

**SAVE THE CHILDREN AUSTRALIA**

**ACN 008 610 035**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

Company Secretary: Elizabeth Flynn

*Registered Office:*

33 Lincoln Square South, Carlton, VIC 3053.

Telephone: 03 7002 1600

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**SAVE THE CHILDREN AUSTRALIA**  
**ACN 008 610 035**  
**31 DECEMBER 2020**

**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 2020.

**1. Directors**

Directors of the company for the full financial year were:

Peter Hodgson	Karen Harmon
Gary Oliver	Annabelle Herd
Harvey Collins	Mary Sue Rogers
Michael White	Larry Kamener
Sandy Pitcher	Michelle Scott

Directors of the company for part of the financial year were:

Michelle Somerville (resigned 17/9/20)	Rod Glover (resigned 20/5/20)
Michelle Nightingale (appointed 17/9/20)	Justin Hanney (appointed 17/9/20)

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

**2. Directors meetings**

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

Board Member	Meetings Attended	Meetings Held*	Board Member	Meetings Attended	Meetings Held*
Peter Hodgson	6	6	Gary Oliver	4	6
Annabelle Herd	4	6	Harvey Collins	4	6
Karen Harmon	5	6	Mary Sue Rogers	6	6
Sandy Pitcher	5	6	Michael White	6	6
Michelle Scott	6	6	Larry Kamener	6	6
Michelle Nightingale	2	2	Justin Hanney	2	2

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

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**DIRECTORS' REPORT**

**3. Directors' qualifications, experience and special responsibilities**

<p><b><u>Peter Hodgson</u></b>  <b><u>MA(Honours) in Law</u></b>  <b><u>(Cambridge)</u></b></p>	<p><b>Chairman of the Board and ex-officio member of the Board Audit Committee, Board Programs &amp; Risk Committee and Board Human Resources Committee</b></p> <p>Peter is currently the Chairman of Judo Bank and Paranta Pty Ltd and until late 2016 was the Chief Executive Officer of The Myer Family Investments, a privately held investment and wealth management business with offices in four states. Until 2008, Peter was Group Managing Director Institutional at ANZ. Previously he was Chief Risk Officer before which time he had been Head of Structured Finance. Peter worked in advisory and structured finance, in the United Kingdom, Asia and the United States, variously at Bank of America and BZW. He sits on the Investment Committee of Trinity College and the Advisory Board of Drummond Capital Partners. Peter has been a director of Save the Children since May 2012 and became Chairman in June 2012.</p>
<p><b><u>Gary Oliver</u></b></p>	<p><b>Member of the Board Human Resources Committee &amp; Member of the Board Programs and Risk Committee</b></p> <p>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 involved in Indigenous Strategic Practice across diverse industries. Gary has been a director of Save the Children Australia since May 2013.</p>
<p><b><u>Harvey Collins</u></b>  <b><u>B.Bus, Dip Fin,</u></b>  <b><u>FAICD,</u></b>  <b><u>SFFin</u></b></p>	<p><b>Member of the Board Audit Committee and Board Programs &amp; Risk Committee</b></p> <p>Harvey is currently Chairman of impact funds manager, Insitor Partners Pte. Ltd, Singapore, and an executive coach with Foresight's Global Coaching. He has held board roles in a number of ASX listed and other corporations including Chairman of Navitas Limited, Bankwest Limited, HBF Health Fund Inc, and iiNet Limited. His executive roles included CFO Challenge Bank Limited, and Executive Director, Chieftain Securities. His earlier professional work was in treasury and financial markets. In September 2016, Harvey retired as Chairman of international NGO, Hagar International. Harvey has been a director of Save the Children since May 2017.</p>

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**DIRECTORS' REPORT**

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

<p><b><u>Annabelle Herd</u></b>  <b><u>BA (Asian Studies)</u></b>  <b><u>LLB</u></b></p>	<p><b>Member of the Board Programs and Risk Committee</b></p> <p>Annabelle is currently CEO of the Australian Recording Industry Association (ARIA) and the Phonographic Performance Company of Australia (PPCA). She is a corporate affairs executive with 20 years' experience and expertise in senior management, strategy, policy development and implementation, media and communications, regulatory affairs and government relations in both commercial and public sector roles. Prior to ARIA/PPCA Annabelle was Chief Operating Officer at Network 10, where she led the Network's Operations, Strategy, Corporate Communications, and Regulatory Affairs functions as well as having oversight of the stations outside Sydney.</p> <p>Annabelle is a Council Member of the Australian Film Television and Radio School (AFTRS). Before 10 Annabelle spent four years as Senior Adviser and Acting Chief of Staff to Communications Minister, Senator the Hon. Richard Alston. She has also worked for Virgin Mobile Australia and led copyright policy and advocacy functions for Australian and international industry peak bodies, the Australian Digital Alliance and the Australian Libraries Copyright Committee, in addition to completing a secondment to the Federal Attorney-General's Department. Annabelle has been a director of Save the Children since August 2016.</p>
<p><b><u>Mary Sue Rogers</u></b>  <b><u>BSc. MAICD, IDP-C</u></b></p>	<p><b>Chairman of the Board Human Resources Committee</b></p> <p>Mary Sue is a non-executive director with several organisations including Women on Boards, East-West Seed and Aiir Consulting. In addition to boards, Mary Sue is active in the start-up community having successfully launched ForPurposeCo – a "for profit for purpose" social enterprise. Mary Sue mentors and coaches young entrepreneurs and seasoned executives Her executive career was in professional services including Global General Manager at IBM, Partner at PwC and CEO at Talent2. Mary Sue has been a director of Save the Children since January 2018.</p>
<p><b><u>Larry Kamener</u></b>  <b><u>BSc (Economics)</u></b>  <b><u>(LSE), MA (Hons)</u></b>  <b><u>(Economics)(Melb)</u></b></p>	<p><b>Member of the Board Programs &amp; Risk Committee</b></p> <p>Larry Kamener is a Senior Adviser and former Senior Partner in the Boston Consulting Group. During his time with BCG, Larry founded and was the inaugural leader of BCG's Global Public Sector Practice. Prior to joining BCG he worked as an economist in the Australian and Victorian Governments' Treasury Departments. Larry founded and is now the Chair of the Centre for Public Impact, a BCG Foundation based in London and is also the Chair of Teach for Australia and of the Strategic Advisory Council for the Bastow Institute of School Leadership, as well as a Director of the Melbourne Theatre Company. Larry has been a director of Save the Children since September 2019.</p>

