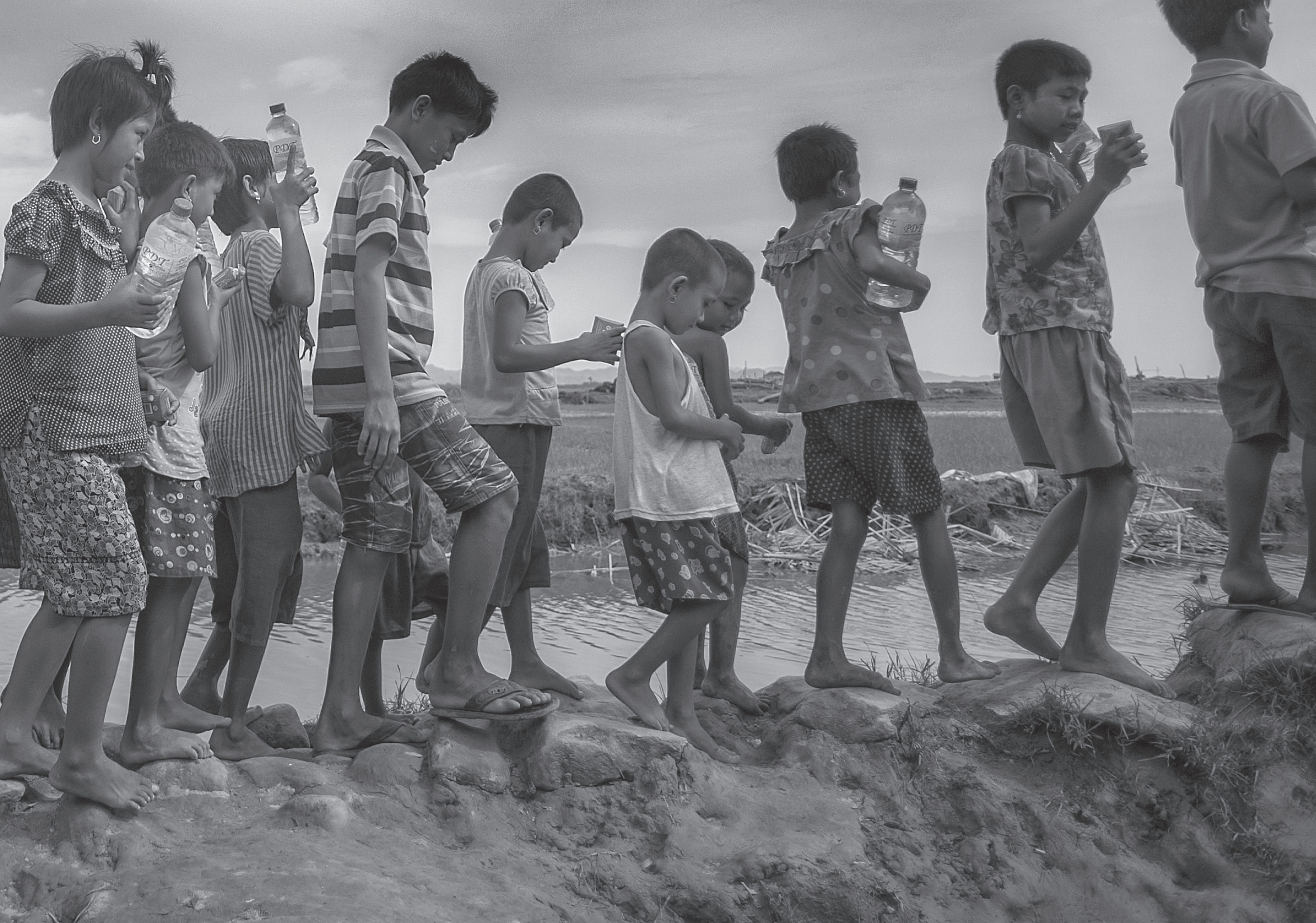
Save the Children
Australia

2015

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015



SAVE THE CHILDREN AUSTRALIA

ACN 008 610 035

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Company Secretary: Elizabeth Flynn

Registered Office:

Level 6, 250 Victoria Parade, East Melbourne, Vic 3002.
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SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035
31 DECEMBER 2015

DIRECTORS' REPORT

The directors present their report on the Consolidated Entity consisting of Save the Children Australia ("the company") and the entities it controlled (Consolidated Entity) at the end of, or during, the year ended 31 December 2015.

1. Directors

The directors of the company during the financial year and the period to the date of this report are:

Directors for the full financial year were:

Peter Hodgson	Jill Cameron
Bruce Nettleton	Jenny Roche
Lynn Wood	Christine Charles
Kim Clifford	Michelle Somerville
Gary Oliver	

Directors for part of the financial year were:

Andrew Sisson (ceased 13/5/15)	Don Churchill (ceased 23/6/15)
Lynn Wood (appointed 1/7/15)	Bruce Meagher (ceased 13/11/15)
Jan Stewart (ceased 13/11/15)	

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

2. Directors' meetings

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

Board Member	Meetings Attended	Meetings Held*
Peter Hodgson	6	6
Jan Stewart	4	5
Andrew Sisson	3	3
Bruce Meagher	4	5
Don Churchill	3	3
Jill Cameron	6	6

Board Member	Meetings Attended	Meetings Held*
Christine Charles	4	6
Michelle Somerville	6	6
Gary Oliver	4	6
Kim Clifford	5	6
Bruce Nettleton	5	6
Jenny Roche	6	6
Lynn Wood	3	3

