ChildFund Australia

Annual Financial Statements

Year Ended 30 June 2013

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 2013 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 Organisational Governance and Board Nominations Committee.

Joanne Thomson (Deputy Chair)
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 AusAID initiatives. Joanne joined the Board in 2007 and is the Chair of the Program Review 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 Organisational Governance & Board Nominations 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 joined the Board in 2006 and is a member of the Program Review Committee and the Chair of the Communications and Marketing Committee.

David Pigott
David Pigott is the National Manager Government Relations at Mission Australia. He is a former consultant with PricewaterhouseCoopers Legal and has been an adviser to the Minister for Foreign Affairs and Private Secretary to the Premier of NSW. David joined the Board in 2006 and is the Chair of the Audit and Risk 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 Organisational Governance & Board Nominations 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.

Gaye Hart AM
Gaye is chair of the NSW Regional Development Advisory Council and of Regional Development Australia - Hunter. She has over 20 years' experience as an executive and non-executive director in not-for-profit, government and business boards. Gaye's involvement in international development includes a period as Chair of ACFID Code of Conduct Committee, President of ACFID, a member of the Simons Committee to Review the Australian Overseas Aid Program and as a member of the Foreign Minister's Aid Advisory Council. She was awarded the Centenary of Federation medal in 2003. Gaye joined the Board in 2010 and is a member of the Audit & Risk Committee and the Communications and Marketing Committee.

Directors' report

Michael Pain

Michael is a Senior Executive with Accenture Australia, leading Accenture's Management Consulting activities in Australia. In this capacity, Michael oversees Accenture's management consulting work and works with strategic and technology implementation projects predominantly in the financial services industry. 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 Organisational Governance and Board Nominations 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 7 years. She is also a director of 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.

James Sheffield

James is General Manager of Retail Bank Productivity at the Commonwealth Bank of Australia where he has also previously managed Home Loans, Deposits and Marketing. James is also a Board Director of Aussie Home Loans and LIXI. He has an Honours Degree in Law. James joined the Board in 2004, was elected chair in 2010 and was a member of the Organisational Governance & Board Nominations Committee. James resigned from the Board on 28 November 2012.

Robert Hogg

Robert Hogg is a Senior Consultant at Frontier Advisors. He has experience in both advising and managing portfolios for superannuation and investment funds. Robert joined the Board in 2004 and was a member of both the Communications and Marketing Committee and the Audit & Risk Committee. Robert resigned from the Board on 28 November 2012.

Dr Judy Mitchell AM

Judy was a member of the ACFID Code of Conduct Committee for six years and served as Deputy Chair in 2010 and 2011. She has served as a board member of Oxfam Australia, including two terms as Chair, and as a member of the board of Oxfam International. In 2010 she was awarded the Contribution to the Sector Award by ACFID for her contributions to the international development sector. Judy joined the Board in 2010 and was a member of the Organisational Governance and Board Nominations Committee and the Program Review Committee. Judy resigned from the Board on 2 June 2013.

Company Secretary

Bandula Gonsalkorale was appointed on 20 December 2007.

Directors' report

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		Organisational Governance & Board Nominations	
	A	B	A	B	A	B	A	B	A	B
Michael Rose	5	3	-	-	-	-	-	-	4	3
James Sheffield	1	1	-	-	-	-	-	-	2	2
Robert Hogg	1	1	2	2	-	-	2	2	-	-
Angeline Low	5	5	-	-	4	4	4	4	-	-
David Pigott	5	4	4	4	-	-	3	3	-	-
Des Semple	5	4	-	-	4	2	-	-	1	1
Marcus Laithwaite	5	5	2	1	-	-	2	1	2	2
Jo Thomson	5	5	-	-	4	4	-	-	-	-
Stephen Moss	5	2	-	-	4	2	2	2	3	3
Gaye Hart	5	5	4	3	-	-	2	2	-	-
Judy Mitchell	4	3	-	-	4	3	-	-	4	4
Michael Pain	4	3	2	2	-	-	-	-	1	1
Mary Latham	4	3	2	1	-	-	3	3	-	-

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

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 $36,168,975 (2012: $36,189,720).