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**DIRECTORS' REPORT**

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

<p><b><u>Karen Harmon AM</u></b>  <b><u>FCNA, FIML (Aus &amp; NZ), GAICD/MAICD, RN, RM, Grad Dip Intl Health, Grad Cert Mgt, B. Admin, Dip Nsg Studies, Dip Nsg Admin.</u></b></p>	<p><b>Chairman of the Board Programs &amp; Risk Committee</b></p> <p>Karen is currently a Director of Banks Creek Retreat (NFP Mental Health Service) and an Independent Consultant to DFAT. She has been involved in the health sector for more than 40 years and has wide-ranging experience in government, non-government and business sectors. Karen has also worked in humanitarian aid and assistance with a special focus on the health of women and children. Much of Karen's work has focused on Primary Health Care policy and practice domestically and internationally, in the area of aid and development. Most recently she has concentrated on Aboriginal and Torres Strait Islander children and young people's health and social and emotional wellbeing. Another important element of Karen's work is advocacy in the areas of social justice, juvenile justice and human rights, especially the rights of the child. In 2006, Karen was recognised as a Member Order of Australia for her work in International Health. Karen has been a director of Save the Children since September 2017.</p>
<p><b><u>Michael White</u></b>  <b><u>BA(Tas), DipEd (Flinders), Med (Tas)</u></b></p>	<p><b>Member of the Board Audit Committee and Board Programs &amp; Risk Committee</b></p> <p>Michael is the Director of MW Group Consulting, which provides strategic advice to both government and non-government agencies delivering services to children and their families. His professional experience includes over 30 years in the fields of child development and early childhood services, child health and safety and youth programs including youth justice. Michael's career has combined academic roles with leading both government and non-government organisations, as well as substantial board experience, and he is currently on the board of the Australian Children's Education and Care Quality Authority and Successful Collaborations Pty Ltd. Michael has been a director of Save the Children since September 2018.</p>
<p><b><u>Sandy Pitcher</u></b>  <b><u>BA (Jur), LLB (Hons), GAICD</u></b></p>	<p><b>Member of the Board Audit Committee</b></p> <p>Sandy Pitcher is the Secretary of the Department of Families, Fairness and Housing in the Victorian government. In 2020 Sandy was a key lead in the Victorian COVID-19 response. Prior to this she was the Deputy Secretary, Higher Education and Skills, Department of Education and Training in the Victorian government. She has served as chair and board member of a number of non-government organisations and university boards in the areas of environment, education and research and gender equality. Sandy was the Chief Executive of the South Australian Department of Environment, Water and Natural Resources until 2018, and has worked for the South Australian, Australian, and British governments in a wide range of executive roles. Sandy was the National Telstra Businesswoman of the Year (community and government) in 2012 and was admitted as a Fellow of the Institute of Public Administration Australia in 2013. Sandy has been a director of Save the Children since November 2019 and Library for All since April 2020.</p>

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**DIRECTORS' REPORT**

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

<p><b><u>Michelle Scott</u></b>  <b><u>BA (Social Sciences)</u></b></p>	<p><b>Member of the Board Programs &amp; Risk Committee</b></p> <p>Michelle Scott was appointed the inaugural Director of the McCusker Centre for Citizenship at UWA in October 2015. The Centre is focused on building greater capacity in the community to understand, contribute and positively impact on social issues. Michelle has over 30 years' experience leading and influencing government and community organisations to address and reduce contemporary, complex social challenges. She has also been an independent statutory officer, including as WA's first Commissioner for Children and Young People (6 years), and Public Advocate for WA (5 years). Ms Scott is also currently the Co-Chair of the WA Government's Supporting Communities Forum. Michelle has been a director of Save the Children since November 2019.</p>
<p><b><u>Justin Hanney</u></b>  <b><u>BA (Human Resources)</u></b>  <b><u>GradDip (Business Management)</u></b>  <b><u>Masters of Public Policy and Governance</u></b></p>	<p><b>Member of the Board Programs &amp; Risk Committee</b></p> <p>Justin has been CEO at the City of Melbourne (CoM) since the beginning of 2019. In that time, he has introduced a program to enhance organisational culture and responsiveness and overseen a structural realignment to enhance CoM's strategic, economic and capital works delivery capacity to enable Melbourne to best support residents, workers and businesses, especially in response to COVID-19.</p> <p>Prior to joining CoM, Justin worked for the Victorian Government as the Head of the Employment, Investment and Trade Group within the Department of Economic Development, Jobs, Transport and Resources. His portfolio encompassed economy-wide work to attract and facilitate international and domestic investment, grow employment and expand Victoria's offshore trade. Justin has been a director of Save the Children since September 2020.</p>
<p><b><u>Michelle Nightingale</u></b>  <b><u>BCom (Monash), CA</u></b></p>	<p><b>Chairman of the Board Audit Committee</b></p> <p>Michelle is currently a Managing Director &amp; Partner in Boston Consulting Group's Melbourne office and is the Asia Pacific COO for BCG. She chairs the AP Director Development Committee, is one of five global ombudspersons, a member of the Global Operations Leadership Team and leads the Global Functions delivery hub in New Delhi.</p> <p>Michelle has held a number of roles during her career at BCG including Global Finance Operations Partner, Global Services Office Leader and Global HR Partner. With BCG she has worked in Melbourne and Hong Kong offices and the Global Functions hub in Boston.</p> <p>Michelle has a background in finance, and extensive experience in Finance, HR and Operations and prior to joining BCG worked for Arthur Andersen. Michelle is a Council Member of Federation University Australia. Michelle has been a director of Save the Children since September 2020.</p>

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**4. Principal activities**

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

**5. Significant changes in the state of affairs**

Save the Children's financial performance was significantly impacted by the effects of COVID-19 from the second quarter of the year due to a decrease in donor grants received, closure of retail stores across Australia and difficulties in delivering training and consulting services and in programming internationally. Save the Children Australia benefited from the receipt of JobKeeper payments of \$11.9m during this time. In the latter part of the year, financial results improved with the re-opening of a majority of retail stores, strong performance of our fundraising activities and a significant uplift in grant income.

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

**6. Matters subsequent to the end of the financial year**

No matters or circumstance has arisen since 31 December 2020 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 \$32,915 to insure directors and secretaries of the company and its Australian based controlled entities, and the general managers of the divisions of the entity.

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

**8. Short term objective**

The Consolidated Entity's short-term objective is to increase income, program quality and policy influence to increase our impact for vulnerable children.



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**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 survive, learn and be protected
- 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 is now two years through its three-year Strategy, which commenced in 2019. The Strategy defines the Consolidated Entity's organisational goals to be achieved by 2021, focus areas and key outcomes. These form the basis for Key Performance Indicators (KPIs) established by management that link to the overall strategy. KPIs are monitored throughout the year and performance compared to KPIs is reported to the Executive and Board periodically.

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

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

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

- creating positive impact for and with children – focusing on the quality and effectiveness of programs, influencing the public and policy makers, and leading the humanitarian sector in the Asia-Pacific;
- fuelling change with partners and supporters – including building a sustainable and trusted organisation, deepening its engagement with partners and supporters, and creating real and lasting change; and
- being a great place to work – by making it easy to get things done, being agile and adaptable, and attracting and retaining the right people.

As a member of the international Save the Children Association, the Consolidated Entity is contributing to a global strategy designed to:

- achieve results at scale – by building humanitarian capability and strengthening thematic focus;
- maximise use of knowledge – by developing global knowledge, culture, capacity and systems;
- create a movement of millions – by building advocacy and campaigning capability, rolling out a global brand and achieving stronger, more diversified funding; and
- become truly global – by building a high performing organisation, investing in people and establishing a global governance structure and culture.

During 2021 the Consolidated Entity will prepare its new three-year strategy for the period 2022-24.

