings		Audit & Risk Committee		Program Review Committee		Communications and Marketing Committee		Governance Committee	
	A	B	A	B	A	B	A	B	A	B
Michael Rose	5	5							2	1
Angeline Low	2	2	2	2	1	1	2	2		
David Pigott	2	2	2	2						
Des Semple	5	5			1	1			4	4
Marcus Laithwaite	5	5			2	2			4	4
Jo Thomson	5	3			3	3				
Stephen Moss	5	2			3	0	5	1		
Gaye Hart	5	5	5	5			5	4		
Michael Pain	5	4	5	4					4	4
Mary Latham	5	5	5	5			5	5		
Yassmin Abdel-Magied	3	2			2	1	3	1		
David Shortland	3	3					3	3	2	2
Justine Richardson	3	3	3	3					2	2
Jo Brennan	3	3			2	0	3	1		

Column A – Indicates the number of meetings the Director was eligible to attend. Column B – Indicates the number of meetings attended

From time to time, directors have also attended other meetings of importance.

Directors' report (continued)

Objectives

The long-term objective of the Company is to create lasting and meaningful change by supporting long-term community development and promoting children's rights. An essential aspect of the work is to strive to understand children's experience of poverty and to involve them actively in program activities. The short-term objectives are to expand support for children in developing communities; improve program effectiveness through enhanced monitoring and evaluation processes; influence policy and inform public awareness; increase sponsorship and program expenditure; greater accountability and transparency.

Principal activities

The principal activity of the Company during the financial year was international aid and development delivered by working in partnership with children and their communities. Expenditure on overseas development activities, including community education was $41,017,700 (2014: $38,963,076).

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

Performance measurement

The Company has in place several performance measurement systems for its various functions. Program effectiveness is assessed against stated program objectives through regular monitoring and evaluation processes conducted by staff, partners and independent evaluators. Fundraising performance is measured against targets agreed annually. Overall company performance measures include various ratios such as those disclosed in note 27.

Review and results of operations

Total comprehensive income was a surplus of $1,794,409 (2014: surplus of $740,235), which included a gain on investments of $63,732 (2014: gain of $220,397) which has been taken up in equity. The equity of the Company increased to $7,039,571 (2014: $5,245,162).

Dividends

The Company's constitution does not permit dividends to be paid.

Liability of members

The liability of members is limited to contributing up to $100 for payment of the Company's debts and liabilities, and of the costs, charges and expenses of winding up and for adjustments of the rights of the contributions among themselves.

Environmental regulation

The Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of environmental requirements as they apply to the Company.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Likely developments

It is not foreseen that the Company will undertake any change in its general direction during the coming financial year. Further information about likely developments in the operations of the Company and the expected results in future financial years has not been included in this report because disclosure of such information would likely result in unreasonable prejudice to the Company.

Directors' report (continued)

Events subsequent to reporting period

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Indemnification and insurance of officers

Indemnification

The Company has agreed to indemnify the current directors of the Company and the former directors against all liabilities to another person (other than the company or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

Insurance premiums

During the financial year the Company maintained an Association Liability insurance policy which included cover in respect of directors' and officers' liability and legal expenses' insurance contracts, for current and former directors and officers. The insurance policy relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The Association Liability insurance policy does not disclose separately the premium for the above insurance in respect of individual officers of the Company or in aggregate for all directors and officers. The premium paid for the Association Liability insurance policy was $3,150 (2014: $3,000).

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for financial year ended 30 June 2015.

Signed in accordance with a resolution of the directors:

M Laithwaite

Marcus Laithwaite
Director

Mary Latham

Mary Latham
Director

Dated at Sydney this 9th day of September 2015

KPMG

Lead auditor's independence declaration under section 307C of the Corporations Act 2001 and under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of ChildFund Australia

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there has been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 and the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

- No contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Brett Mitchell
Partner