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

3. Directors' qualifications, experience and special responsibilities

Peter Hodgson MA(Honours) in Law (Cambridge)	**Chairman of the Board and ex-officio member of the Board Audit Committee, Board Programs & Risk Committee and Board Human Resources Committee** Peter Hodgson is the Chief Executive Officer of The Myer Family Company a privately held investment and wealth management business with offices in four states. He joined the group on 1 July 2009. Until 2008, Peter was Group Managing Director Institutional at ANZ. Previously he was Chief Risk Officer for two years (2005-2007) before which time he had been Head of Structured Finance. Prior to returning to Australia in 1997 Peter had been working in advisory and structured finance, in the United Kingdom, Asia and the US, variously at Bank of America and BZW. Peter has been a director of Save the Children since May 2012 and became Chairman in June 2012.
Jill Cameron BA, B.Ed	**Member of the Board Programs & Risk Committee** Jill has a wealth of experience across education, health and children's services in government and non-government sectors. As a consultant for two decades, she has undertaken strategic planning, policy development, program and project design, and evaluation projects, large and small, at the local, state wide and national levels. Jill has been a director of Save the Children between 2003 and 2009 and most recently since May 2012.
Christine Charles BA Hons, Graduate Diploma Leadership	**Chairman of the Board Programs & Risk Committee** Christine is a senior business leader who has held a variety of positions in the private sector, public sector, community sector and academia. Christine is CEO of the RREDD Group and MD of Designed4 Growth. She is also founder and principal of Yerrin Connection. Christine was the Chief Executive of the South Australian Department of Human Services and prior to that she headed the South Australian Cabinet Office. She worked for the World Health Organisation as a senior consultant at the International Centre for Health Systems Development Japan. Christine is Chair Advisory Board at the Centre for Social Responsibility in Mining at the University of Queensland, and an Adjunct Professor at UQ. Christine has been a director of Save the Children since September 2012.
Michelle Somerville BAcc, MAppFin, MAICD, FCA	**Treasurer, Chairman of the Board Audit Committee** Michelle was previously an audit partner at KPMG and has had 28 years of experience in financial accounting, audit, risk management and compliance across a range of industries including the not for profit sector, in both Australia and the United States. Michelle has been a director of Save the Children since December 2012.

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

<u>**Kim Clifford**</u> JP	**Chairman of the Board Human Resources Committee** Kim has been a director of Incat Tasmania Pty Ltd since May 1996. Her role deals with the marketing and promotion of the Incat product, organisation and personnel. Kim has had extensive experience in corporate public affairs and media liaison. She is President of Tasmanian Fast Ferry Museum Inc. Kim was chair of the Tasmanian State Council for Save the Children from October 2009 until its dissolution in December 2012, and has been a director of Save the Children since May 2013.
<u>**Gary Oliver**</u>	**Member of the Board Human Resources Committee** Gary is a proud Kuku Yalanji man from Cape York Queensland. Over the past two decades, he has held senior government positions, including with Aboriginal Affairs NSW and the Queensland Department of Communities, and was Chairman of NSW Aboriginal Legal Services from 2009 to 2012. Gary is currently the Managing Director of Synergy Nation Group, an Indigenous Australian company specialising in Indigenous Strategic Practice across diverse industries. Gary has been a director of Save the Children Australia since May 2013.
<u>**Bruce Nettleton**</u> B.Econ, M.Econ.	**Member of the Board Audit Committee** Until recently Bruce was Global Head – Corporate Advisory of ANZ, holding that role since 2006. Prior to joining ANZ in 1998, Bruce spent over ten years as a director of two specialist mergers and acquisitions firms. He originally qualified as a Chartered Accountant with the international firm, Coopers & Lybrand, specialising in corporate insolvency and taxation. Bruce has been a member of the Institute of Chartered Accountants in Australia and the Securities Institute of Australia, and has acted as a director of a range of publicly listed, private and not-for-profit companies. Bruce has been a director of Save the Children since March 2014.
<u>**Jenny Roche**</u> BComm, Graduate Diploma Management, GAICD	**Member of the Board Audit Committee** Jenny is a partner, Customer Advisory, at Ernst & Young. She is also an accredited Director educator with the Australian Institute of Company Directors. Jenny previously worked as a senior Executive with Telstra, including as Executive Director Consumer Marketing, Head of Small Business Marketing and Head of Customer Experience. Jenny has served as a Non-Executive Director on a number of Boards, in the Government, Health and Private Sector. Jenny has been a director of Save the Children since March 2014

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

Lynn Wood MA (Psychology), MBA, FAICD	**Member of the Board Audit Committee** Lynn has contributed to the not for profit sector through board positions for over 20 years including with CEDA, MS Australia and the Women's College University of Sydney. She is also a Trustee of the IFRS Foundation. Her previous board positions include the Financial Reporting Council (Chairman), XRB, GPT Funds Management, HSBC Bank Australia, Macquarie Goodman Group, the Foreign Investment Review Board, NSW Lotteries and Schroders Australia. She was awarded a Centenary Medal for services to Australian Society through banking and finance. Lynn was the Chairman of Good Beginnings Australia until 30 June 2015. Save the Children Australia and Good Beginnings merged on 1 July 2015. Lynn has been a director of Save the Children since July 2015.

4. Principal activities

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

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

5. Significant changes in the state of affairs

Significant changes in the state of affairs of the entity during the financial year were as follows:

The Consolidated Entity's agreement with Department of Immigration and Border Protection to provide services to children and families seeking asylum on Nauru was terminated in October 2015. As a result of this, the Consolidated Entity has ceased to receive income for such services from 1 November 2015.