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**DIRECTORS' REPORT**

**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.

A key feature of the result for 2020 was inclusion of \$11.9m from the Jobkeeper scheme in Australia. Save the Children's financial performance was significantly impacted by the effects of COVID-19 during the second quarter of the year. These impacts included:

- The closure of Save the Children's retail stores across Australia;
- Difficulties in delivering training and consulting services;
- Difficulty in delivering programs internationally due to community lockdowns, travel restrictions and safety concerns; and
- A decrease in donor grants received.

These impacts resulted in a significant decrease in income for the quarter compared to the prior year and resulted in Save the Children qualifying for the JobKeeper scheme. JobKeeper payments were received from April through to September.

From late in the second quarter, our financial results improved. This was driven by:

- the re-opening of a majority of retail stores, with an exceptionally strong performance during the first months following the re-opening;
- strong performance of our fundraising activities, including a record tax-year end fundraising campaign; and
- a significant uplift in grant income, partly for new programs responding to the impacts of COVID19 on vulnerable children and communities, and partly as donors committed to ongoing funding for existing and new programs despite the ongoing challenges in implementation due to COVID19.

As a result of this uplift in income from late in the second quarter, Save the Children did not qualify for Extension 1 (from October to December) of the JobKeeper scheme.

Total revenue for the full year after excluding income from the JobKeeper scheme increased from \$134,261k to \$151,485k, an increase of \$17,224k or 13%. This increase was mainly a result of:

- an increase of \$1,900k in Legacies & Bequests, due to a large bequest received during the year.
- an increase of \$9,759k in Grant Income from a donor base that continues to diversify as our portfolios across each of Australian Services, Pacific Program and International Programs grow.
- an increase of \$5,111k in Commercial Income following the acquisition of 17 stores from The Smith Family in late 2019, and the acquisition of Library For All in early 2020.

The Surplus result of \$12,770k is an increase of \$11,595k on the prior year. Excluding JobKeeper and a one-off 'Discount on Acquisition' gain from the acquisitions of Library For All and Inclusive Education of \$1,592k, the result was a loss of \$718k. A reduction in the net contribution from Commercial Activities (including retail, consulting and training services) due mainly to the aforementioned impacts of COVID19 were largely offset by ongoing improvement in programming efficiency and an increase in income from Legacies & Bequests.

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**DIRECTORS' REPORT**

**11. How principal activities assisted in achieving the objectives – cont'd**

Administration costs of \$10,497k increased by \$203k or 2% on 2019. This has resulted in a reduction in the ratio of administration costs to total income from 7.7% in 2019 to 6.4%. A number of cost savings initiatives were implemented in 2020 which limited the increase in costs despite the ongoing increase in the size of operations. In addition, the consolidated entity has benefited from a \$389k waiver of lease payments on leased property.

Commercial costs increased by \$8,144k or 58% from \$14,003k in 2019 following the acquisition of 17 stores from The Smith Family in late 2019, and the acquisition of Library For All and Inclusiv Education in 2020.

Other key highlights from the result were:

- Net assets increased to \$15,520k from \$2,750k in the prior year.
- Save the Children Australia continues to hold significant cash on hand of \$46,736k. Cash flow from operations in 2020 was positive at \$41,381k, largely as a result of the increase in deferred income relating to grant income received in advance.
- Fundraising income including donations, gifts, bequests and legacies of \$26,547k increased by \$1,030k or 4% from 2019 following an increase in income from bequests & legacies of \$1,900k. Income from Donations and Gifts reduced by \$870k to \$22,473k largely due to reductions in regular giving due to lower acquisition activity and costs. As a result fundraising costs decreased \$703k or 6%.

**12. Members' guarantee**

Save the Children Australia is a company limited by guarantee. In the event of, and for the purpose of, the winding up of the Consolidated Entity, the amount capable of being called up from each member and any person who has ceased to be a member in the year prior to the winding up, is limited to \$10 per member. During 2020, a new constitution was adopted under which the only members of Save the Children Australia are the directors, rather than the broader membership base under the previous constitution. Accordingly, as at 31 December 2020 the collective liability of members was \$120 (2019: \$1,670).

**13. Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 60 - 40 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012 is set out on page 10 and forms part of the Directors Report.

Signed in accordance with a resolution of the Directors.



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**Peter Hodgson**  
Chairman

Melbourne  
24 March 2021



## *Auditor's Independence Declaration*

As lead auditor for the audit of Save the Children Australia for the year ended 31 December 2020, 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.

A handwritten signature in black ink, appearing to read 'JP', with a long horizontal stroke extending to the right.

Jason Perry  
Partner  
PricewaterhouseCoopers

Melbourne  
24 March 2021

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**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 minimum of 6 directors and a maximum term of 9 years with a limited ability to extend the term of the chair.

**2. Remuneration of Directors of the company**

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 Nightingale (Chair), Harvey Collins, Michael White, Sandy Pitcher, Peter Hodgson (ex officio) and Michelle Somerville (external member).

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

At the date of this report the Board Programs & Risk Committee members are Karen Harmon (Chair), Gary Oliver, Annabelle Herd, Harvey Collins, Michael White, Michelle Scott, Larry Kamener, Justin Hanney and Peter Hodgson (ex officio).

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**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 Mary Sue Rogers (Chair) Gary Oliver, Karen Harmon, 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 Safeguarding Policy and Code of Conduct. To facilitate this, employees attend child protection training which is conducted throughout the year. Save the Children Australia has also developed policies which deal with occupational health and safety, privacy, equal opportunity and employee grievances to assist employees and volunteers in meeting the high standards of ethics and conduct required.

**9. Supporter and Donor Relationships**

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

**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.

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**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Consolidated	
		2020 \$'000	2019 \$'000
<b>REVENUE</b>			
Donations and gifts - monetary		22,237	23,184
Donations and gifts - non-monetary		236	159
Bequests and legacies		4,074	2,174
Grants			
- Department Foreign Affairs and Trade		29,279	28,772
- Other Australian		57,163	53,811
- Other overseas		16,679	10,779
Revenues from commercial activities	2	19,540	14,429
<b>OTHER INCOME</b>			
Investment income	3(a)	78	119
Other income	3(b)	12,503	834
Discount on acquisition	16(a)	1,592	-
<b>TOTAL REVENUE</b>	<b>3(b)</b>	<b>163,381</b>	<b>134,261</b>
<b>EXPENDITURE</b>			
<b>International Aid and Development Programs Expenditure</b>			
International programs			
- Funds to international programs		53,888	48,484
- Program support costs		3,453	2,282
<b>Domestic Aid and Development Programs Expenditure</b>			
Domestic programs			
- Funds to domestic programs		43,843	40,661
- Program support costs		2,413	3,085
<b>Community Education</b>		<b>3,849</b>	<b>3,053</b>
<b>Fundraising costs (International and Domestic)</b>			
- Public - monetary		9,376	9,962
- Government, multilateral and private		1,145	1,262
<b>Commercial activities (Domestic)</b>		<b>22,147</b>	<b>14,003</b>
<b>Accountability and Administration (International and Domestic)</b>		<b>10,497</b>	<b>10,294</b>
<b>TOTAL EXPENDITURE</b>		<b>150,611</b>	<b>133,086</b>
<b>Net surplus from continuing operations</b>		<b>12,770</b>	<b>1,175</b>
<b>Total surplus of income is attributable to:</b>			
Owners of Save the Children Australia		12,567	1,096
Non-controlling interests	16(c)	203	79
<b>Total</b>		<b>12,770</b>	<b>1,175</b>