Sydney

9th day of September 2015

Statement of comprehensive income

Year ended 30 June 2015

	Note	2015 $	2014 $
Revenue			
Monetary donations & gifts			
Child sponsorship donations		25,145,824	25,591,092
Other donations		8,063,842	8,025,475
		33,209,666	33,616,567
Legacies and bequests		21,486	215,631
Grants			
Department of Foreign Affairs and Trade		7,938,948	7,894,018
Other Australian	7	1,459,626	907,638
Overseas	8	8,211,190	6,219,514
		17,609,764	15,021,170
Investment income	9	423,601	342,381
Other income	10	1,022,913	711,696
Total revenue		**52,287,430**	**49,907,445**
Expenditure			
International Aid and Development Programs Expenditure			
International programs			
Funds to international programs	11	37,759,892	35,724,385
Program support costs		2,537,662	2,492,157
		40,297,554	38,216,542
Community education		720,146	746,534
Fundraising costs			
Public		6,783,345	7,668,393
Government, multilateral and private		122,119	145,477
Accountability and administration	12	2,633,589	2,610,661
Total expenditure		**50,556,753**	**49,387,607**
Excess of revenue over expenditure		**1,730,677**	**519,838**
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	9	63,732	220,397
Total comprehensive income for the year		**1,794,409**	**740,235**

During the year, the Company did not engage in any political or religious proselytisation programs, domestic projects, had no impairment of investments, and did not include the value of non-monetary donations and gifts.

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 12 to 31.

Statement of financial position

As at 30 June 2015

	Note	2015 $	2014 $
Assets			
Cash and cash equivalents	14	13,980,750	10,639,287
Trade and other receivables	15	895,606	635,110
Financial assets	16	500,000	-
Total current assets		15,376,356	11,274,397
Financial assets	16	2,815,416	2,622,076
Property, plant and equipment	17	2,964,561	1,008,189
Total non-current assets		5,779,977	3,630,265
Total assets		21,156,333	14,904,662
Liabilities			
Trade and other payables	18	13,434,053	9,090,893
Provisions	19	372,599	324,986
Total current liabilities		13,806,652	9,415,879
Provisions	19	310,110	243,621
Total non-current liabilities		310,110	243,621
Total liabilities		14,116,762	9,659,500
Net assets		7,039,571	5,245,162
Equity			
Unrestricted reserves			
Retained surplus		3,931,984	2,922,861
Bequest reserve		500,000	500,000
Fair-value reserve		675,766	612,034
		5,107,750	4,034,895
Restricted reserves		1,931,821	1,210,267
Total equity		7,039,571	5,245,162

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 12 to 31.

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Statement of changes in equity

Year ended 30 June 2015

	Retained surplus $	Bequest reserve	Fair value reserve $	Restricted reserve $	Total equity $
Balance as at 1 July 2013	2,820,998	500,000	391,637	792,292	4,504,927
Total comprehensive income for the period					
Excess of revenue over expenditure	519,838	-	-	-	519,838
Other comprehensive income					
Net change in fair value of available-for-sale financial assets					
Transfers to restricted funds	-	-	220,397	-	220,397
	(2,709,351)	-	-	2,709,351	-
Transfers from restricted funds	2,291,376	-	-	(2,291,376)	-
Balance as at 30 June 2014	2,922,861	500,000	612,034	1,210,267	5,245,162
Balance as at 1 July 2014	2,922,861	500,000	612,034	1,210,267	5,245,162
Total comprehensive income for the period					
Excess of revenue over expenditure	1,730,677				1,730,677
Other comprehensive income					
Net change in fair value of available-for-sale financial assets			63,732		63,732
Transfers to restricted funds	(2,570,077)			2,570,077	
Transfers from restricted funds	1,848,523			(1,848,523)	
Balance as at 30 June 2015	3,931,984	500,000	675,766	1,931,821	7,039,571

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 12 to 31.

Statement of cash flows

For the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Cash receipts in the course of operations		53,923,784	50,652,316
Cash payments in the course of operations		(48,275,971)	(49,477,845)
Net cash from operating activities	25	5,647,813	1,174,471
Cash flows from investing activities			
Acquisition of available-for-sale financial assets		(129,608)	(71,225)
Bank term deposits (investment)/redemption		(500,000)	4,000,000
Acquisition of property, plant & equipment		(2,071,025)	(18,054)
Investment income received		173,874	115,809
Interest received		220,409	191,625
Net cash (used in)/from investing activities		(2,306,350)	4,218,155
Cash flows from financing activities			
Net cash used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		3,341,463	5,392,626
Cash and cash equivalents at 1 July 2014		10,639,287	5,246,661
Cash and cash equivalents at 30 June 2015	14	13,980,750	10,639,287

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 12 to 31.