On 1 July 2015 Save the Children Australia became the sole member of Good Beginnings Australia Ltd and the entities were merged. The principal activity of Good Beginnings Australia is operating programs to build better outcomes for children in vulnerable communities at various locations throughout Australia. From this date the control of all operations related to Good Beginnings Australia Ltd were brought under the control of the Management and Board of Save the Children Australia. For the financial impact of this merger, refer to note 22.

6. Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect:

(a) The Consolidated Entity's operations in future financial years, or

(b) The results of those operations in future financial years, or

(c) The Consolidated Entity's state of affairs in future financial years.

7. Insurance of officers

During the financial year, Save the Children Australia paid a premium of $24,240 to insure directors and secretaries of the company and its Australian based controlled entities, and the general managers of the divisions of the entity.

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

8. Short term objective

The Consolidated Entity's short term objective is to increase income to ensure that programming activities can be expanded for the benefit of children.

9. Long term objectives

The Consolidated Entity's long term objectives are to:

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

10. Strategy for achieving the objectives

- The Consolidated Entity commenced a new three year Strategy in 2016. The Strategy defines the Consolidated Entity's organisational goals to be achieved by 2018 and key activities for 2016.

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

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

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

  - creating positive impact for and with children – focusing on the quality and effectiveness of programs, influencing the public and policy makers, and leading the humanitarian sector in the Asia-Pacific;
  - fuelling change with partners and supporters – including building a sustainable and trusted organisation, deepening its engagement with partners and supporters, and creating real and lasting change; and

10. Strategy for achieving the objectives – cont'd

  - being a great place to work – by making it easy to get things done, being agile and adaptable, and attracting and retaining the right people.

- As a member of the international Save the Children Association, the consolidated entity is contributing to a global strategy designed to:
  - achieve results at scale – by building humanitarian capability and strengthening thematic focus;
  - maximise use of knowledge – by developing global knowledge, culture, capacity and systems;
  - create a movement of millions – by building advocacy and campaigning capability, rolling out a global brand and achieving stronger, more diversified funding; and
  - become truly global – by building a high performing organisation, investing in people and establishing a global governance, structure and culture.

11. How principal activities assisted in achieving the objectives

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

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

Total revenue decreased by $12,231k or 8% in 2015 compared to 2014, whilst the surplus for the year was $1,680k compared to a surplus in the prior year of $208k. The key highlights of the result were:

- A decrease of $16,820k (15%) in grant income and $16,492k (14%) in programs expenditure primarily due to the completion of the Nauru and Afghanistan programs during 2015.
- Fundraising Income, including donations and gifts and legacies and bequests, increased by $1,378k (5%) largely due to an increase in the level of bequests and legacies and income from cash appeals in 2015.
- Fundraising costs increased by $613K (4.9%) due to significant investments in our fundraising capabilities in order to drive future growth in our fundraising income.
- On the 1st of July Save the Children Australia merged with Good Beginnings Australia and recorded a Discount on Acquisition of $2,066 and merger related costs of $783k in the consolidated income statements.
- A 22% increase in administration costs and 8% decrease in total revenue, resulting in an increase of our administration ratio from 5.1% to 6.8%. This is largely due to one off integration costs associated with the merger with Good Beginnings Australia Ltd and the write off of assets in preparation for a relocation of our head office. The Administration ratio excluding these one off costs was 5.6%.

12. Performance measures –cont'd

- *Administration ratio*

  A useful measure of the Consolidated Entity's administrative efficiency is its administration cost ratio, which Save the Children Australia aims to keep below 10%. The ratio expresses administration costs (including depreciation) as a percentage of total expenditure and for 2015 the ratio was 6.8% (2014: 5.1%). Excluding one–off costs associated with the merger with Good Beginnings Australia and the relocation of our head office the ratio was 5.6%.

- *Fundraising cost ratio*

  Another ratio often given attention is the fundraising cost ratio. There are different definitions of this ratio used throughout the not-for-profit sector. In order to assess the organisation's performance accurately and to provide a comparison with other non-government organisations, the following two fundraising cost ratios have been used:

  - Fundraising costs as a percentage of total revenue.

    The ratio in relation to total revenue for 2015 was 10% (2014: 8.7%).

  - Fundraising costs as a percentage of fundraising income, which excludes grants.

    The ratio in relation to all funds raised for 2015 was 46.2% (2014: 46.3%). The meaningfulness of this ratio however, is affected by the range of fundraising activities undertaken in the respective financial periods. In Save the Children Australia's case this range, and the associated cost rates, varies markedly between recruitment of donors into the Committed Giving program and special events. Fundraising activities are worth pursuing provided they generate a worthwhile surplus over time that can be devoted to achieving Save the Children Australia's goal of improving the lives of children.

    It is therefore necessary to be cautious when comparing the fundraising cost ratio over time and with the corresponding ratio of other charities that may have quite different ways of funding their activities and reporting their results.

13. Members' guarantee

Save the Children Australia is a company limited by guarantee. In the event of, and for the purpose of, the winding up of the Consolidated Entity, the amount capable of being called up from each member and any person or association who has ceased to be a member in the year prior to the winding up, is limited to $1,000 for members that are corporations and $10 for all other members, subject to the provisions of the company's constitution. For 2015 the collective liability of members was $5,440 (2014: $6,110).

14. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60 - 40 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012 is set out on page 9 and forms part of the Directors report.

Signed in accordance with a resolution of the Directors.

