ChildFund Australia

(A company limited by guarantee)

A B N: 79 002 885 761

Annual Report

30 June 2007

ChildFund Australia
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Contents

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Director's report

The directors present their report together with the financial report of ChildFund Australia ("the Company") for the year ended 30 June 2007 and the auditors' report thereon.

Directors

The Directors at any time during or since the end of the financial year are:

Name	Occupation	Director since
Mr Michael Rose (Chair) (1)	Legal Partner	2005
Ms Wendy Rose	Consultant	2003
Ms Norma Ingram	Manager	2003
Mr Robert Hogg	Investment Strategist	2004
Mr James Sheffield	Bank Executive	2004
Mr David Pigott	General Manager	2006
Dr Angeline Low	Academic	2006
Mr Des Semple (2)	Director	2007
Mr Marcus Laithwaite (3)	Chartered Accountant	2007
Ms A M A Oppen (4)	Writer	1999
Ms F J Singleton (4)	Public Affairs Consultant	1996
Mr David Shearwood (5)	Independent Director & Consultant	2002

(1) Appointed as Chair, effective 26 October 2006
(2) Appointed effective 15 February 2007
(3) Appointed effective 2 June 2007
(4) Term expired effective 26 October 2006
(5) Resigned effective 6 November 2006

Directors' meetings

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

	Board Meetings		**Finance, Audit & Risk Committee**		**Program Review Committee**		**Fundraising Committee**		**Organisational Governance & Board Nomination Committee**		**Strategic Planning & CCF International**	
	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended
Mr Michael Rose	6	6	-	-	3	3	-	-	4	3	-	-
Ms F J Singleton	2	2	-	-	1	1	1	1	-	-	1	1
Ms A Oppen	2	2	-	-	1	1	-	-	-	-	1	1
Mr D Shearwood	2	-	1	1	-	-	-	-	-	-	1	1
Ms W Rose	6	6	-	-	3	3	-	-	4	-	-	-
Ms N Ingram	6	3	1	1	-	-	-	-	-	-	1	-
Mr R Hogg	6	6	7	7	-	-	2	2	-	-	-	-
Mr J Sheffield	6	6	-	-	-	-	2	2	4	4	-	-
Mr D Pigott	6	6	7	7	3	2	-	-	-	-	1	-
Dr A Low	6	4	-	-	-	-	2	1	4	3	-	-
Mr D Semple	2	2	-	-	-	-	-	-	-	-	-	-
Mr M Laithwaite	1	1	1	1	-	-	-	-	-	-	-	-

* reflects the number of meetings held during the time the director held office
\- reflects those directors who are not members of the committee and hence not required to attend

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

Company Secretary

Mr Graeme Long held the position of Company Secretary from 15 February 2006 to 5 July 2007. Lynne Joseph was appointed the position of Company Secretary from 5 July 2007.

Director's report (continued)

Principal activities

The principal activity of the company during the financial year was to solicit voluntary contributions for the purpose of caring for children suffering poverty and hardship in developing countries irrespective of religion, sex or nationality.

ChildFund Australia is a member of the International ChildFund Network. It has been established as a charity in Australia since 1985 with a view to supporting and collaborating with the worldwide programs of Christian Children's Fund Inc. (CCF Inc).

Christian Children's Fund Inc. of the United States of America was founded in 1938 and has developed since that time to become, with its world-wide affiliates, one of the world's largest child and community-focused organisations through community based development programs.

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

Review and results of operations

The excess of disbursements over revenue amounted to $1,202,059 (2006: Surplus of $673,056)

The deficit was in line with the director's projections for the year in which the company budgeted for a deficit to utilise previously accumulated surpluses. The company still retains $2,933,749 of accumulated surplus at balance date.

Dividends

The Company is prohibited from paying dividends by its Memorandum and Articles of Association.

Environmental regulation

The Company's operations are not subject to carry significant environmental regulations under either Commonwealth or State legislation. However, the board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

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.