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 26.

Review and results of operations

Total comprehensive income was a surplus of $120,335 (2012: deficit of $1,510,269), which included a gain on investments of $245,731 (2012: loss of $33,252) which has been taken up in equity. The equity of the Company increased to $4,504,927 (2012: $4,384,592).

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

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 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 $3,000 (2012: $3,750).

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' report for financial year ended 30 June 2013.

Signed in accordance with a resolution of the directors:

Marcus Laithwaite
Director

David Pigott
Director

Dated at Sydney this 11th day of September 2013

KPMG

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 2013 there has 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

11th day of September 2013

Statement of comprehensive income

Year ended 30 June 2013

	Note	2013 $	2012 $
Revenue			
Monetary donations & gifts			
Child sponsorship donations		26,313,358	26,374,905
Other donations		5,812,575	6,655,393
		32,125,933	33,030,298
Legacies and bequests		76,895	153,736
Grants			
AusAID		6,097,337	5,564,605
Other Australian	7	472,751	308,334
Overseas	8	5,290,360	4,364,541
		11,860,448	10,237,480
Investment income	9	428,221	562,341
Other income	10	701,491	337,394
Total revenue		45,192,988	44,321,249
Expenditure			
International programs			
Funds to international programs		33,045,747	33,461,911
Program support costs		2,320,894	1,815,196
		35,366,641	35,277,107
Community education		802,334	912,613
Fundraising costs			
Public		6,656,951	6,906,344
Government, multilateral and private		141,134	134,370
Accountability and administration	11	2,351,324	2,567,832
Total expenditure		45,318,384	45,798,266
Excess of revenue over expenditure		(125,396)	(1,477,017)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Net change in fair value of available-for-sale financial assets	9	245,731	(33,252)
Total comprehensive income for the year		120,335	(1,510,269)

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 11 to 30.

ChildFund Australia
ABN 79 002 885 761

ChildFund Australia

Statement of financial position

As at 30 June 2013

	Note	2013 $	2012 $
Assets			
Cash and cash equivalents	13	5,246,661	6,860,160
Trade and other receivables	14	512,781	986,546
Financial assets	15	4,000,000	2,500,000
Total current assets		9,759,442	10,346,706
Financial assets	15	2,330,454	1,995,864
Property, plant and equipment	16	1,111,125	1,089,381
Total non-current assets		3,441,579	3,085,245
Total assets		13,201,021	13,431,951
Liabilities			
Trade and other payables	17	8,176,712	8,613,693
Provisions	18	377,413	338,423
Total current liabilities		8,554,125	8,952,116
Provisions	18	141,969	95,243
Total non-current liabilities		141,969	95,243
Total liabilities		8,696,094	9,047,359
Net assets		4,504,927	4,384,592
Equity			
Unrestricted reserves			
Retained surplus		2,820,998	2,902,568
Bequest reserve		500,000	500,000
Fair-value reserve		391,637	145,906
		3,712,635	3,548,474
Restricted reserves		792,292	836,118
Total equity		4,504,927	4,384,592

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 11 to 30.

Statement of changes in equity

Year ended 30 June 2013

	Retained surplus $	Bequest reserve	Fair value reserve $	Restricted reserve $	Total equity $
Balance as at 1 July 2011	3,791,476	500,000	179,158	1,424,227	5,894,861
Total comprehensive income for the period					
Excess of revenue over expenditure	(1,477,017)	-	-	-	(1,477,017)
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	-	-	(33,252)	-	(33,252)
Transfers to restricted funds	(1,187,716)	-	-	1,187,716	-
Transfers from restricted funds	1,775,825	-	-	(1,775,825)	-
Balance as at 30 June 2012	2,902,568	500,000	145,906	836,118	4,384,592
Balance as at 1 July 2012	2,902,568	500,000	145,906	836,118	4,384,592
Total comprehensive income for the period					
Excess of revenue over expenditure	(125,396)	-	-	-	(125,396)
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	-	-	245,731	-	245,731
Transfers to restricted funds	(1,931,854)	-	-	1,931,854	-
Transfers from restricted funds	1,975,680	-	-	(1,975,680)	-
Balance as at 30 June 2013	2,820,998	500,000	391,637	792,292	4,504,927

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 11 to 30.