Notes to the financial statements
Year ended 30 June 2015

1. Reporting entity

ChildFund Australia (the "Company") is a public company limited by guarantee and a not for profit entity. It is an income tax exempt charitable organisation domiciled in Australia and the registered office is at Level 8, 162 Goulburn Street, Surry Hills NSW 2010. The mission of the Company is to work in partnership with children and their communities to create lasting and meaningful change by supporting long-term community development and promoting children's rights.

2. Basis of preparation

(a) Statement of compliance

In the opinion of the directors, the Company is not publicly accountable. The financial report is a Tier 2 general purpose financial report which has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and the ACFID Code of Conducts Guidance.

The financial statements were approved by the Board of Directors on the 9th of September 2015.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Overseas Branches

The Company has five overseas branches as at 30 June 2015 being Cambodia, Laos, Myanmar, Papua New Guinea and Vietnam. For the purposes of these financial statements, the statements of financial position of the overseas branches have been aggregated into the Company's statement of financial position. The overseas branches are fully funded by the Company and as such the statement of comprehensive income is not aggregated as such results are already reflected in the Company's operations.

Notes to the financial statements
Year ended 30 June 2015

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Company is a signatory to the Australian Council for International Development (ACFID) Code of Conduct and the Company has presented its statement of comprehensive income in accordance with the Code of Conduct Implementation Guidance.

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria are also applied when recognising revenue:

Child sponsorship, gift remittances and donations
Revenue from sponsorship, gift remittances, donations and grants are recognised in the statement of comprehensive income as income when the Company gains control of the contribution or the right to receive the contribution. Amounts prepaid by sponsors are retained by the Company and recorded as a liability until the monies are due to be remitted to respective overseas providers of services. Unspent restricted donations are shown as restricted reserves.

Grants
Grants from Government, multilateral and non-government organisations are recognised as revenue as they are expended on programs to which they relate. Unexpended grants are recognised as liabilities to reflect the obligation to repay any unspent portion at the completion of the program.

Sale of property, plant and equipment
The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Interest income
Interest income is recognised in the statement of comprehensive income, using the effective interest method.

(b) Expenses

Operating lease payments
Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense and spread over the lease term.

(c) Taxation

No income tax is payable as the Company is exempt under Australian taxation legislation.

(d) Comparatives

Where required by accounting standards or where items have been reclassified, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

3. Significant accounting policies (continued)

(e) Goods and services tax

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

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to Australian dollars at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations
The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the end of each reporting period.

(g) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses, see note 3(h).

3. Significant accounting policies (continued)

(h) Impairment

The carrying amounts of the Company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Available-for-sale financial assets:
Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to the statement of comprehensive income. The cumulative loss that is reclassified from equity to statement of comprehensive income is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in the statement of comprehensive income. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in the statement of comprehensive income. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

***Non-financial assets*:**
The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an assets or its related cash generating unit (CGU) exceeds its recoverable amount.

(i) Property, plant and equipment

Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs
The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as incurred.

3. Significant accounting policies (continued)

(i) Property, plant and equipment (continued)

Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods were as follows:

• Furniture, fittings and office equipment	4 to 5 years
• Buildings	40 years

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

Non-current assets at overseas branches
Items of plant and equipment acquired specifically for use by overseas branches are expensed at the time of purchase.

Capital works in progress
Only items ready for use are included in cost of assets and depreciated. Capital works in progress are capitalised but not depreciated.

(j) Intangible assets

The implementation cost of Information technology systems that have a useful life beyond 2 years is capitalised and amortised over the expected life once available for use. Only direct labour and external consultant costs are capitalised.

(k) Investments – Available-for-sale financial assets

The Company's investment in equity securities and managed funds are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is recognised in the statement of comprehensive income.

(l) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled within 60 days.

(m) Employee benefits

Wages, salaries, annual leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries, annual leave and non-monetary benefits that are expected to be settled within 12 months of the end of each reporting period represent present obligations resulting from employees' services provided to the end of each reporting period, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at the end of each reporting period including related on-costs such as workers compensation insurance and payroll tax. Non-accumulation non-monetary benefits are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

3. Significant accounting policies (continued)

Long term service benefits
The Company's net obligation in respect of annual leave expected to be settled after 12 months and other long term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the corporate bonds at the end of reporting period which have maturity dates approximating to the terms of the Company's obligations.