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Director's report (continued)

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 of those results in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the 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 has paid insurance premiums of $5,747 (2006: $5,912) in respect of directors' and officers' liability and legal expenses' insurance contracts, for current and former directors and officers. The insurance premiums relate 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 insurance policies outlined above do not contain details of the premiums paid in respect of individual officers of the company.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for financial year 2007.

Signed in accordance with a resolution of the directors:

Michael Rose
Chair

Dated at Sydney this 16th day of September 2007

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Lead auditor's independence declaration under section 307C of the Corporations Act 2001

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 2007 there have been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 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

10 September 2007

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Income statement
For the year ended 30 June 2007

	Note	2007 $	2006 $
Donations, gifts and sponsorship			
Donations		4,082,693	3,363,056
Gifts to children		1,180,376	1,187,687
Sponsorship		18,874,494	16,590,602
		24,137,563	21,141,345
Legacies and bequests		124,036	39,767
Grants – AUS AID		3,515,331	3,219,929
Other revenues	4	279,663	413,420
Total revenue		28,056,593	24,814,461
Overseas projects			
Funds to overseas projects		(21,243,973)	(19,104,547)
Project costs		(829,678)	(742,264)
Fundraising costs			
Public		(4,838,970)	(2,155,682)
Government and Multilaterals		(135,155)	(87,945)
Administration costs			
Depreciation expenses		(81,254)	(96,502)
Employee expenses		(1,063,138)	(910,514)
Other administration costs		(1,329,155)	(1,281,028)
Total expenses		(29,521,323)	(24,378,482)
Surplus/(deficit) from operating activities		(1,464,730)	435,979
Financial income	4 (b)	278,570	237,077
Financial expenses	4 (c)	(15,899)	-
Net financing costs		262,671	237,077
Surplus/(deficit) for the year		(1,202,059)	673,056

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 10 to 24.

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Balance sheet
As at 30 June 2007

	Note	2007 $	2006 $
Assets			
Cash and cash equivalents	7	5,296,161	7,474,824
Trade and other receivables	8	643,970	423,492
Total current assets		5,940,131	7,898,316
Investments	9	1,010,514	-
Property, plant and equipment	10	1,229,123	1,226,108
Total non-current assets		2,239,637	1,226,108
Total assets		8,179,768	9,124,424
Current liabilities			
Trade and other payables	11	5,071,805	4,871,007
Employee benefits	12	150,219	106,121
Total current liabilities		5,222,024	4,977,128
Non-current liabilities			
Employee benefits	12	18,481	11,488
Total non-current liabilities		18,481	11,488
Total liabilities		5,240,505	4,988,616
Net assets		2,939,263	4,135,808
Equity			
Reserves	9	5,514	-
Retained surplus		2,933,749	4,135,808
Total equity		2,939,263	4,135,808

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 10 to 24

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Statement of changes in equity
For the year ended 30 June 2007

	Asset revaluation reserve	Retained Surplus	Total Equity
	$	$	$
Opening balance 1 July 2005	-	3,462,752	3,462,752
Net surplus for the period	-	673,056	673,056
Closing balance 30 June 2006	-	4,135,808	4,135,808
Opening balance 1 July 2006	-	4,135,808	4,135,808
Net surplus / (deficit) for the period	-	(1,202,059)	(1,202,059)
Reserves (Note 9)	5,514	-	5,514
Closing balance 30 June 2007	5,514	2,933,749	2,939,263

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 10 to 24.