Peter Hodgson
Chairman

Melbourne
21 March 2016

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SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035
31 DECEMBER 2015

DIRECTORS' REPORT

Auditor's Independence Declaration

As auditor for the audit of Save the Children Australia for the year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

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

Darren Jenns
Partner
PricewaterhouseCoopers

Melbourne
21 March 2016

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SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035
31 DECEMBER 2014

CORPORATE GOVERNANCE STATEMENT

1. Introduction

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

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

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

2. Remuneration of Directors

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

3. Board Meetings

The Board meets at least six times a year.

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

4. Board Committees

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

At the date of this report the Board Audit Committee members are Michelle Somerville (Chair), Jenny Roche, Bruce Nettleton, Lynn Wood and Peter Hodgson (ex officio).

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

At the date of this report the Board Programs & Risk Committee members are Christine Charles (Chair), Jill Cameron, and Peter Hodgson (ex officio) .

CORPORATE GOVERNANCE STATEMENT

4. Board Committees –cont'd

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

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

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

5. Executive Team

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

6. Executive Remuneration

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

7. Internal Controls and Management of Risk

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

8. Ethics and Conduct

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

9. Member Relationships

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

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

10. Governance Best Practice

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

SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated 2015 $000	2014 $000
CONTINUING OPERATIONS			
REVENUE			
Donations and gifts – monetary		**26,963**	26,430
Donations and gifts – non-monetary		**357**	70
Bequests and legacies		**1,130**	572
Grants			
- Department Foreign Affairs and Trade		**33,726**	46,922
- Other Australian		**53,759**	62,719
- Other overseas		**8,963**	3,627
Revenues from commercial activities	**2**	**4,137**	3,365
Investment income	**3**	**622**	547
Other income		**965**	667
Discount on acquisition	**22**	**2,066**	-
TOTAL REVENUE		**132,688**	144,919
EXPENDITURE			
International Aid and Development Programs Expenditure			
International programs			
- Funds to international programs		**76,112**	98,107
- Program support costs		**2,702**	3,062
Domestic Aid and Development Programs Expenditure			
Domestic programs			
- Funds to domestic programs		**22,729**	17,126
- Program support costs		**1,151**	891
Community Education		**2,815**	2,833
Fundraising costs (International and Domestic)			
- Public – monetary		**11,599**	10,871
- Public – non-monetary		**-**	9
- Government, multilateral and private		**1,553**	1,659
Commercial activities Domestic		**3,412**	2,818
Accountability and Administration (International and Domestic)		**8,935**	7,335
TOTAL EXPENDITURE		**131,008**	144,711
Excess of revenue over expenditure from continuing operations		**1,680**	208

The accompanying notes form part of these financial statements.

CONSOLIDATED INCOME STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated 2015 $000	Consolidated 2014 $000
Excess of revenue over expenditure from continuing operations		**1,680**	208
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequent to Profit or Loss			
Exchange differences on translation of foreign operations		-	(106)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	(106)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,680**	102

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

The accompanying notes form part of these financial statements.

SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

		Consolidated	
	Note	2015	2014
Assets		$000	$000
Current assets			
Cash and cash equivalents	6	**32,513**	26,886
Trade and other receivables	7	**15,246**	25,068
Inventories	8	**197**	230
Total current assets		**47,956**	52,184
Non-current assets			
Property, plant and equipment	9	**2,875**	3,667
Intangible Assets	10	**896**	955
Total non-current assets		**3,771**	4,622
Total assets		**51,727**	56,806
Liabilities			
Current Liabilities			
Trade and other payables	11	**6,296**	9,747
Provisions	12	**2,804**	3,352
Deferred income	13	**35,360**	38,050
Total current liabilities		**44,460**	51,149
Non-current liabilities			
Provisions	12	**636**	706
Total non-current liabilities		**636**	706
Total liabilities		**45,096**	51,855
Net assets		**6,631**	4,951
Equity			
Accumulated Surplus		**6,631**	4,951
Total equity		**6,631**	4,951

The accompanying notes form part of these financial statements.

SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Foreign Currency Translation Reserve $000	Accumulated Surplus $000	Total Equity $000
Balance at 31 December 2013	106	4,743	4,849
Total comprehensive income for the year			
Surplus for the year	-	208	208
Other comprehensive income			
Movement in foreign currency translation reserve	(106)	-	(106)
Total other comprehensive income for the year	(106)	208	102
Balance at 31 December 2014	**-**	**4,951**	**4,951**
Total comprehensive income for the period			
Surplus for the period	-	1,680	1,680
Total other comprehensive income for the year	-	-	-
Balance at 31 December 2015	**-**	**6,631**	**6,631**

The accompanying notes form part of these financial statements.

SAVE THE CHILDREN AUSTRALIA
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated 2015 $000	2014 $000
Cash flows from operating activities			
Cash received in the course of operations (inclusive of goods and services tax)		**138,686**	139,949
Cash paid in the course of operations (inclusive of goods and services tax)		**(137,663)**	(139,478)
Interest received and other operations		**2,689**	547
Net cash (used) / provided in operating activities	**15**	**3,712**	1,018
Cash flows from investing activities			
Proceeds from acquisition (cash acquired)	**22**	**3,006**	-
Proceeds from sale of plant and equipment		**19**	203
Payments for plant and equipment		**(1,043)**	(871)
Payments for intangible assets		**(67)**	(262)
Net cash (used) provided in investing activities		**1,915**	(930)
Cash flows from financing activities		**-**	-
Net cash (used)/provided in financing activities		**-**	-
Net increase /(decrease) in cash held		**5,627**	88
Exchange difference on cash and cash equivalents		**-**	100
Cash at the beginning of the financial year		**26,886**	26,698
Cash at the end of the financial year	**6**	**32,513**	26,886

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

The financial statements for Save the Children Australia and its controlled entities ("the Consolidated Entity") are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB) and interpretations issued by the AASB and the Australian Charities and Not-for-profits Commission (ACNC) Act 2012.