Superannuation
Contributions made by the Company to employee superannuation funds are charged as expenses when incurred. The Company has no legal obligation to cover any shortfall in the fund's obligation to provide benefits to the employee upon retirement.

(n) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(o) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits maturing within 90 days from year end.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, and the Company has not yet determined the potential effect of the standards.

(q) Changes in Accounting Policies

The Company has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

4. Determination of fair value

Investments in equity and debt securities
The fair value of available-for-sale financial assets is determined by reference to their last sale price at the end of each reporting period.

5. Financial risk management

(a) Overview

The Company has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through training and management standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from investment securities.

Investments
The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of at least "A". Given this high credit rating, management does not expect any counterparty to fail to meet its obligations.

5. Financial risk management (continued)

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors cash flow requirements and optimises its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of at least 60 days, excluding potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

(d) Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Currency risk
The Company is exposed to currency risk on program expenses that are denominated in a currency other than the Australian Dollar (AUD). However, the currency risk for 90% of such expenses is borne by the counter party. The currency risk in branches in Vietnam, Cambodia and Laos are partially mitigated by holding funds in the functional currency of the country.

Interest rate risk
The Company is exposed to interest rate risk on the available-for-sale financial assets. These assets consist of managed funds and fixed interest securities. The company does not borrow or lend directly.

Other market price risk
Equity price risk arises from available-for-sale equity securities. The investment portfolio of the Company is managed by an external fund manager and funds are invested in accordance with the investment mandate approved by the Board of Directors. The investment portfolio is regularly reviewed by the Audit and Risk Committee.

6. Personnel expenses

	2015 $	2014 $
Salaries and wages	4,366,834	4,122,088
Other associated personnel expenses	73,263	91,454
Contributions to defined contribution superannuation funds	410,916	378,709
Increase in liability for leave	114,102	49,225
	4,965,115	4,641,476

7. Other Australian Grants

During the year $2,435,261 (2014:$666,249) of grants were received from the Department of Immigration & Border Protection and of this and previous years deferred revenue an amount of $1,459,626 (2014: $907,638) was recorded as income and the remainder treated as deferred revenue as the funds were not utilised during the period.

8. Overseas Grants

The Company receives grants from, or sourced by, other ChildFund Alliance members and other multilateral donors. During the year the company received and recognised income of $8,211,190 (2014: $6,219,514).

9. Investment income

	2015 $	2014 $
Recognised in profit or loss		
Income from available-for-sale financial assets	173,874	115,809
Interest on bank deposits	249,727	226,572
	423,601	342,381
Recognised in other comprehensive income		
Net change in fair value of available- for- sale financial assets	63,732	220,397
	63,732	220,397

10. Other income

	2015 $	2014 $
Fundraising grant – ChildFund International	334,411	632,249
Foreign exchange gains (Un-realised)	562,203	-
Other	126,299	79,447
	1,022,913	711,696

11. Funds to international programs

	2015 $	2014 $
Asia & Pacific	23,849,926	21,445,539
Africa	11,003,345	11,308,204
Latin America	2,906,621	2,970,642
	37,759,892	35,724,385

12. Administration expenses

	2015 $	2014 $
Administration staff salaries and other associated personnel expenses (part of personnel expenses set out in note 6)	2,161,010	1,979,205
Depreciation	114,653	120,990
Other administration expenses	357,926	510,466
	2,633,589	2,610,661

13. Auditors remuneration

	2015 $	2014 $
Audit services:		
Auditors of the Company		
KPMG Australia:		
- audit and review of financial statements	40,500	38,500
Overseas KPMG firms:		
- audit and review of financial statements	35,251	32,040
Overseas other audit firms:		
- audit and review of financial statements	16,043	10,961
	91,794	81,501
Other services:		
Overseas other audit firms:		
- other services	4,550	2,092
	4,550	2,092

14. Cash and cash equivalents

	2015 $	2014 $
Cash at bank (held in AUD)	209,612	208,699
Cash at bank (held in USD)	5,630,879	4,178,946
Cash deposits (held in AUD)	7,046,544	5,408,402
Cash at bank, branch offices & Others (held in various currencies)	1,093,715	843,240
Cash and cash equivalents in statement of cash flows	13,980,750	10,639,287

The Company's exposure to currency risk, interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 23.