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Statement of cash flows
For the year ended 30 June 2007

	Note	2007 $	2006 $
Cash flows from operating activities			
Cash receipts in the course of operations		31,065,241	25,197,937
Cash payments in the course of operations		(32,438,836)	(24,563,343)
Cash generated from operations		(1,373,595)	634,594
Interest received		278,570	217,720
Net cash from operating activities	18	(1,095,025)	852,314
Cash flows from investing activities			
Acquisition of available-for-sale financial assets		(1,005,000)	-
Acquisition of property, plant & equipment		(78,638)	(23,078)
Net cash from investing activities		(1,083,638)	(23,078)
Net increase in cash and cash equivalents		(2,178,663)	829,236
Cash and cash equivalents at 1 July		7,474,824	6,645,588
Cash and cash equivalents at 30 June	7	5,296,161	7,474,824

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 10 to 24.

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Notes to the financial statements
For the year ended 30 June 2007

1. Reporting entity

ChildFund Australia (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 8, 162 Goulburn Street, Surry Hills NSW 2010. The Company primarily is involved in soliciting voluntary contributions for the purpose of caring for children suffering poverty and hardship in developing countries irrespective of religion, sex or nationality.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Company complies with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 10 September 2007.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are valued 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Project offices

The company has two project offices as at 30 June 2007 being Papua New Guinea and Vietnam. For the purposes of these accounts the balance sheet of the project offices has been aggregated into the company's balance sheet. The project offices are fully funded by the company and as such the income statement is not aggregated as such results are already reflected in the company's operations.

**Notes to the financial statements
For the year ended 30 June 2007**

3. Significant accounting policies

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

(a) Revenue recognition

Sponsorship, gift remittances, donations and grants
Income from sponsorship, gift remittance, donations and grants are recognised in the income statement as income when the Company gains control of the contribution or the right to receive the contribution. Unspent restricted donations and grants with conditions are shown as liabilities.

Sponsorship income received in advance
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.

Sponsorship income due but not received
No asset has been recorded in the accounts for sponsorship income in arrears since there is no guarantee that the amounts will be received.

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.

(b) Expenses

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

3. Significant accounting policies (continued)

(c) Financial income

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

(d) Taxation

The Company is an exempt charitable body for income tax purposes in Australia within the provisions of section 50-5 of the Income Tax Assessment Act 1997.

The company has also been granted income tax exempt status from the Australian Taxation Office from 1 July 2000.

(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 balance sheet.

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 balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency 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 balance sheet date. The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

3. Significant accounting policies (continued)

(g) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see below).

(h) Impairment

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation with any excess recognised through profit and loss.

The recoverable amount is the greater of fair value less costs to sell and value in use. In 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment
An impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Property, plant and equipment

Owned assets
Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses.

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.

3. Significant accounting policies (continued)

(i) Property, plant and equipment (continued)

Subsequent costs
The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred 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 income statement as an expense as incurred.

Depreciation
Depreciation is charged to the income statement 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 are as follows:

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

Project offices
Items of plant and equipment acquired specifically for use by the project offices is expensed immediately.

The residual value, the useful life and depreciation method applied to an asset are reassessed at least annually.

(j) 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 recognized in the income statement.

(k) Trade and other payables

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

3. Significant accounting policies (continued)

(l) 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 reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date 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.

Long term service benefits
The Company's net obligation in respect of 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 Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Company's obligations.

Defined contributions superannuation funds

Obligations for superannuation contributions to defined contribution funds are recognised as an expense in the income statement as incurred.

(m) Provisions

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

(n) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits.

Notes to the financial statements
For the year ended 30 June 2007

	2007 $	2006 $
4. (a) Other Revenues		
Advertising grant – Christian Children's Fund Inc (USA)	262,985	410,897
Other	16,678	2,523
	279,663	413,420
4. (b) Financial income		
Interest income on bank deposits	278,570	217,720
Net foreign exchange	-	19,357
	278,570	237,077
4. (c) Financial expenses		
Net foreign exchange loss	(15,899)	-
5. Personnel expenses		
Wages and salaries	1,681,757	1,641,760
Other associated personnel expenses	23,103	28,427
Contribution to defined contribution superannuation funds	191,641	186,656
Increase/(decrease) in liability for annual leave	37,906	(46,842)
Increase/(decrease) in liability for long service leave	13,185	(25,301)
	1,947,592	1,810,001
6. Auditors remuneration		
Audit services:		
Auditors of the company		
KPMG Australia:		
- audit and review of financial reports	32,000	34,000
Overseas KPMG firms:		
- audit and review of financial reports	19,990	27,150
	51,990	61,150
Other services:		
Auditors of the company		
Overseas KPMG firms:		
- other services	7,878	12,130
	7,878	12,130