The accompanying notes form part of these financial statements

**SAVE THE CHILDREN AUSTRALIA**  
**ACN 008 610 035**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Consolidated	
		2020	2019
		\$'000	\$'000
<b>Surplus of income over expenditure from continuing operations</b>		12,770	1,175
<b>Other comprehensive income</b>		-	-
<b>TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR</b>		12,770	1,175
<b>Total comprehensive income is attributable to:</b>			
Owners of Save the Children Australia		12,567	1,096
Non-controlling interests	16(c)	203	79
<b>Total</b>		12,770	1,175

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

The accompanying notes form part of these financial statements



**SAVE THE CHILDREN AUSTRALIA**  
**ACN 008 610 035**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Consolidated	
		2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	46,736	15,053
Trade and other receivables	6	9,185	7,342
Other current assets - partner advances		8,139	9,024
Contract assets	7	6,405	7,940
Inventories	8	851	534
<b>Total current assets</b>		<b>71,316</b>	<b>39,893</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	3,710	3,921
Intangible assets	10	5,084	3,617
Right-of-use assets	14	14,113	18,659
<b>Total non-current assets</b>		<b>22,907</b>	<b>26,197</b>
<b>Total assets</b>		<b>94,223</b>	<b>66,090</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	9,156	7,551
Provisions	12	5,158	4,041
Contract liabilities	13	47,187	30,634
Lease liabilities	14	6,368	6,713
<b>Total current liabilities</b>		<b>67,869</b>	<b>48,939</b>
<b>Non-current liabilities</b>			
Trade and other payables	11	770	655
Provisions	12	1,461	1,464
Lease liabilities	14	8,603	12,282
<b>Total non-current liabilities</b>		<b>10,834</b>	<b>14,401</b>
<b>Total liabilities</b>		<b>78,703</b>	<b>63,340</b>
<b>Net assets</b>		<b>15,520</b>	<b>2,750</b>
<b>Equity</b>			
Accumulated surplus	15	15,473	2,906
<b>Equity attributable to owners of Save the Children Australia</b>		<b>15,473</b>	<b>2,906</b>
Non-controlling interest	16(c)	47	(156)
<b>Total equity</b>		<b>15,520</b>	<b>2,750</b>

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 2020**

	Note	Accumulated Surplus \$'000	Non-Controlling Interest \$'000	Total Equity \$'000
<b>Balance at 31 December 2018</b>		1,810	(235)	1,575
<b>Total comprehensive income for the year</b>				
Surplus over expenditure for the year		1,096	79	1,175
<b>Balance at 31 December 2019</b>		2,906	(156)	2,750
<b>Total comprehensive income for the year</b>				
Surplus over expenditure for the year		12,567	203	12,770
<b>Balance at 31 December 2020</b>		15,473	47	15,520

The accompanying notes form part of these financial statements.

SAVE THE CHILDREN AUSTRALIA

ACN 008 610 035

CONSOLIDATED STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated	
		2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Cash received in the course of operations (inclusive of GST)		181,490	143,342
Cash paid in the course of operations (inclusive of GST)		(138,191)	(134,886)
Interest received		78	119
Interest paid on leases		(118)	(118)
<b>Net cash provided by operating activities</b>	<b>19</b>	<b>43,259</b>	<b>8,457</b>
<b>Cash flows from investing activities</b>			
Proceeds from / (payments for) business acquisitions net of cash acquired	16(a)	1,010	(233)
Proceeds from sale of assets held for sale		-	934
Payments for property, plant and equipment	9	(719)	(722)
Payments for intangible assets	10	(1,292)	(559)
<b>Net cash used in investing activities</b>		<b>(1,001)</b>	<b>(580)</b>
<b>Cash flows from financing activities</b>			
Principal elements of lease payments		(8,697)	(5,699)
<b>Net cash used in financing activities</b>		<b>(8,697)</b>	<b>(5,699)</b>
<b>Net increase in cash held</b>		<b>33,561</b>	<b>2,178</b>
Exchange difference on cash and cash equivalents		(1,878)	149
Cash at the beginning of the financial year		15,053	12,726
<b>Cash at the end of the financial year</b>	<b>5</b>	<b>46,736</b>	<b>15,053</b>

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

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

The financial statements for Save the Children Australia and its consolidated entities (“the consolidated entity”) are general purpose financial statements that are prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

The consolidated entity is a not-for-profit entity.

The financial statements are presented in the Australian currency.

The consolidated financial statements for the year ended 31 December 2020 were approved and authorised for issue by the Board on 24 March 2021.

**Early adoption of standards**

SCA will assess the early adoption of Standards on a case-by-case basis, considering the impact of the change. Early adoption, or non-early adoption of Standards will be approved by the Board Audit Committee.

*New and amended standards adopted by the consolidated entity*

AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions

In the current year, the directors have elected to apply AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions before its mandatory application date. AASB 2020-4 amends AASB 16 Leases and is effective for annual periods that begin on or after 1 June 2020.

The amendments introduce a practical expedient into AASB 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. A lessee that makes this election does not account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification.

- The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all the following conditions are met:
- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession will meet this condition if it results in reduced lease payments on or before 30 June 2021 and increase lease payments that extend beyond 30 June 2021)
- There is no substantive change to other terms and conditions of the lease.

**Impact on accounting for changes in lease payments applying the exemption**

The Group has applied the practical expedient to all rent concessions that meet the conditions in AASB16.46B.

The Group has benefited from a \$389k waiver of lease payments on buildings in the year ending 31 December 2020. The waiver of lease payments of \$389k has been accounted for as a negative variable lease payment in the consolidated income statement. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of paragraph 3.3.31 of AASB 9 Financial Instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Impact on accounting for changes in lease payments applying the exemption – cont'd**

There are no other new or amended standards adopted by the consolidated entity for the annual reporting period commencing 1 January 2020.

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the AASB. None of these Standards or amendments to existing Standards have been adopted early by the consolidated entity.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the consolidated entity's financial statements.

**Historical cost convention**

The financial statements are prepared on an accrual basis, and are based on historical costs, as modified for the revaluation of 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 certain accounting estimates which, by definition, will seldom equal the actual results. It also requires management to exercise its judgment in the process of applying the group accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements:

- Revenue recognition – Note 1(b)
- Contract assets and liabilities – Note 1(q)
- Leases – Note 1(j)
- Intangible assets – Note 1(k)

The accounting policies will be consistently applied, unless otherwise stated in the financial statements.

**(a) Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Save the Children Australia and the results of all controlled entities for the period. Save the Children Australia and its controlled entities are referred to in the financial statements as the "consolidated entity".

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation – cont'd

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Comprehensive Income and Statement of Financial Position respectively.

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

(b) Revenue Recognition

Revenue arises mainly from fundraising, legacies & bequests, government and other grants, consulting services and retail sales.