Cash at bank deposits
The weighted average interest rate on cash at bank in AUD at 30 June 2015 was 0.01% (2014: 0.02%). No interest is receivable on USD bank balance.

Cash deposits
The deposits are fixed term deposits maturing within three months of the period end and funds in "maxi saver" accounts. The weighted average interest rate on short term deposits as at 30 June 2015 is 2.8% (2014: 3.4%).

	2015 $	2014 $
15. Trade and other receivables		
Sundry debtors	738,967	579,831
Prepayments	156,639	55,279
	895,606	635,110
16. Investments		
Current		
Term deposits	500,000	-
Non-current		
Available-for-sale financial assets, at fair value	2,815,416	2,622,076

Only term deposits maturing in more than 90 days are included in investments. Term deposits maturing in less than 90 days total $6,500,000 (2014: $5,000,000) and are included in cash and cash equivalents note 14.

An unrealised gain of $63,732 (2014: unrealised gain $220,397) being the difference between the fair value at balance date and carrying value was taken up in equity.

The company's available-for-sale financial assets are managed by JB Were.

The Company's exposure to credit, currency and interest rate risks relating to investments is disclosed in note 23.

Notes to the financial statements
Year ended 30 June 2015

17. Property, plant and equipment

	Buildings	Furniture, fittings and office equipment	Intangibles	Total
	$	$	$	$
Cost				
Balance at 1 July 2013	1,182,042	626,563	-	1,808,605
Acquisitions	-	18,054	-	18,054
Disposals/Write-offs	-	(91,858)	-	(91,858)
Balance at 30 June 2014	1,182,042	552,759	-	1,734,801
Balance at 1 July 2014	1,182,042	552,759	-	1,734,801
Acquisitions	-	7,518	2,063,507	2,071,025
Disposal	-	(4,411)	-	(4,411)
Balance at 30 June 2015	1,182,042	555,866	2,063,507	3,801,415
Depreciation and impairment				
Balance at 1 July 2013	327,805	369,675	-	697,480
Depreciation charge for the year	31,638	89,352	-	120,990
Disposals	-	(91,858)	-	(91,858)
Balance at 30 June 2014	359,443	367,169	-	726,612
Balance at 1 July 2014	359,443	367,169	-	726,612
Depreciation charge for the year	31,638	83,015	-	114,653
Disposals	-	(4,411)	-	(4,411)
Balance at 30 June 2015	391,081	445,773		836,854
Carrying amounts				
At 1 July 2013	854,237	256,888	-	1,111,125
At 30 June 2014	822,599	185,590	-	1,008,189
At 1 July 2014	822,599	185,590	-	1,008,189
At 30 June 2015	790,961	110,093	2,063,507	2,964,561

	2015 $	2014 $
18. Creditors		
Trade and other payables		
Accounts payable	2,222,462	2,015,161
Unremitted funds	8,074,229	5,289,645
Revenue received in advance	1,234,877	1,112,307
Unspent government grants	1,902,485	673,780
	13,434,053	9,090,893

Interest accrues (at bank deposit rate) on unspent government grants. All such interest is added to the grant amount and is used to fund programs.

	2015 $	2014 $
19. Employee benefits		
Current liabilities		
Liability for annual leave	188,883	154,607
Liability for long service leave	183,716	170,379
	372,599	324,986
Non-current liabilities		
Liability for annual leave	125,922	103,072
Liability for long service leave	184,188	140,549
	310,110	243,621

20. Share capital and reserves

Share capital
No share capital has been issued as the Company is limited by guarantee.

Unrestricted reserves
Unrestricted reserves are not restricted or designated for use in particular programs or some other defined or designated purpose. These funds are available to be allocated according to the discretion of the directors.