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Notes to the financial statements
For the year ended 30 June 2007

	2007 $	2006 $
7. Cash and cash equivalents		
Cash at bank	2,983,844	3,971,037
Short term deposits	1,688,810	2,486,229
Cash at bank, project offices	623,507	1,017,558
Cash and cash equivalents in the statement of cash flows	5,296,161	7,474,824

The weighted average interest rate on cash and cash equivalents at 30 June 2007 is 4.88% (2006: 2.39%). Cash and cash equivalents reprice in 12 months or less.

Short term deposits
The deposits are fixed term deposits maturing within one year of the period end. The fixed interest rate applicable at 30 June 2007 is 6.10% (2006: 5.76%).

8. Trade and other receivables

	2007 $	2006 $
Current		
Sundry debtors	378,350	245,894
Sundry debtors, project offices	62,446	174,325
Prepayments	71,467	3,273
Prepayments, project offices	131,707	-
	643,970	423,492

9. Investments

	2007 $	2006 $
Non Current		
Available for sale financial assets, at fair value	1,010,514	-

An unrealized gain of $5,514 was taken to the reserves during the year being the difference between the fair value at balance date and cost.

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10. Property, plant and equipment

	Buildings	Furniture, fittings and office equipment	Total
	$	$	$
Cost			
Balance at 1 July 2005	1,182,042	452,702	1,634,744
Acquisitions	-	23,078	23,078
Disposals	-	(33,736)	(33,736)
Balance at 30 June 2006	1,182,042	442,044	1,624,086
Balance at 1 July 2006	1,182,042	442,044	1,624,086
Acquisitions	-	98,254	98,254
Balance at 30 June 2007	1,182,042	540,298	1,722,340
Depreciation and impairment losses			
Balance at 1 July 2005	82,743	225,400	308,143
Depreciation charge for the year	29,551	91,722	121,273
Disposed	-	(31,438)	(31,438)
Balance at 30 June 2006	112,294	285,684	397,978
Balance at 1 July 2006	112,294	285,684	397,978
Depreciation charge for the year	29,551	65,688	95,239
Balance at 30 June 2007	141,845	351,372	493,217
Carrying amounts			
At 1 July 2005	1,099,299	227,302	1,326,601
At 30 June 2006	1,069,748	156,360	1,226,108
At 1 July 2006	1,069,748	156,360	1,226,108
At 30 June 2007	1,040,197	170,618	1,229,123

Notes to the financial statements
For the year ended 30 June 2007

	2007 $	2006 $
11. Trade and other payables		
Sundry creditors	1,937,920	1,704,339
Sundry creditors, project offices	830,840	469,629
Sponsorship received in advance	1,032,120	935,114
Restricted donation funds for program activity	1,158,324	840,522
Unexpended government grants	113,057	72,839
Unremitted liabilities	12,724	126,760
Unremitted liabilities, project offices	(13,180)	721,804
	5,071,805	4,871,007

12. Employee benefits

	2007 $	2006 $
Current		
Liability for annual leave	130,809	92,903
Liability for long service leave	19,410	13,218
	150,219	106,121
Non-current		
Liability for long service leave	18,481	11,488

13. Share capital

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

14. Members' liability

The maximum liability of each member in the event of a winding up is $100 per member. At 30 June 2007 there are 11 members (2006: 11 members).

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Notes to the financial statements
For the year ended 30 June 2007

15. 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.