Statement of cash flows

For the year ended 30 June 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Cash receipts in the course of operations		45,947,274	43,893,510
Cash payments in the course of operations		(46,178,194)	(44,372,937)
Net cash from operating activities	24	(230,920)	(479,427)
Cash flows from investing activities			
Acquisition of available-for-sale financial assets		(88,861)	(32,976)
Bank term deposits (investment)/redemption		(1,500,000)	2,700,000
Acquisition of property, plant & equipment		(253,136)	(135,622)
Investment income received		129,050	104,851
Interest received		330,368	386,312
Net cash used in investing activities		(1,382,579)	3,022,565
Cash flows from financing activities			
Payment of finance lease liabilities		-	(3,041)
Net cash used in financing activities		-	(3,041)
Net increase/(decrease) in cash and cash equivalents		(1,613,499)	2,540,097
Cash and cash equivalents at 1 July 2012		6,860,160	4,320,063
Cash and cash equivalents at 30 June 2013	13	5,246,661	6,860,160

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 to 30.

Notes to the financial statements
Year ended 30 June 2013

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

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (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 11 September 2013.

(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 2013 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 2013

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.

Notes to the financial statements
Year ended 30 June 2013

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).

Notes to the financial statements
Year ended 30 June 2013

3. Significant accounting policies (continued)

(h) Impairment

The carrying amounts of the Company's assets are reviewed at each end of 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, other biological assets, investment property, inventories and deferred tax 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. Goodwill and 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. 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 that 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.

Notes to the financial statements
Year ended 30 June 2013

3. Significant accounting policies (continued)

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 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 2012, 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, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Company's 2016 financial statements and could change the classification and measurement of financial assets. Retrospective application is generally required, although there are exceptions. The company has not yet determined the potential effect of the standard.

(q) Changes in Accounting Policies

From 1 July 2012 the Company applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*. The change in accounting policy only relates to disclosures and has had no impact on net income. The changes have been applied retrospectively and require the Company to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. These changes are included in the statement of profit or loss and other comprehensive income.

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.

(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.

5. Financial risk management (continued)

(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.

Notes to the financial statements
Year ended 30 June 2013

6. Personnel expenses

	2013 $	2012 $
Salaries and wages	3,757,311	3,342,391
Other associated personnel expenses	92,207	97,753
Contributions to defined contribution superannuation funds	334,631	301,097
Increase in liability for leave	85,716	93,786
	4,269,865	3,835,027

7. Other Australian Grants

During the year $734,564 (2012:$308,334) of grants were received from the Department of Immigration & Citizenship and other agencies and of this $472,751 (2012: $308,334) 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. During the year the company received and recognised income of $5,290,360 (2012: $4,364,541).

9. Investment income

	2013 $	2012 $
Recognised in profit or loss		
Income from available-for-sale financial assets	132,050	104,851
Interest on bank deposits	296,171	457,490
	428,221	562,341
Recognised in other comprehensive income		
Net change in fair value of available- for- sale financial assets	245,731	-
	245,731	-

10. Other income

	2013 $	2012 $
Fundraising grant – ChildFund International	643,974	290,052
Other	57,517	47,342
	701,491	337,394

11. Administration expenses

	2013 $	2012 $
Administration staff salaries and other associated personnel expenses (part of personnel expenses set out in note 6)	1,916,939	1,959,796
Depreciation	84,392	68,140
Other administration expenses	349,993	539,896
	2,351,324	2,567,832