Bequest reserves
Bequest reserves are not restricted or designated for use in particular programs or some other defined or designated purpose. These are bequest funds that the Directors have set aside with an intention to set up an endowment fund in future. These funds are however available to be allocated to other purposes according to the discretion of the directors.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

Restricted reserves
Restricted reserves are tied to particular purposes specified by donors or as identified at the time of a public appeal; but with no obligation to return unspent funds to donors. They are not available for use in other ChildFund Australia work.

21. Members' liability

The maximum liability of each member in the event of a winding up is $100 per member. At 30 June 2015 there were 12 members (2014: 10 members).

22. Operating leases

The Company leases equipment under operating leases expiring from one to four years. Leases of property generally provide the Company with a right of renewal at which times all terms are renegotiated.

	2015 $	2014 $
Non- cancellable operating lease rentals are payable as follows:		
Less than one year	29,677	29,677
Between one and five years	13,096	42,773
	42,773	72,450

There are no operating lease commitments beyond 5 years.

23. Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the end of each reporting period was:

	2015 $	2014 $
Available-for-sale financial assets	2,815,416	2,622,076
Held to maturity financial assets	500,000	-
Trade and other receivables	738,967	579,831
Cash and cash equivalents	13,980,750	10,639,287
	18,035,133	13,841,194

The Company's maximum exposure to credit risk for trade receivables at the end of each reporting period by geographical region was:

	2015 $	2014 $
Australia	475,645	418,338
Asia-Pacific	263,322	161,493
	738,967	579,831

As the Company is not engaged in any trading activities, the company does not have customers. Receivables are usually GST receivable from the ATO, Department of Foreign Affairs and Trade and other overseas grants approved but not yet received. Of the carrying amount as at 30 June 2015, GST receivable accounted for $226,994 (2014: $247,448).

Impairment losses

The Company is not engaged in trading and receivables are recognised only when the other party has approved the payment and advised the Company. Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of receivables.

Liquidity risk

The Company has no borrowings and finance lease liability. The following are the contractual maturities of financial liabilities:

30 June 2015	Carrying amount	< 6 months	6-12 months	1-2 years	2-5 years
Trade payables	10,296,690	10,296,175	-	-	-
Unspent grants	1,902,485	1,902,485	-	-	-
Total	12,199,175	12,199,175	-	-	-

30 June 2014	Carrying amount	< 6 months	6-12 months	1-2 years	2-5 years
Trade payables	7,304,806	7,304,806	-	-	-
Unspent grants	673,780	673,780	-	-	-
Total	7,978,586	7,978,586	-	-	-

The contractual cash flow of the financial liabilities is equal to the carrying amount.

23. Financial instruments (continued)

Currency risk

Exposure to currency risk

The Company's exposure to foreign currency risk at balance date was as follows, based on notional amounts.

	USD	VND	PGK
30 June 2015			
Trade receivables	50,843	108,218	420,119
Trade payables	(460,980)	(14,912,214)	(184,531)
Cash and cash equivalents	4,592,900	2,627,997	981,022
Gross statement of financial position exposure	4,182,763	(12,175,999)	1,216,610
30 June 2014			
Trade receivables	38,100	35,510	288,244
Trade payables	(417,313)	(18,107,021)	(313,013)
Cash and cash equivalents	4,310,969	7,299,975	77,678
Gross statement of financial position exposure	3,931,757	(10,771,536)	52,910

The end of each reporting period spot rates applied were:

AUD exchange rates	2015	2014
USD 1	0.7693	0.9383
VND 10,000	0.5995	0.5023
PGK 1	0.5348	0.4492

Interest rate risk

Profile

At the end of each reporting period the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount 2015 $	Carrying amount 2014 $
Fixed rate instruments		
Financial assets	7,000,000	5,000,000
Variable rate instruments		
Financial assets	10,296,166	8,261,363

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would change the Company's equity and surplus by $72,528 (2014: $56,191). This analysis is based on cash balances held in Australia as at 30 June 2015.

Notes to the financial statements
Year ended 30 June 2015

24. Related parties

Transactions with key management personnel

In addition to a salary, the Company also provides non-cash benefits to key management personnel, and contributes to a post-employment defined contribution superannuation fund on their behalf. No loans were made, guaranteed, or secured by the entity to key management personnel.