Leases as lessee	2007 $	2006 $
Non- cancellable operating lease rentals are payable as follows:		
Less than one year	20,988	20,988
Between one and five years	57,717	78,705
	78,705	99,693

16. Financial instruments

Exposure to credit, interest and currency risks arises in the normal course of the Company's business.

Credit risk
At balance date there were no significant concentrations of credit risk.

Interest rate risk
In respect of income earning financial assets and interest-bearing liabilities refer to the following notes which states the effective interest rates at the balance sheet date and the periods in which they reprice; cash and cash equivalents (Note 7).

Foreign currency risk
The Company is exposed to foreign currency risks on transactions that are denominated in a currency other than AUD. The currencies giving rise to this risk are primarily Papua New Guinean Kina and Vietnamese Dong.

Price Risk
The Company is exposed to equity securities (and managed funds) price risk. This arises from investments held by the Company and classified in the balance sheet as available for sales.

Fair values
The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables and employee benefits approximate fair value.

The major methods and assumptions used in estimating the fair values of financial instruments are as follows:

Trade and other receivables/payables
For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

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Notes to the financial statements
For the year ended 30 June 2007

17. 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 'personel expenses' in the income statement are as follows:

	2007	2006
	$	$
Short-term employee benefits	931,842	794,779

Other related party transactions

During the year ChildFund Australia paid Christian Children's Fund Inc an amount of $485,503 (2006: $431,048) for sponsorship administration fees. Christian Children's Fund Inc granted an amount of $262,985 (2006: $410,897) to ChildFund Australia to be used for sponsor acquisition.

During the year, sponsorship and gifts totalling $15,168,159 (2006: $13,394,550) were included in disbursements to Christian Children's Fund Inc (USA) who have the responsibility for allocating those funds to childcare programs.

Project offices
The results of project offices are aggregated in this financial report.

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 KPMG Papua New Guinea.

During the year, the Company remitted to the Papua New Guinea project office sponsorship, gifts and donations totalling $536,783 (2006: $456,083) and AusAID project amounts totalling $566,337 (2006: $203,767). At year-end, the deficiency in net assets of the Papua New Guinea project office are $6,873 (2006 deficiency in net assets of $7,690).

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 and gifts totalling $2,076,500 (2006: 1,928,883) and AusAID project amounts totalling $208,425 (2006: $180,000). At the end of year, the net assets of the Vietnam project office are $168,021 (2006: $270,798).

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Notes to the financial statements
For the year ended 30 June 2007

18. Notes to the statement of cash flows

	2007 $	2006 $
Surplus / (deficit) of revenue over disbursements	(1,202,059)	673,056
Adjustments for:		
Depreciation	95,239	121,273
Interest income	(278,570)	(217,720)
Loss on sale of property, plant and equipment	-	2,298
Operating profit before changes in working capital and provisions	(1,385,390)	578,907
(Increase)/decrease in trade and other receivables	(220,478)	109,997
Increase/(decrease) in trade and other payables	173,182	17,833
Increase/(decrease) in employee benefits	59,091	(72,143)
Cash generated from operations	(1,373,595)	634,594
Interest received	278,570	217,720
Net cash from operating activities	(1,095,025)	852,314

19. New standards and interpretations not adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the company in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report:

- AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require additional disclosures with respect to the Company's financial instruments.

- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation,* AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings Per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts arising from the release of* AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the financial report.

- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operationts,* AASB 6 *Exploration for and Evaluation of Mineral Resources*, AASB 102 *Inventories*, AASB 107 *Cash Flow Statements*, AASB 119 *Employee Benefits*, AASB 127 *Consolidated and Separate Financial Statements,* AASB 134 *Interim Financial Reporting*, AASB 136 *Impairment Assets*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts.* AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 *Operating Segments.* This standard is only expected to impact disclosures contained within the financial report.