The Consolidated Entity is a not-for-profit entity.

The financial statements are presented in the Australian currency.

Comparative information is reclassified where appropriate to enhance comparability.

The consolidated financial statements for the year ended 31 December 2015 were approved and authorised for issue by the Board on 21 March 2016.

Early adoption of standards

Save the Children Australia Consolidated entity has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 January 2015.

Historical cost convention

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

Critical accounting estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Save the Children Australia as at 31 December 2015 and the results of all controlled entities for the year then ended. Save the Children Australia and its controlled entities are referred to in these financial statements as the "Consolidated Entity". These entities are set out in note 17(d).

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position respectively. Presently there are no non-controlling interests in any of the consolidated entities.

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

(b) Income Tax

The company is a registered charity under s.50-5 of the Income Tax Assessment Act 1997. No provision for income tax is necessary.

(c) Trade and Other Receivables

All receivables are recognised at original invoice amounts. Trade receivables have repayment terms between 30 and 90 days. Ability to collect trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance is made for doubtful debts where there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts more than 120 days overdue. On confirmation that the trade receivable will not be collectable the gross carrying value of the asset is written off against the associated provision.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(d) Inventories

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

Goods for resale

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

Goods held for distribution

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

(e) Property, Plant and Equipment

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

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

Depreciation

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred by external parties to entities in the Consolidated Entity are classified as finance leases. Other leases are classified as operating leases. The Consolidated Entity has no finance leases.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred on a straight line basis. Contingent rentals arising under operating leases are recognised as expenses in the period in which they are incurred.

(g) Intangible Assets

Acquired intangible assets

Acquired and developed computer software is capitalised on the basis of the costs incurred to acquire, develop and install the specific software.

Measurement

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

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

- Software: 3-7 years

Amortisation has been included within depreciation and amortisation.

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

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

(h) Financial Instruments

Recognition

All investments and other financial assets are measured initially, at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Purchases and sales of investments are recognised on trade date which is the date on which the Consolidated Entity commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(h) Financial Instruments cont'd

Loans and receivables

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

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

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

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

Trade and other payables

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

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

Fair value

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

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(i) Impairment of non financial assets

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

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

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

(j) Foreign Currency Translation

Items included in the financial statements of the Consolidated Entity are measured using the currency of the primary economic environment in which the Consolidated Entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Save the Children Australia's functional and presentation currency.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(j) Foreign Currency Translation –cont'd

Controlled Entities

The results and financial position of controlled overseas entities within the Consolidated Entity (none of which has the currency of a hyperinflationary economy) are translated into the presentation currency as follows:

- Items of revenue and expense are translated at the rate of exchange at the date of the transaction, or at a rate that approximates the actual exchange rates (an average exchange rate for a specific period may be used as an approximate exchange rate).
- All assets and liabilities are categorised into monetary and non-monetary items. Monetary items denominated in a currency other than Consolidated Entity's functional currency are translated at the closing exchange rate at the reporting date. Non-monetary items are translated using the closing rate at the date of the transaction. Resulting exchange differences from these monetary and non-monetary transactions are recognised directly in the P&L as foreign exchange gain or loss for the reporting year. No foreign currency translation reserve is maintained, nor reported in the consolidated accounts.
- Cash flows are translated at the rate of exchange at the dates of the relevant transactions.
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(k) Employee Benefits

Wages, salaries and annual leave

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

Long service leave

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

Superannuation

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(l) Provisions

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

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

(m) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of twelve months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(n) Revenue Recognition

Revenue is recognised when the Consolidated Entity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of amounts of goods and services tax (GST) payable to the Australian Tax Office.

Revenue from Fundraising

General donations and fund raising events

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

Committed donations

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

Legacies & Bequests

Legacies are recognised when the Consolidated Entity is notified of an impending distribution or the legacy is received, whichever occurs earlier.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(n) Revenue Recognition –cont'd

Government and Other Grants

Government and other funding received or receivable on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are recognised as deferred income, and revenue is recognised as services are performed or conditions fulfilled, being the expenditure incurred relating to the specified project.

In the event that surplus funds remain after programs are completed, these surplus funds are returned to the relevant funding bodies when requested.

Sales of Goods

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

Interest Income

Interest revenue is recognised on a proportional basis using the effective interest rate method, taking into account the interest rates applicable to the financial assets.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(o) Expenditure

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

Fundraising costs are those incurred in seeking voluntary contributions by donation and include costs of disseminating information relating to the activities carried on by the company.

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

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

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

(p) Goods and Services Tax (GST)

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(q) Interest-Bearing Liabilities

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

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

(r) Deferred Income

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

(s) Gifts in Kind

Gifts in Kind are valued at Fair Value. Save the Children Australia is not carrying any Gifts in Kind for 2015 (2014: $31,850).

(t) New accounting standards and interpretations

New and amended standards adopted by the company:

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2015 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods.

The company has not elected to apply any pronouncements to the annual reporting period beginning 1 January 2015.