Key management personnel compensation

The key management personnel compensation included in the statement of comprehensive income are as follows:

	2015	2014
	$	$
Short-term employee benefits	1,228,784	1,165,949

Key management employees are not entitled to post-employment, long-term benefits, termination or share-based payments.

Other related party transactions

During the year ChildFund International granted an amount of $334,411 (2014: $632,249) to ChildFund Australia to be used for sponsor acquisition.

During the year, sponsorship, gifts, donations and grants totalling $21,575,783 (2014: $22,120,253) were included in disbursements to ChildFund Alliance members who have the responsibility for allocating those funds to programs throughout the world. During the year ChildFund Australia received $8,126,064 (2014: $6,170,639) from ChildFund Alliance members for programs in ChildFund Australia managed country programs.

Overseas branches
The results of project offices are aggregated in these financial statements.

i) Papua New Guinea
The Company operates a project office in Papua New Guinea to assist in the Company's principal activities. The project office is under the control of the Company and prepares separate financial statements which are independently audited by Deloitte Touche Tohmatsu, PNG.

During the year, the Company remitted to the Papua New Guinea project office sponsorship, gifts and donations totalling $1,139,101 (2014: $890,117) and Department of Foreign Affairs and Trade project amounts totalling $1,041,797 (2014: $1,017,277). At year-end, the net assets of the Papua New Guinea project office were $212,651 (2014: $173,392).

ii) Vietnam
The Company operates a project office in Vietnam to assist in the Company's principal activities. The project office is under the control of the Company and prepares separate financial statements which are independently audited by KPMG Vietnam.

During the year, the Company remitted to the Vietnam project office sponsorship, gifts and donations totalling $4,670,137 (2014: $4,514,536) and Department of Foreign Affairs and

24. Related parties (continued)

trade project amounts totalling $1,250,000 (2014: $1,134,859). At the end of year, the net assets of the Vietnam project office were $3,339,109 (2014: $1,476,020).

iii) Cambodia

The Company operates a project office in Cambodia to assist in the Company's principal activities. The project office is under the control of the Company and prepares separate financial statements which are independently audited by KPMG Cambodia.

During the year, the Company remitted to the Cambodia project office sponsorship and donations totalling $3,663,658 (2014: $3,135,366) and Department of Foreign Affairs and Trade funds totalling $500,000 (2014: $300,000). At the end of year, the net assets of the Cambodia project office were $1,983,978 (2014: $1,603,518).

iv) Laos

The Company operates a project office in Laos to assist in the Company's principal activities. The project office is under the control of the Company and prepares separate financial statements which are independently audited by KPMG Laos.

During the year, the Company remitted to the Laos project office donations totalling $1,322,871 (2014: $965,405) and Department of Foreign Affairs and Trade funds totalling $1,127,010 (2014: $951,083). At the end of year, the net assets of the Laos project office were $150,314 (2014: $121,190).

v) Myanmar

The Company operates a project office in Myanmar to assist in the Company's principal activities. The project office is under the control of the Company.

During the year, the Company remitted to the Myanmar project office donations totalling $785,356 (2014: $129,165) and Department of Foreign Affairs and Trade funds totalling $609,370 (2014: $540,909). At the end of year, the net assets of the Myanmar project office were $25,240 (2014: $23,534).

25. Notes to the statement of cash flows

	2015 **$**	**2014** **$**
Surplus for the year	1,730,677	519,838
Depreciation	114,653	120,990
Intangible assets write off	-	-
Investment income	(173,874)	(115,809)
Interest income	(220,409)	(191,625)
Operating profit before changes in working capital and provisions	1,451,047	333,394
Decrease in trade and other receivables	(260,495)	(122,329)
Increase in trade and other payables	4,343,159	914,181
Increase in employee benefits provisions	114,102	49,225
Net cash generated from operating activities	5,647,813	1,174,471

26. Table of cash movements for designated purposes

	Cash available 1 July 2014	Cash raised during the year	Cash disbursed during year	Cash available 30 June 2015
ANCP*	243,909	8,192,019	7,938,949	496,979
Total for all other purposes	10,395,378	46,126,048	43,037,655	13,483,771
Total	10,639,287	54,318,067	50,976,604	13,980,750

*ANCP: Australian NGO Cooperation Program

27. Additional information and declarations to be furnished under the Charitable Fundraising (NSW) Act 1991

Public fundraising appeals conducted during the financial year

- Ongoing sponsorship of children, gifts for children and donations.