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20. Additional information and declarations to be furnished under the Charitable Fundraising Act 1991

Fundraising appeals conducted during the financial year

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

Statement showing how funds received were applied to charitable purposes

	2007 $	2006 $
During the year ChildFund Australia received gross income from the above activities totalling:	24,137,563	21,141,345
This was applied to charitable purposes in the following manner:		
Sponsorship, gifts and donations remitted to:		
Christian Children's Fund Inc. (USA)	15,223,432	13,394,550
Bornefonden (Denmark)	7,069	6,491
ChildFund Australia's Papua New Guinea program	536,783	456,083
ChildFund Australia's Vietnam program	2,076,500	1,928,883
ChildFund Australia's other country programs	560,632	538,489
During the year 80% of sponsorship contributions were sent overseas and benefited needy children and their families through the effective planning, delivery and management of programme services. 100% of gifts were remitted for the children.		
Development assistance activities (forwarded overseas, and Australian support for program activities)	289,058	390,330
Administration and fundraising expenditure	7,204,381	4,380,485
	25,897,855	21,095,311
Surplus/(deficit)	(1,760,292)	22,559
The surplus/(deficit) is comprised as follows:		
Operating surplus/(deficit)	(1,202,059)	673,056
Less interest received	(278,570)	(217,720)
Less other income	(279,663)	(432,777)
	(1,760,292)	22,559

Comparisons by monetary figures and percentages

	2007	2006
Total cost of fundraising/gross income from fundraising	19.5%	9.3%
Net surplus from fundraising/gross income from fundraising	80.5%	90.7%
Total costs of services/total expenditure	75.5%	82.2%
Total costs of services/total income received	79.5%	82.1%

No single appeal or other form of fundraising for a designated purpose generated 10% or more of total income for the period under review.

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Directors' declaration

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

(a) the financial statements and notes, set out on pages 5 to 24 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the Company as at 30 June 2007 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 (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(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.

Signed in accordance with a resolution of the directors.

Michael Rose
Chair

Dated at Sydney this 10th day of September 2007.

KPMG

Independent Audit Report to the Members of ChildFund Australia

Pursuant to the Corporations Act 2001 and Charitable Fundraising (NSW) Act 1991 and Regulations

Scope

We have audited the financial report of ChildFund Australia for the financial year ended 30 June 2007, consisting of the income statement, statement of changes in equity, balance sheet, statement of cash flows, accompanying notes and the directors' declaration set out on pages 5 to 25. The Company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report pursuant to the Corporations Act 2001 has been formed on the above basis.

Additional scope pursuant to the Charitable Fundraising (NSW) Act 1991 and Umbrella Contract between the Commonwealth of Australia and ChildFund Australia

In addition, our audit report has also been prepared for the members of the Company in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and the requirements set out in clause 9-1 of the Umbrella Contract between the Commonwealth of Australia and the Company ("the Umbrella Contract"). Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the Corporations Act 2001. 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 Charitable Fundraising (NSW) Act 1991 and Regulations, and the examination requirement of the contract of three activities funded under the Umbrella Contract.

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.

The performance of our statutory audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial report. This review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems.

The audit opinion expressed in this report pursuant to the Charitable Fundraising (NSW) 1991 Act has been formed on the above basis.

KPMG

Independent Audit Report to the Members of ChildFund Australia

Audit opinion pursuant to the Corporations Act 2001

In our opinion the financial report of ChildFund Australia is in accordance with:

(a) the Corporations Act 2001, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the Financial Reporting Format set out in the Australian Council for International Development ("ACFID") for Non Government Development Organisations.

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

In our opinion:

(a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2007;

(b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2006 to 30 June 2007, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;

(c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2006 to 30 June 2007 has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 (NSW) 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, 10 September 2007

DECLARATION BY CHAIRPERSON IN RESPECT OF FUNDRAISING APPEALS

Declared Opinion

I, Michael Rose, Chair of the ChildFund Australia, declare 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 2007;

(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 2007;

(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 2007; and

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

Dated at Sydney this 10th day of September 2007.

Michael Rose
Chair