Notes to the financial statements
Year ended 30 June 2013

12. Auditors remuneration

	2013 $	2012 $
Audit services:		
Auditors of the Company		
KPMG Australia:		
- audit and review of financial statements	38,000	36,409
Overseas KPMG firms:		
- audit and review of financial statements	54,833	38,819
Overseas other audit firms:		
- audit and review of financial statements	13,311	
	106,144	75,228
Other services:		
Auditors of the Company		
Overseas KPMG firms:		
- other services	17,400	10,179
	17,400	10,179

13. Cash and cash equivalents

	2013 $	2012 $
Cash at bank (held in AUD)	133,445	139,920
Cash at bank (held in USD)	2,814,116	2,054,023
Cash deposits (held in AUD)	1,971,423	4,166,693
Cash at bank, branch offices (held in various currencies)	327,677	499,524
Cash and cash equivalents in statement of cash flows	5,246,661	6,860,160

The Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 22.

Cash at bank deposits
The weighted average interest rate on cash at bank in AUD at 30 June 2013 was 0.36% (2012: 0.40 %). No interest is receivable on USD bank balance. Funds held in the USD accounts are approximately equal to commitments in USD.

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 2013 is 4% (2012: 5.2%).

	2013 $	2012 $
14. Trade and other receivables		
Sundry debtors	471,526	953,387
Prepayments	41,255	33,159
	512,781	986,546
15. Investments		
Current		
Term deposits	4,000,000	2,500,000
Non-current		
Available-for-sale financial assets, at fair value	2,330,454	1,995,864

Only term deposits maturing in more than 90 days are included in investments. Term deposits maturing in less than 90 days total $1,300,000 (2012: $3,150,000) and are included in cash and cash equivalents note 13.

An unrealised gain of $245,731 (2012: unrealised loss $33,252) 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 22.

Notes to the financial statements
Year ended 30 June 2013

16. Property, plant and equipment

	Buildings	Furniture, fittings and office equipment	Intangibles	Total
	$	$		$
Cost				
Balance at 1 July 2011	1,182,042	437,001	-	1,619,043
Acquisitions	-	21,715	113,907	135,622
Disposals	-	(19,615)	-	(19,615)
Balance at 30 June 2012	1,182,042	439,101	113,907	1,735,050
Balance at 1 July 2012	1,182,042	439,101	113,907	1,735,050
Acquisitions	-	220,043	33,093	253,136
Disposals/Write-offs	-	(32,581)	(147,000)	(179,581)
Balance at 30 June 2013	1,182,042	626,563	-	1,808,605
Depreciation and impairment				
Balance at 1 July 2011	264,529	332,615	-	597,144
Depreciation charge for the year	31,638	36,502	-	68,140
Disposals	-	(19,615)	-	(19,615)
Balance at 30 June 2012	296,167	349,502	-	645,669
Balance at 1 July 2012	296,167	349,502	-	645,669
Depreciation charge for the year	31,638	52,754	-	84,392
Disposals	-	(32,581)	-	(32,581)
Balance at 30 June 2013	327,805	369,675	-	697,480
Carrying amounts				
At 1 July 2011	917,513	104,386	-	1,021,899
At 30 June 2012	885,875	89,600	113,907	1,089,381
At 1 July 2012	885,875	89,600	113,907	1,089,381
At 30 June 2013	854,237	256,888	-	1,111,125

During the year a software project was put on hold and the expenses incurred and capitalised in 2011-12 was written off.

Notes to the financial statements
Year ended 30 June 2013

17. Creditors

Trade and other payables

	2013 $	2012 $
Accounts payable	4,554,180	5,152,392
Unremitted funds	2,130,913	2,052,611
Revenue received in advance	1,192,239	1,351,123
Unspent government grants	299,380	57,567
	8,176,712	8,613,693

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.