Unless funding is received directly from donors without a formal contract/agreement (e.g. regular giving donations, bequests), the consolidated entity uses the following 5-step process to determine when revenue is recognised, in line with AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-Profit entities:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the consolidated entity satisfies performance obligations by transferring the promised goods or services to its customers.

Grant income for contracts with sufficiently specific performance obligations is recognised over time. The consolidated entity has made a decision that expense is a good indicator of performance obligations being performed over time. All contracts with customers have been considered enforceable for the purpose of AASB 15 as the funder may have a remedy through common law, various state statutes and various state based fundraising laws.

The consolidated entity recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the consolidated entity satisfies a performance obligation before it receives the consideration, the consolidated entity recognises contract assets in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

**Revenue from Donations and Gifts**

General donations and fundraising events

Funding received that is general in nature and does not have enforceable sufficiently specific performance obligations attached, is recognised when received in line with AASB 1058.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Revenue Recognition – cont'd

Committed donations

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

**Legacies & Bequests**

Legacies are recognised when the company receives confirmation from the solicitor that entitlement to the funds is uncontested, or when the legacy is received, whichever occurs earlier.

Revenue from legacies comprising bequests of shares are recognised at fair value, being the market value of the shares at the date the company becomes legally entitled to the shares. Subsequent gains/losses realised upon sale of listed securities are recorded in the consolidated income statement.

**Government and Other Grants**

Generally, government and other funding received or receivable clearly outlines the sufficiently specific and enforceable performance obligations to be delivered. Funding received in advance is recognised as contract liabilities, and revenue is recognised as services are performed or conditions fulfilled, being the expenditure incurred relating to the specified program. Unless prohibited by contract terms, if funds remain unspent after programs are completed or program completion date is reached, these unspent funds are immediately recognised as income.

Where grants do not clearly provide sufficiently specific, enforceable performance obligations, such grants will be recognised in income when SCA obtains control or the right to receive a contribution, it is probable that the economic benefits comprising the contribution will flow to the entity, and the amount of the grant can be measured reliably.

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.

**Commercial Income**

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.

Consulting Income

Revenue from consulting services through contracts with clear deliverables is recognised when milestones are achieved, or where allowed by contract terms, revenues is recognised overtime to match costs incurred.

**Investment Income**

Interest, included in investment income, is recognised on a proportional basis using the effective interest rate method, considering the interest rates applicable to the financial assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(b) Revenue Recognition – cont'd**

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 contract liabilities, and revenue is recognised as services are performed or conditions fulfilled, being the expenditure incurred relating to the specified project.

**(c) Expenditure**

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

Fundraising costs are those incurred in seeking voluntary contributions by donation.

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

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

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

**(d) Goods and Services Tax (GST)**

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

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

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

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

**(e) Income Tax**

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

Save the Children Australia (Singapore Branch) is subject to the tax legislation requirements of the Income Tax Act in Singapore.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(e) Income Tax – cont'd**

Centre for Evidence and Implementation Singapore Ltd is subject to the tax legislation requirements of the Income Tax Act in Singapore.

Inclusiv Education Pty Ltd is a company incorporated under the Corporations Act 2001 and is subject to income tax under the Income Tax Assessment Act 1997.

Inclusiv Ventures Pty Ltd is a company incorporated under the Corporations Act 2001 and is subject to income tax under the Income Tax Assessment Act 1997.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**(f) Cash and Cash Equivalents**

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of twelve months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and where the penalty for early withdrawal is not significant and bank overdrafts.

**(g) Trade and Other Receivables**

All receivables (including partner advances) are recognised as original invoice amounts. Trade receivables generally have repayment terms between 30 and 90 days. The ability to collect trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectable are written off. A loss allowance is made for doubtful debts where there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms. Amounts due for more than 120 days are reviewed for collectability. On confirmation that the trade receivable will not be collectable the gross carrying value of the asset is written off against the associated provision.

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

**(h) Inventories**

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

**Goods for resale**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(h) Inventories – cont'd

**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.

(i) Property, Plant and Equipment

Each class of property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

**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:

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

(j) Leases

The consolidated entity leases various offices, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(j) Leases – cont'd**

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- the exercise price of a purchase option if the consolidated entity is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the consolidated entity exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the consolidated entity, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the consolidated entity uses related party financing available through Save the Children International.

The consolidated entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Consolidated Income Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the consolidated entity is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(j) **Leases – cont'd**

Extension and termination options are included in several property and equipment leases across the consolidated entity. These are used to maximise operational flexibility in terms of managing the assets used in the consolidated entity's operations. Extension and termination options held are exercisable only by the consolidated entity and not by the respective lessor.

(k) **Intangible Assets**

***Software and development costs***

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the consolidated entity are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

***Publishing rights***

Separately acquired publishing rights are shown at historical cost. Publishing rights acquired in a business combination are recognised at fair value at the acquisition date. Publishing rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

**Measurement**

Intangible assets (excluding goodwill) are amortised on a straight-line basis over their estimated useful lives commencing from the time the asset 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 below. The following useful lives are applied:

- Software: 3-7 years
- Publishing rights: 7 years

Amortisation has been included within depreciation and amortisation.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(k) **Intangible Assets – cont'd**

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 the Consolidated Income Statement within other income or other expenses.

**Impairment**

Goodwill has an indefinite useful life and is not subject to amortisation. It is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the recoverable amount is lower than the asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(l) **Financial Instruments**

**Recognition**

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Accounting policies for each category of investments and other financial assets after initial recognition are set out below.

**Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories:

- those to be measured at amortised cost; and
- those to be measured at fair value (either through the Consolidated Statement of Comprehensive Income, or through the Consolidated Income Statement ).

The classification depends on the consolidated entity's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

**Financial assets measured at amortised cost**

*Loans and receivables*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Financial Instruments – cont'd

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. The discount is debited on initial recognition to the investment account.

Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty 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 initially measured at their fair value and subsequently measured at amortised cost using the effective interest method.

**Financial assets measured at fair value through profit or loss**

*Financial instruments held for trading (HFT)*

A financial instrument is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term. The Consolidated Entity's HFT financial assets are usually acquired through donations and are sold once ownership is granted. Therefore, the value of HFT financial assets at the time of producing financial statements are likely to be nil or minimal.

All HFT financial assets are measured at fair value. Gains and losses are recognised in the income statement as incurred. Interest calculated using the effective interest method and dividends are recognised in the Consolidated Income Statement within 'revenue'.

The fair value of quoted investments is determined by reference to Stock Exchange quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

**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 quoted market price for financial assets is the current bid price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(l) **Financial Instruments – cont'd**

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 consolidated entity for similar financial instruments.

(m) **Impairment of assets**

At the end of each reporting period, the consolidated entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, the recoverable amount is determined, and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Where the future economic benefits of an asset are not primarily dependent on the asset's 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.

(n) **Foreign Currency Translation**

**Transactions and balances**

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 Consolidated Income Statement, 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.