New standards and interpretations not yet adopted:

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the company. The company's assessment indicates that there are no new Australian Accounting Standards or interpretations that have been issued but are not yet effective with an expected material impact on the company's financial statements in the period of initial application.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

(u) Business combinations

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

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a discount on acquisition.

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

		Consolidated Entity	
		2015	2014
		$000	$000
2.	**REVENUE FROM COMMERCIAL ACTIVITIES**		
	Sale of goods	**4,137**	3,362
	Raffle sales	-	2
	Income from training services	-	1
	Total	**4,137**	3,365
3.	**INVESTMENT INCOME**		
	Interest	**622**	547
	Total	**622**	547
4.	**EXPENSES**		
	Operating Surplus/(Shortfall) includes the following specific expenses:		
	Depreciation of property, plant and equipment	**1,904**	663
	Amortisation of intangibles	**125**	92
	Rental expenses relating to operating leases	**3,143**	2,476

		2015	2014
5.	**AUDITOR'S REMUNERATION**		
		$	$
	Audit and review of financial statements		
	- PricewaterhouseCoopers Australia	**102,000**	95,000
	- Grant Thornton/BDO Statutory audit	-	29,000
		102,000	124,000
	Acquittal audits**		
	- PricewaterhouseCoopers Australia	**43,150**	32,000
	- Grant Thornton	-	10,547
		43,150	42,547
	Total	**145,150**	166,547

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

		2015	2014
		$000	$000
6.	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	**14**	25
	Cash at bank	**8,499**	14,861
	Term deposits	**24,000**	12,000
		32,513	26,886

	Consolidated Entity	
	2015	2014
	$000	$000

7. TRADE AND OTHER RECEIVABLES

Current		
Amounts due under funding contracts	**2,974**	6,275
Sundry receivables and prepayments	**8,938**	9,883
GST receivable	**213**	719
Accrued income	**3,121**	8,191
Total	**15,246**	25,068

Payment terms on receivables past due but not considered impaired have not been renegotiated. The Consolidated Entity has been in direct contact with the relevant customers and is reasonably satisfied that payment will be received in full. None of the trade and other receivables are considered impaired.

8. INVENTORIES

Gifts in Kind – at fair value	-	32
Fundraising merchandise – at cost	**197**	198
Total	**197**	230

9. PROPERTY, PLANT AND EQUIPMENT

Land and buildings – at cost	**964**	964
Less: Accumulated depreciation	**(293)**	(268)
	671	696
Leasehold improvements – at cost	**2,630**	2,301
Less: Accumulated depreciation	**(1,644)**	(959)
	986	1,342
Plant and equipment – at cost	**4,014**	3,482
Less: Accumulated depreciation	**(3,153)**	(2,242)
	861	1,240
Motor vehicles – at cost	**1,855**	1,617
Less: Accumulated depreciation	**(1,498)**	(1,228)
	357	389
Total property, plant and equipment	**2,875**	3,667

9. PROPERTY, PLANT AND EQUIPMENT – cont'd

Movement in carrying amounts

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

Consolidated Entity	Land & Buildings $000	Leasehold Improvements $000	Plant & Equipment $000	Motor Vehicles $000	Total $000
Carrying amount at 31 December 2013	724	1,282	1,140	516	3,662
Additions at cost		210	451	210	871
Disposals	-	-	-	(203)	(203)
Reallocations	-	-	-	-	-
Depreciation expense	(28)	(150)	(351)	(134)	(663)
Carrying amount at 31 December 2014	696	1,342	1,240	389	3,667
Additions at cost	-	341	533	258	1,132
Disposals	-	-	-	(20)	(20)
Reallocations	-	-	-	-	-
Depreciation expense	(25)	(697)	(912)	(270)	(1,904)
Carrying amount at 31 December 2015	671	986	861	357	2,875

	Consolidated Entity 2015 $000	Consolidated Entity 2014 $000
10. INTANGIBLE ASSETS		
Software – at cost	1,114	1,047
Less: accumulated amortisation	(218)	(92)
	896	955
11. TRADE AND OTHER PAYABLES		
Trade payables	6,275	9,639
Other payables	21	108
	6,296	9,747

	Consolidated Entity	
	2015	2014
	$000	$000

12. PROVISIONS

Current		
Employee benefits	**2,694**	2,502
Provision – severance pay	**110**	850
	2,804	3,352
Non-current		
Employee benefits	**436**	322
Provision for make good	**200**	384
	636	706

13. DEFERRED INCOME

Deferred income	**35,360**	38,050

Deferred income consists of deferred government grants.

14. PARENT ENTITY INFORMATION

(a) The following detailed information is related to the parent entity, Save the Children Australia, at 31 December 2015. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2015 $000	2014 $000
Current assets	**53,473**	53,711
Non-current assets	**3,827**	4,763
Total assets	**57,300**	58,474
Current liabilities	**29,341**	46,336
Non-current liabilities	**363**	512
Total liabilities	**29,704**	46,848
Retained earnings	**27,596**	11,626
Total equity	**27,596**	11,626
Surplus for the year	**15,970**	6,788
Total comprehensive income / (loss) for the year	**15,970**	6,788

15. CASH FLOW INFORMATION

Reconciliation of net surplus for the year to net cash provided by operating activities

	Consolidated Entity	
	2015	**2014**
	$000	**$000**
Net Surplus /(Deficit) for the year	**1,680**	208
Non-cash flows in surplus for the year:		
Non-realised exchange movement in cash and cash equivalents	-	(100)
Depreciation and amortisation	**2,029**	755
Discount on acquisition	**(2,066)**	-
Changes in operating assets and liabilities, net of assets and liabilities acquired:		
Decrease / (Increase) in inventories	**33**	(147)
Decrease / (Increase) in trade and other receivables	**10,213**	(4,632)
Increase / (Decrease) in trade and other payables	**(3,702)**	1,818
Increase / (Decrease) in deferred income	**(3,336)**	1,413
Increase / (Decrease) in provisions	**(1,139)**	1,704
Net cash (used) / provided by operating activities	**3,712**	1,019

16. RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

	Consolidated Entity	
	2015	2014
	$000	$000
Key management personnel compensation is related to those employees who sit on the Executive Committee having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.	**1,867**	1,638

As at December 2015 there were 8 key management personnel (December 2014: 8).