18. Employee benefits

	2013 $	2012 $
Current liabilities		
Liability for annual leave	271,017	243,022
Liability for long service leave	106,396	95,401
	377,413	338,423
Non-current liabilities		
Liability for long service leave	141,969	95,243

19. 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.

20. Members' liability

The maximum liability of each member in the event of a winding up is $100 per member. At 30 June 2013 there were 10 members (2012: 11 members).

21. 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.

	2013 $	2012 $
Non- cancellable operating lease rentals are payable as follows:		
Less than one year	34,450	46,163
Between one and five years	62,316	85,882
	96,766	132,045

There are no operating lease commitments beyond 5 years.

Notes to the financial statements
Year ended 30 June 2013

22. 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:

	2013 $	2012 $
Available-for-sale financial assets	6,330,454	4,495,864
Trade and other receivables	471,526	953,387
Cash and cash equivalents	5,246,661	6,860,160
	12,048,641	12,309,411

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

	2013 $	2012 $
Australia	402,786	460,929
Asia	68,740	492,458
	471,526	953,387

As the Company is not engaged in any trading activities, the company does not have customers. Receivables are usually GST receivable from the ATO, AusAID and other overseas grants approved but not yet received. Of the carrying amount as at 30 June 2013, GST receivable accounted for $201,541 (2012: $241,694).

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 2013	Carrying amount	< 6 months	6-12 months	1-2 years	2-5 years
Trade payables	6,618,181	6,618,181	-	-	-
Unspent grants	299,380	299,380	-	-	-
Total	6,917,561	6,917,561	-	-	-

30 June 2012	Carrying amount	< 6 months	6-12 months	1-2 years	2-5 years
Trade payables	7,205,003	7,205,003	-	-	-
Unspent grants	57,567	57,567	-	-	-
Total	7,262,570	7,262,570	-	-	-

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

22. 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 2013			
Trade receivables	6,854	-	112,247
Trade payables	(512,998)	(18,169,665)	(160,772)
Cash and cash equivalents	2,919,634	1,169,003	138,069
Gross statement of financial position exposure	2,413,490	17,000,662	89,544
30 June 2012			
Trade receivables	17,534	7,532,166	228,506
Trade payables	(459,363)	(21,548,935)	(199,305)
Cash and cash equivalents	2,271,332	2,549,949	309,797
Gross statement of financial position exposure	1,829,503	11,466,820	338,998

The end of each reporting period spot rates applied were:

AUD exchange rates	2013	2012
USD 1	0.9081	0.9843
VND 10,000	0.5158	0.4777
PGK 1	0.4754	0.5051

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	
	2013	2012
	$	$
Fixed rate instruments		
Financial assets	5,300,000	5,650,000
Variable rate instruments		
Financial assets	6,277,115	5,706,024

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 $21,069 (2012: $63,626). This analysis is based on cash balances held in Australia as at 30 June 2013.

23. 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:

	2013 $	2012 $
Short-term employee benefits	1,118,231	1,081,419

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 Australia paid ChildFund International an amount of $14,658 (2012: $21,069) for sponsorship administration fees. ChildFund International granted an amount of $643,974 (2012: $290,052) to ChildFund Australia to be used for sponsor acquisition.

During the year, sponsorship, gifts, donations and grants totalling $21,694,724 (2012: $22,946,607) 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 $5,098,932 (2012: $4,219,060) 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 $1,428,878 (2012: $1,519,373) and AusAID project amounts totalling $418,730 (2012: $196,091). At year-end, the net assets of the Papua New Guinea project office were $173,652 (2012: $123,408).

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 $4,158,802 (2012: $3,816,615) and AusAID project amounts totalling

23. Related parties (continued)

$1,000,000 (2012: $1,334,000). At the end of year, the net assets of the Vietnam project office were $1,815,393 (2012: $583,212).

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 $2,158,658 (2012: $1,975,180) and AusAID funds totalling $244,000 (2012: $389,994. At the end of year, the net assets of the Cambodia project office were $1,402,789 (2012: $976,034).