**Group companies**

The Consolidated Entity's foreign operations are considered to be integrated foreign operations and accordingly the financial results and financial position of them are translated using the temporal method as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(n) Foreign Currency Translation – cont'd

- any exchange differences are recognised as revenues or expenses in the Consolidated Entity's result in the reporting period in which they arise,
- non-monetary assets are translated using historical rates of exchange. They are thus incorporated into the Consolidated Entity's financial report at the amounts at which the entity would have carried such assets had they been acquired by that entity itself and not by the foreign operation.

(o) 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 the employee superannuation plan are charged as expenses as the contributions are paid or become payable.

(p) 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 that 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.

(q) Contract Assets and Liabilities

Contract assets relate 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.

Contract liabilities are the unutilised amount 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(r) **Gifts in Kind**

Gifts in kind can be in the form of goods (e.g. blankets) or services (e.g. pro bono consulting services).

Donated goods and services are accepted on the basis that they will provide a future benefit. Revenue is brought to account when goods are received, or services are rendered and are recorded at fair value. Fair value is determined by considering the cost to acquire the equivalent goods or services.

Expenditure is brought to account when incurred, for example when the service has been received, or the goods distributed to the recipients.

(s) **Business combinations**

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred and the liabilities incurred. 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 an acquisition-by-acquisition basis, the consolidated entity 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 the Consolidated Income Statement as a discount on acquisition. Goodwill is allocated to a group of cash generating assets and is tested for impairment on an annual basis as part of the impairment testing process.

Contingent considerations are classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in the Consolidated Income Statement.

(t) **Endowment Fund**

To mark its 100-year anniversary and increase its access to capital, Save the Children Australia established an endowment fund in 2018 known as the 'Centenary Innovation Fund' ("the CIF") in collaboration with its trusted advisers and partners. The CIF comprises monies donated or bequeathed to SCA for long-term investment which generate revenue to support aspects of its strategic mission, as well as innovation activities specifically aimed at significantly improving the lives of disadvantaged and vulnerable children and young people. SCA may, at its own discretion, transfer additional monies to the Fund from time to time. The balance of the fund is separately invested in a specific investment portfolio. The revenue for the Fund for the year includes donations, bequests and income from investments, net of associated expenses. Gains or losses on revaluation of the investment portfolio are recorded in Other Comprehensive Income.

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	Consolidated	
	2020	2019
	\$'000	\$'000
<b>2. REVENUES FROM COMMERCIAL ACTIVITIES</b>		
Sale of goods	13,842	9,147
Consulting services	5,698	5,282
Total	19,540	14,429
<b>3(a). INVESTMENT INCOME</b>		
Interest	78	119
Total	78	119
<b>3(b). OTHER INCOME</b>		
Humanitarian Leadership course fees*	132	463
JobKeeper income**	11,896	-
Other income	475	371
Total	12,503	834

\* For 2019, \$401k was reclassified from other overseas income for consistency with the 2020 classification.

\*\* The amount received in cash as part of the JobKeeper scheme.

**TOTAL REVENUE**

Revenue is recognised either at a point in time or over time, when (or as) the Entity satisfies performance obligations by transferring the promised goods or services to its customers. A disaggregation of the Total Revenue balance is provided below to show the split of revenue recorded over time and at a point in time:

*Total Revenue*

- Amounts recognised over time	100,471	87,969
- Amounts recognised at a point in time	62,910	46,292
	163,381	134,261

**4. EXPENSES**

**Net surplus includes the following specific expenses:**

Depreciation of property, plant and equipment	915	916
Depreciation of right-of-use assets	7,721	6,035
Amortisation of intangibles	796	586
Impairment of goodwill	156	-
Loss / (gain) on disposal of assets	17	(531)
Rental expenses relating to operating leases	1,498	1,823
Bad and doubtful debts expense	31	85
Interest paid/payable for lease liabilities	118	118
Forgiveness of related party loan	477	-
Net foreign exchange loss / (gain)	1,878	(149)

**5. CASH AND CASH EQUIVALENTS**

Cash on hand	27	25
Cash at bank	33,709	14,398
Term deposits	13,000	630
Total	46,736	15,053

The above cash and cash equivalents reconciles to the cash at the end of the financial year as shown in the consolidated statement of cash flows.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>6. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables	4,534	3,650
Loss allowance for trade receivables	(83)	(116)
Net trade receivables	4,451	3,534
Sundry receivables and prepayments	3,662	2,999
GST receivable	1,072	809
Total	9,185	7,342
<b>7. CONTRACT ASSETS</b>		
Contract assets - accrued income	6,405	7,940
Total	6,405	7,940
<b>8. INVENTORIES</b>		
Fundraising merchandise and inventory – at cost	3	192
Pre-positioned emergency stock - at cost	648	342
Inventory - IT equipment at cost	200	-
Total	851	534
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		
Building & buildings improvements - at cost	927	927
Less: Accumulated depreciation	(279)	(256)
	648	671
Leasehold improvements - at cost	5,114	5,106
Less: Accumulated depreciation	(3,202)	(2,652)
	1,912	2,454
Plant and equipment - at cost	2,635	2,079
Less: Accumulated depreciation	(1,601)	(1,355)
	1,034	724
Motor vehicles - at cost	412	332
Less: Accumulated depreciation	(296)	(260)
	116	72
Total	3,710	3,921

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**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 current financial year:

	<b>Buildings &amp; Building Improvements</b>	<b>Leasehold Improvements</b>	<b>Plant &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Consolidated Entity</u></b>					
Carrying amount at 31 December 2018	683	2,713	581	35	4,012
Additions at cost	3	319	320	80	722
Additions by acquisition*	-	48	70	-	118
Disposals	-	(11)	(4)	-	(15)
Depreciation expense	(15)	(615)	(243)	(43)	(916)
Carrying amount at 31 December 2019	671	2,454	724	72	3,921
Additions at cost	-	43	596	80	719
Additions by acquisition*	-	-	2	-	2
Disposals	-	(9)	(8)	-	(17)
Depreciation expense	(23)	(576)	(280)	(36)	(915)
Carrying amount at 31 December 2020	648	1,912	1,034	116	3,710

\* Refer to Note 15 for Business Combinations

**10. INTANGIBLE ASSETS**

	<b>Book rights</b>	<b>Goodwill</b>	<b>Software</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Consolidated Entity</u></b>				
Carrying amount at 31 December 2018	-	156	3,201	3,357
Additions at cost	-	-	559	559
Additions by acquisition*	-	287	-	287
Amortisation expense	-	-	(586)	(586)
Carrying amount at 31 December 2019	-	443	3,174	3,617
Additions at cost	200	-	1,092	1,292
Additions by acquisition*	1,127	-	-	1,127
Amortisation expense	(134)	-	(662)	(796)
Impairment expense	-	(156)	-	(156)
Carrying amount at 31 December 2020	1,193	287	3,604	5,084

\* Refer to Note 15 for Business Combinations

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	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>11. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade payables	9,156	7,551
Total	9,156	7,551
<b>Non-current</b>		
Other payables	770	655
Total	770	655
<b>12. PROVISIONS</b>		
<b>Current</b>		
Employee benefits	5,110	3,951
Provision – severance pay	48	90
Total	5,158	4,041
<b>Non-current</b>		
Employee benefits	966	969
Provision for make good	495	495
Total	1,461	1,464
<b>13. CONTRACT LIABILITIES</b>		
Contract liabilities - deferred income	47,187	30,634
Total	47,187	30,634
<b>14. LEASES</b>		
<b>Right-of-use assets</b>		
Buildings	21,846	21,846
Additions & modifications	1,818	-
Less: Accumulated depreciation	(11,277)	(4,913)
	12,387	16,933
Motor Vehicles	2,848	2,848
Additions & modifications	1,370	-
Less: Accumulated depreciation	(2,492)	(1,122)
	1,726	1,726
Total	14,113	18,659
<b>Lease liabilities</b>		
Current	6,368	6,713
Non-current	8,603	12,282
Total	14,971	18,995

Additions to the right-of-use assets during the financial year were \$1,328k (2019: \$6,689k).