Statements showing how funds received were applied to charitable purposes

	2015 $	2014 $
Gross revenue from public activities	33,231,152	33,832,198
Less: Public fundraising costs	(6,783,345)	(7,668,393)
Net public funds	26,447,807	26,163,805
Gross Government, overseas, multilateral & corporate grants	17,609,764	15,021,170
Less: Government, multilateral & corporate fundraising costs	(122,119)	(145,477)
Net Government, overseas, multilateral & corporate funds	17,487,645	14,875,693
Other revenue	1,446,514	1,054,077
Net funds raised	45,381,966	42,093,575
Overseas project disbursements	37,759,892	35,724,385
Program support costs	2,537,662	2,492,157
Community education costs	720,146	746,534
Total funds disbursed towards the objectives of the Company	41,017,700	38,963,076
Accountability and administration expenses	2,633,589	2,610,661
Operating surplus/(deficit)	1,730,677	519,838

Percentages

	2015	2014
Total cost of public fundraising/gross public fundraising income	20.4%	22.7%
Surplus from public fundraising/gross public fundraising income	79.6%	77.3%
Funds disbursed towards objectives/total expenditure	81.1%	78.9%
Funds disbursed towards objectives/total revenue received	78.4%	78.1%

Directors' declaration

In the opinion of the directors of ChildFund Australia ("the Company"):

(a) the Company is not publicly accountable;

(b) the financial statements and notes that are set out on pages 8 to 31 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 30 June 2015 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime, the Australian Charities and Not-for-profits Commission Regulation 2013 and the Corporations Regulations 2001; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

M. Laithwaite

Marcus Laithwaite
Director

Mary Latham

Mary Latham
Director

Dated at Sydney this 9th day of September 2015

Declaration by Chief Executive Officer in respect of fundraising appeals

I, Nigel Spence, Chief Executive Officer of ChildFund Australia, declare that in my opinion:

(a) the accounts give a true and fair view of all income and expenditure of ChildFund Australia with respect to fundraising appeals for the financial year ended 30 June 2015;

(b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals as at 30 June 2015;

(c) the provisions of the Charitable Fundraising Act (NSW) 1991 and Regulations and the conditions attached to the authority have been complied with for the year ending 30 June 2015; and

(d) the internal controls exercised by the ChildFund Australia are appropriate and effective in accounting for all income received.

Nigel Spence
Chief Executive Officer

Dated at Sydney this 9th day of September 2015

Independent auditor's report to the members of ChildFund Australia

Report on the financial report

We have audited the accompanying financial report of ChildFund Australia (the Company), which comprises the statement of financial position as at 30 June 2015, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 27 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

This audit report has been prepared for the members of the Company pursuant to the *Corporations Act 2001*, the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC), Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations (collectively the Acts and Regulations) and the Head Agreement between the Commonwealth of Australia and the Company ("the Head Agreement").

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Corporations Act 2001* and the ACNC. The Directors' responsibility also includes such internal control as the Directors determine necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report gives, in accordance with the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the Company to meet the requirements of Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and the requirements set out in clause 9-1 of the Head Agreement. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the *Corporations Act 2001* and the ACNC. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year-end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year-end financial report preparation.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012.*

Audit opinion pursuant to the Corporations Act 2001 and the *Australian Charities and Not-for-profits Commission Act 2012*

In our opinion, the financial report of ChildFund Australia is in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013.*

KPMG

Audit opinion pursuant to the Head Agreement between the Commonwealth of Australia and ChildFund Australia

In our opinion, the financial report of ChildFund Australia meets:

(a) the financial reporting requirement set out in the ACFID Code of Conduct for Non-Government Development Organisations.

Audit opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

(a) the financial report gives a true and fair view of ChildFund Australia's financial result of fundraising appeal activities for the financial year ended 30 June 2015;

(b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2014 to 30 June 2015 in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;

(c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2014 to 30 June 2015 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and

(d) there are reasonable grounds to believe that ChildFund Australia will be able to pay its debts as and when they fall due.

KPMG

KPMG

Brett Mitchell
Partner

Sydney

9 September 2015