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 $790,220 (2012: $579,986) and AusAID funds totalling $807,764 (2012: $449,066). At the end of year, the net assets of the Laos project office were $84,807 (2012: $58,316).

v) Myanmar

The Company started to operate 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 $78,176 and AusAID funds totalling $199,996. At the end of year, the net assets of the Myanmar project office were $16,361.

24. Notes to the statement of cash flows

	2013 $	2012 $
Surplus for the year	120,335	(1,510,269)
Depreciation	84,394	68,140
Intangible assets write off	147,000	-
Investment income	(377,781)	(104,851)
Interest income	(296,171)	(386,312)
Operating profit before changes in working capital and provisions	(322,223)	(1,933,292)
Decrease in trade and other receivables	442,568	(437,532)
Increase in trade and other payables	(436,981)	1,797,611
Increase in employee benefits provisions	85,716	93,786
Net cash generated from operating activities	(230,920)	(479,427)

25. Table of cash movements for designated purposes

	Cash available 1 July 2012	Cash raised during the year	Cash disbursed during year	Cash available 30 June 2013
Total for all other purposes	6,860,160	46,406,692	48,020,191	5,246,661
Total	6,860,160	46,406,692	48,020,191	5,246,661

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

Notes to the financial statements
Year ended 30 June 2013

26. 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

	2013 $	2012 $
Gross revenue from public activities	32,202,828	33,184,034
Less: Public fundraising costs	(6,656,951)	(6,906,344)
Net public funds	25,545,877	26,277,690
Gross Government, overseas, multilateral & corporate grants	11,860,448	10,237,480
Less: Government, multilateral & corporate fundraising costs	(141,134)	(134,370)
Net Government, overseas, multilateral & corporate funds	11,719,314	10,103,110
Other revenue	1,375,443	899,735
Net funds raised	38,640,634	37,280,535
Overseas project disbursements	33,045,747	33,461,911
Net unspent donations transferred (to)/from restricted reserves	(43,826)	(588,109)
Program support costs	2,320,894	1,815,196
Community education costs	802,334	912,613
Total funds disbursed towards the objectives of the Company	36,125,149	35,601,611
Accountability and administration expenses	2,351,324	2,567,832
Operating surplus after movements in restricted reserves	164,161	(888,908)

Percentages

	2013	2012
Total cost of public fundraising/gross public fundraising income	20.7%	20.8%
Surplus from public fundraising/gross public fundraising income	79.3%	79.2%
Funds disbursed towards objectives/total expenditure	79.7%	77.7%
Funds disbursed towards objectives/total revenue received	79.9%	80.3%

ChildFund
Australia

Directors' declaration

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

(a) the financial statements and notes, set out on pages 7 to 30 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 2013 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.

Marcus Laithwaite
Director

David Pigott
Director

Dated at Sydney this 11th day of September 2013

ChildFund Australia
ABN 79 002 885 761

ChildFund Australia

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 2013;

(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 2013;

(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 2013; 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 11th day of September 2013.

Independent auditor's report to the members of ChildFund Australia

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

Report on the financial report

We have audited the accompanying financial report of ChildFund Australia, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes 1 to 26 and the directors' declaration set out on page 31.

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 (including Australian Accounting Interpretations) and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditors' 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 entity'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 entity'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 presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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

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

Independent auditor's report to the members of ChildFund Australia

Additional scope pursuant to the Charitable Fundraising (NSW) Act 1991 and Head Agreement 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 Head Agreement between the Commonwealth of Australia and the Company ("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. 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 Head Agreement.

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 auditor's report to the members of ChildFund Australia

Auditor's opinion pursuant to the Corporations Act 2001

(a) the financial report of ChildFund Australia is in accordance with the Corporations Act 2001, including:

In our opinion:

i. giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

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

Auditor's 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 2013;

(b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2012 to 30 June 2013, 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 2012 to 30 June 2013 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

11th day of September 2013