(b) Transactions with key management personnel

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

(c) Transactions with related parties

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

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

(d) Controlled entities

Interests in controlled entities are set out below.

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

Controlled entity of Save the Children Australia:	Established	Trustee
Save the Children Australia Trust (ABN 79 685 451 696)	Australia	Save the Children Australia
Save the Children Solomon Islands Trust Board (Incorporated) CT 14 of 2015 under Solomon Islands Charitable Trusts Act	Solomon Islands	Save the Children Australia
		Ownership
Save the Children in Vanuatu Association Inc. No. 012567 under Vanuatu Charitable Associations (Incorporation) Act	Vanuatu	100%
Save the Children in Papua New Guinea (SCIPNG) Inc. Association No. 5-4999 under the PNG Associations Incorporation Act	PNG	100%
Good Beginnings Australia Limited (ABN 68 090 673 528)	Australia	100%

17. LEASING COMMITMENTS

	Consolidated Entity	
	2015	2014
	$000	$000
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
Not later than 12 months	**2,119**	2,882
Later than 12 months but not later than 5 years	**1,083**	1,879
More than 5 years	-	-
	3,202	4,761

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

18. CONTINGENT LIABILITIES

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

19. MEMBERS' GUARANTEE

Save the Children Australia is a company limited by guarantee. In the event of, and for the purpose of, the winding up of the company, the amount capable of being called up from each member and any person or association who has ceased to be a member in the year prior to the winding up, is limited to $1,000 for members that are corporations and $10 for all other members, subject to the provisions of the company's constitution. At 2015 the collective liability of members was $5,440 (2014: $6,110).

20. SUBSEQUENT EVENTS

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

21. FINANCIAL RISK MANAGEMENT

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

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

The Consolidated Entity holds the following financial instruments:

		Consolidated Entity	
		2015	2014
	Notes	$000	$000
Financial assets			
Cash and cash equivalents	6	**8,513**	14,886
Fixed term deposits	6	**24,000**	12,000
Trade receivables	7	**2,974**	6,275
Other receivables	7	**12,272**	18,793
Total financial assets		**47,759**	51,954
Financial liabilities			
Other Creditors and Accruals	11	**6,296**	9,639
Total financial liabilities		**6,296**	9,639

(a) Interest rate risk

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

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

(b) Credit risk

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

(c) Liquidity risk

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

21. FINANCIAL RISK MANAGEMENT –cont'd

(d) Foreign currency (fx) risk

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

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

The Consolidated Entity maintains bank accounts in local currencies for our Pacific offices, which at the reporting date were for AUD equivalent, $3,057,951 (2014: $2,405,058). The Consolidated Entity also maintain foreign currency accounts for the occasional grant received and transfer required in foreign currency. These accounts at the reporting date were for AUD equivalent $867,808 (2014: $470,273). The Consolidated Entity has assessed that the foreign currency exposure to fluctuations in these non-AUD denominated accounts is not material.

The following are the foreign balances at the end of 2015:

Bank Account	Currency	Foreign Currency Balance	AUD Equivalents
Melbourne	USD	138,931	190,603
Melbourne	EUR	606,716	909,483
In PNG	PGK	2,951,886	1,330,817
In Solomon Islands	SBD	526,288	89,168
In Vanuatu	VUV	43,343,521	537,880
Total			**3,057,951**

22. BUSINESS COMBINATION

On the 1 July 2015 Save the Children Australia merged with Good Beginnings Australia Limited (company limited by guarantee) and became the sole member of the company. There was no purchase consideration provided as part of the merger (cash or other consideration).

The merger meets the definition of a business combination for accounting purposes and SCA has been identified as the acquirer. There were no acquisitions in the year ending 31 December 2014.

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

	Fair Value $000
Cash	3,006
Prepayments	139
Trade receivables	252
Plant and equipment	88
Trade payables	(252)
Deferred income	(646)
Provision of employee benefits	(521)
Net identifiable assets acquired	2,066
Purchase consideration	0
Discount on Acquisition	2,066

The merger related costs of $783k are included in other expenses in the consolidated income statements and in operating cash flows in the statement of cash flows.