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	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>14. LEASES – cont'd</b>		
<b>(a) Amounts recognised in the Consolidated Income Statement</b>		
<b>Depreciation charge of right-of-use assets</b>		
Buildings	<b>(6,364)</b>	(4,913)
Motor Vehicles	<b>(1,371)</b>	(1,122)
	<b>(7,735)</b>	(6,035)
Interest expense (included in operating cost)	<b>(118)</b>	(118)
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	<b>(985)</b>	(1,825)
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	-	(2)

The total cash outflow for leases in 2020 was \$8,771k (2019: \$7,725k).

**(b) Lease payments not recognised as a liability**

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

**15. ACCUMULATED SURPLUS**

Balance at the beginning of the year	<b>2,906</b>	1,810
Surplus for the year	<b>12,567</b>	1,096
Balance at the end of the year attributable to the owners of Save the Children Australia	<b>15,473</b>	2,906

Accumulated surplus above includes \$816k that relates to the Endowment Fund established in 2018. This fund was established to help the Consolidated Entity to continue to reach the most vulnerable children of all. The Endowment Fund is held solely for the purpose of supporting the long-term objectives of the Consolidated Entity, which includes, without limitation, generating income for special or general purposes and supporting programs in Australia and internationally.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**16. BUSINESS COMBINATIONS**

- (a) On the 1 March 2020, Save the Children Australia merged with Library For All Ltd, incorporated in Australia for nil consideration. Library For All have created a diverse and inclusive digital and print library aimed at meeting the varied needs of primary school aged children around the world. The merger meets the definition of a business combination for accounting purposes and SCA has been identified as the acquirer.

	<b>Fair Value</b>
	<b>\$'000</b>
The provisional assets and liabilities recognised as a result of the acquisition are as follows:	
Cash	513
Accounts Receivable	117
Inventory	17
Fixed assets	2
Intangibles	1,127
Accounts Payable	(9)
Contract liabilities	(75)
Employee related liabilities	(58)
Other liabilities	(54)
<b>Net identifiable assets acquired</b>	<b>1,579</b>
<b>Purchase consideration</b>	<b>-</b>
<b>Discount on Acquisition</b>	<b>(1,579)</b>

On the 1 September 2020, Save the Children Australia acquired 55% of Inclusiv Education Pty Ltd for nil consideration. The mission of Inclusiv Education is to transform the lives of learners and excluded communities by increasing access to quality education and training through education technology.

	<b>Fair Value</b>
	<b>\$'000</b>
The provisional assets and liabilities recognised as a result of the acquisition are as follows:	
Cash	497
Accounts Receivable	8
Accounts Payable	(43)
Contract liabilities	(352)
Employee related liabilities	(34)
Other liabilities	(62)
<b>Net identifiable assets acquired *</b>	<b>13</b>
<b>Purchase consideration</b>	<b>-</b>
<b>Discount on Acquisition</b>	<b>(13)</b>

\* Non-controlling interest's share of net assets acquired is \$6k.

Total cash acquired is \$1,010,000 as shown in the Consolidated Statement of Cashflows.

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**16. BUSINESS COMBINATIONS (cont'd)**

- (b) In the prior year, Save the Children Australia (SCA) acquired 17 retail stores from The Smith Family. The acquisition has significantly increased the number of shops run by SCA and complements the group's existing Retail division. The acquisition met the definition of a business combination for accounting purposes and SCA had been identified as the acquirer.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	<b>2019</b>
	<b>\$'000</b>
<b>Purchase consideration</b>	
Deferred consideration*	186
Cash payment	233
<b>Total purchase consideration</b>	<b>419</b>

	<b>Fair Value</b>
	<b>\$'000</b>
The provisional assets and liabilities recognised as a result of the acquisition are as follows:	
Inventory	233
Leasehold improvements	48
Plant & Equipment	70
Provision of employee benefits	(219)
Right-of-use assets	2,845
Lease liabilities	(2,845)
<b>Net identifiable assets acquired</b>	<b>132</b>
<b>Goodwill on Acquisition</b>	<b>287</b>

\* Since the acquisition of the retail stores, there has been a revision in the profit targets underpinning the Deferred consideration which has resulted in an increase to deferred consideration of \$126k taking the new value to \$312k. This change in profit target was taken to the income statement and not goodwill as it reflects new facts not present at acquisition date.

- (c) Non-Controlling Interest (NCI) relates to Inclusiv Education Pty Ltd (Inclusiv Ed) and Inclusiv Ventures Pty Ltd (Inclusiv Ventures). Both entities are controlled entities of SCA. Inclusiv Ventures was established and registered as a company under the Corporations Act 2001 on 13 November 2018 and SCA was issued 50% of the share capital on incorporation. Inclusiv Education was established and registered as a company under the Corporations Act 2001 on 8 November 2018. SCA was issued 55% of the share capital on 1 September 2020.

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Opening balance 31 December</b>	<b>(156)</b>	<b>(235)</b>
Surplus over expenditure for the year	<b>203</b>	<b>79</b>
<b>Closing balance at 31 December</b>	<b>47</b>	<b>(156)</b>



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**17. PARENT ENTITY INFORMATION**

The following details information related to the parent entity, Save the Children Australia, at 31 December 2020. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	Parent Entity	
	2020 \$'000	2019 \$'000
Current assets	48,367	24,903
Non-current assets*	20,996	76,559
<b>Total assets</b>	<b>69,363</b>	<b>101,462</b>
Current liabilities	48,912	33,083
Non-current liabilities**	13,263	13,769
<b>Total liabilities</b>	<b>62,175</b>	<b>46,852</b>
Retained earnings	7,188	54,610
<b>Total equity</b>	<b>7,188</b>	<b>54,610</b>
(Deficit)/ Surplus for the year ***	(47,422)	4,156
<b>Total comprehensive income for the year</b>	<b>(47,422)</b>	<b>4,156</b>

\* Non-current assets in 2019 included related party receivables of \$51,814k.

\*\* Non-current liabilities in 2020 include related party payables of \$2,729k.

\*\*\* The 2020 loss is attributable to the write-off of intercompany balances within the SCA group which have no impact on the Consolidated Entity.