23. NSW CHARITABLE FUNDRAISING ACT 1991

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

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

Fundraising activities include:

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

23. NSW CHARITABLE FUNDRAISING ACT 1991 - cont'd

	Total Income	Total Fundraising Direct Expenses	Net Income	Total Income	Total Fundraising Direct Expenses	Net Income
	2015	2015	2015	2014	2014	2014
	$000	$000	$000	$000	$000	$000
Fundraising Information						
Donations and Gifts	**23,588**	**10,778**	**12,810**	23,001	10,278	12,723
Special Events	**686**	**654**	**32**	760	542	218
Emergency Appeals	**3,046**	**167**	**2,879**	2,739	60	2,679
	27,320	**11,599**	**15,721**	26,500	10,880	15,620
Bequests and Legacies	**1,130**	-	**1,130**	572	-	572
Grants						
- DFAT	**33,726**	-	**33,726**	46,922	-	46,922
- Australian	**53,759**	**1,553**	**52,206**	62,719	1,659	61,060
- Other Overseas	**8,963**	-	**8,963**	3,627	-	3,627
Revenues from commercial activities						
- Sale of Goods & Other	**4,137**	-	**4,137**	3,362	-	3,362
- Raffle Sales	-	-	-	2	-	2
- Registered training organisation	-	-	-	1	-	1
Investment Income	**622**	-	**622**	547	-	547
Other Income	**3,031**	-	**3,031**	667	-	667
Total Net Income Contribution	**132,688**	**13,152**	**119,536**	144,919	12,539	132,380

23. NSW CHARITABLE FUNDRAISING ACT 1991- cont'd

	Total Income	Expenses	Net Income	Total Income	Expenses	Net Income
	2015	2015	2015	2014	2014	2014
	$000	$000	$000	$000	$000	$000
Total net Income Contribution	**132,688**	**13,152**	**119,536**	144,919	12,539	132,380
Program. Administration and Other						
Community Education	-	**2,815**	**(2,815)**	-	2,834	(2,834)
International Programs including delivery	-	**78,814**	**(78,714)**	-	101,170	(101,170)
Domestic Programs including delivery	-	**23,880**	**(23,880)**	-	18,016	(18,016)
Unallocated Fundraising Costs	-	-	-	-	-	-
Commercial Activities	-	**3,412**	**(3,412)**	-	2,818	(2,818)
Administration	-	**8,935**	**(8,935)**	-	7,334	(7,334)
Total Program, Administration and Other	-	**117,856**	**(117,856)**	-	132,172	(132,172)
Operating Surplus/(Deficit)	**132,688**	**131,008**	**1,680**	144,919	144,711	208

23. NSW CHARITABLE FUNDRAISING ACT 1991 – cont'd

	2015	2015	2014	2014
Comparison of monetary figures and percentages	$000	%	$000	%
Ratio of Fundraising Costs to Gross Income from Fundraising				
Total Cost of Fundraising and Donations	13,152	48.14%	12,539	47.32%
Gross Income from Fundraising and Donations	27,320		26,500	
Ratio of Fundraising Costs to Total Income				
Total Cost of Fundraising and Donations	13,152	9.91%	12,539	8.65%
Total Income	132,688		144,920	
Ratio of Surplus Fundraising to Gross Income from Fundraising				
Net Surplus from Fundraising and Donations	14,168	51.86%	13,960	52.68%
Gross Income from Fundraising and Donations	27,320		26,500	
Ratio of Cost of Fundraising using Traders to Total Income received from Fundraising using Traders*				
Total Cost of Fundraising using Traders	2,555	14.45%	2,400	13.43%
Total Income from Fundraising using Traders	17,680		17,865	
Ratio of Cost of Service and Programs provided to Total Income				
Total Cost of Services and Programs provided	105,509	79.52%	122,019	84.20%
Total Income	132,688		144,919	
Ratio of Cost of Service and Programs provided to Total Expenditure				
Total Cost of Services and Programs provided	105,509	80.54%	121,019	84.32%
Total Expenditure	131,008		144,712	

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

24. INFORMATION PROVIDED UNDER THE ACFID CODE OF CONDUCT

The company is a signatory to the Australian Council for International Development (ACFID) Code of Conduct, and as such has an obligation to provide the following information which demonstrates adherence to the Code's financial standards. For further information on the Code please refer to the ACFID Code of Conduct Guidance Document available at www.acfid.asn.au.

Table of Cash Movements for Designated Purposes

	Cash available at the beginning of the financial year	Cash raised during the financial year	Cash disbursed during the financial year	Cash available at the end of the financial year
Grants – Afghanistan – Uruzgan Health Education Program - DFAT	4,197,600	4,463,506	6,504,839	2,156,266
Grants – Myanmar Education Consortium DFAT	10,193,470	5,059,671	5,200,487	10,052,654
Grants – Pakistan ECCE for KPK Province	2,865,276	12,594	2,654,000	223,870
Total for other purposes	9,629,188	131,858,162	121,407,530	20,079,820
Total	**26,885,584**	**141,393,933**	**135,766,856**	**32,512,610**

No other single appeal represented more than 10% of the total cash raised.

SAVE THE CHILDREN AUSTRALIA
ACN 008 610 035

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2015

In the directors' opinion:

(a) the financial statements and notes set out on pages 12 to 43 are in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act* 2012 including:

(i) complying with Accounting Standards – Reduced Disclosure Requirements, the ACNC Regulations 2012 and any other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and its performance for the year ended on that date, and

(iii) complying with the requirements set out in the ACFID Code of Conduct;

(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, and

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

Peter Hodgson
Chairman

Melbourne:

21 March 2016

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Independent auditor's report to the members of Save the Children Australia

Report on the financial report

We have audited the accompanying financial report of Save the Children Australia (the company), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Save the Children Australia Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 consolidated entity's preparation and fair presentation of the financial report 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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pwc

Independent auditor's report to the members of Save the Children Australia (continued)

Report on the financial report (continued)

Auditor's opinion

In our opinion, the financial report of Save the Children Australia is in accordance with the *Australian Charities and Not-for-profits Commissions Act 2012,* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements.

PricewaterhouseCoopers

PricewaterhouseCoopers

Darren Jenns

Darren Jenns
Partner

Melbourne
21 March 2016