**18. AUDITOR'S REMUNERATION**

**Audit services**

	Consolidated	
	2020 \$	2019 \$
Audit and review of SCA, SCA Trust and SCIPNG financial statements - PricewaterhouseCoopers	110,500	108,000
Audit and review of CEIL, CWL and LFA financial statements - RSM	30,900	16,000
Audit of SCA and CEI Singapore Operations - Jonathan & Lee	28,706	5,800
Audit of SCA UK Company - Fuller & Roper Chartered Accountants	11,750	-
	<b>181,856</b>	<b>129,800</b>
<b>Other services</b>		
Acquittal audits* - PWC	63,500	74,650
Acquittal audits* - Others	14,443	53,949
Accounting and tax services CEI UK - Vistra Trust Company Limited	6,479	-
	<b>84,422</b>	<b>128,599</b>
	-	-
<b>Total</b>	<b>266,278</b>	<b>258,399</b>

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

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**19. CASH FLOW INFORMATION**

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

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net surplus for the year</b>	<b>12,770</b>	1,175
<b>Adjustments for:</b>		
Non-monetary donations	<b>(236)</b>	(159)
Loss allowance for trade receivables	<b>31</b>	-
Loss / (Gain) on sale of property, plant and equipment and assets held for sale	<b>17</b>	(531)
Expenditure on sale of non-current assets recognised in operating activities	-	(67)
Depreciation and amortisation	<b>1,711</b>	1,502
Right-of-use asset depreciation	<b>7,721</b>	6,035
Change in deferred consideration	<b>(126)</b>	-
Impairment of goodwill	<b>156</b>	-
Net foreign exchange loss / (gain)	<b>1,878</b>	(149)
<b>Changes in operating assets and liabilities, net of assets and liabilities acquired:</b>		
(Increase) / Decrease in inventories	<b>(300)</b>	199
(Increase) / Decrease in trade & other receivables	<b>(1,718)</b>	2,299
Decrease / (Increase) in other current assets - partner advances	<b>885</b>	(7,503)
Decrease / (Increase) in contract assets	<b>1,535</b>	(1,661)
Increase in trade & other payables	<b>1,552</b>	1,866
Increase in contract liabilities	<b>16,361</b>	4,837
Increase in provisions	<b>1,022</b>	614
<b>Net cash provided by operating activities</b>	<b>43,259</b>	<b>8,457</b>

**SAVE THE CHILDREN AUSTRALIA**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**20. RELATED PARTY TRANSACTIONS**

**(a) Key management personnel compensation**

Key management personnel compensation is related to those employees who sit on the Executive Committee having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	<b>1,722,564</b>	1,524,714
Long term employee benefits	<b>28,483</b>	22,142
	<b><u>1,751,047</u></b>	<b><u>1,546,856</u></b>

**(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 Statements). 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):

<b>Controlled entity of Save the Children Australia:</b>	<b>Established</b>	<b>Trustee</b>
Save the Children Australia Trust (ABN 79 685 451 696)	Australia	Save the Children Australia
Save the Children Solomon Islands Trust Board CT 14 of 2015 under Solomon Islands Charitable Trusts Act	Solomon Islands	Save the Children Australia
Save the Children in Papua New Guinea Trust	PNG	SCIPNG Inc.

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**20. RELATED PARTY TRANSACTIONS - Cont'd**

**(d) Controlled entities - cont'd**

Controlled entity of Save the Children Australia:	Established	Ownership	
		2020	2019
Save the Children in Vanuatu Association Committee Inc No. 012567 under Vanuatu Charitable Associations (Incorporation) Act	Vanuatu	100%	100%
Save the Children in Papua New Guinea (SCIPNG) Inc. Association No. 5-4999 under the PNG Associations Incorporation Act	PNG	100%	100%
Good Beginnings Australia Limited (ABN 68 090 673 528)	Australia	100%	100%
Hands on Learning Australia (ABN 11 130 433 288)	Australia	100%	100%
Child Wise Limited (ABN 57 098 261 575)	Australia	100%	100%
Centre for Evidence and Implementation Limited (ABN 56 625 430 177)	Australia	100%	100%
CEI Global UK Limited (Company No. 11471351)	UK	100% (via CEI)	100% (via CEI)
Centre for Evidence and Implementation Singapore Ltd (UEN 201934244Z)	Singapore	100% (via CEI)	100% (via CEI)
Save the Children Australia - Singapore Branch (Reg No T17FC0068C)	Singapore	100%	100%
Save the Children Impact Fund Limited (ACN 634 440 145)*	Australia	100%	100%
Inclusiv Ventures Pty Ltd (ACN 629 974 161)	Australia	50%	50%
Inclusiv Ventures PNG Limited (Entity No 1-123837)	Papua New Guinea	50% (via Inclusiv Ventures Pty Ltd)	50% (via Inclusiv Ventures Pty Ltd)
Inclusiv Education Pty Ltd (ACN 629 895 914 ) since 1 September 2020	Australia	55%	0%
Library For All Limited (ABN 57 602 320 865) since 1 March 2020	Australia	100%	0%

\* acts as Trustee for Save the Children Impact Fund

**21. CONTINGENT LIABILITIES**

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**22. MEMBERS' GUARANTEE**

Save the Children Australia is a company limited by guarantee. In the event of, and for the purpose of, the winding up of the company, the amount capable of being called up from each member and any person or association who has ceased to be a member in the year prior to the winding up, is limited to \$1,000 for members that are corporations and \$10 for all other members, subject to the provisions of the company's constitution. At 2020 the collective liability of members was \$120 (2019: \$1,670).

**23. SUBSEQUENT EVENTS**

There have been no other matter or circumstance which has arisen since 31 December 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2020, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2020, of the Group.

**24. FINANCIAL RISK MANAGEMENT**

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

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

	Notes	Consolidated	
		2020 \$'000	2019 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	5	33,736	14,423
Fixed term deposits	5	13,000	630
Trade receivables	6	4,451	3,534
Other receivables	6	4,734	3,808
Other current assets - partner advances		8,139	9,024
Contract assets	7	6,405	7,940
Total financial assets		<u>70,465</u>	<u>39,359</u>
<b>Financial liabilities</b>			
Trade and other payables	11	9,926	8,206
Total financial liabilities		<u>9,926</u>	<u>8,206</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**24. FINANCIAL RISK MANAGEMENT - cont'd**

**a. Interest rate risk**

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

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

**b. Credit risk**

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

**c. Liquidity risk**

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

*(i) Financing Arrangements*

Save the Children's global treasury unit provides a short-term financing facility for all Save the Children entities, including Save the Children Australia. This facility pools liquidity across the global Save the Children organisation to enable entities to access short term financing. The level of financing available at any time depends on the level of liquidity across the global organisation and accordingly, is subject to change.

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

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

The Consolidated Entity operates internationally and is exposed to foreign exchange risk, primarily the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant consolidated entity. The Consolidated Entity is exposed to Transactional foreign exchange risk from the gains or losses that arise from the purchase or sale of services in currencies others than AUD. Exchange risk can never be completely eliminated but the Consolidated Entity can reduce such risk by being aware of the economic and political environment, managing cash receipts and balances, and working to balance non-AUD currency assets and liabilities.

**SAVE THE CHILDREN AUSTRALIA  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**24. FINANCIAL RISK MANAGEMENT - cont'd**

**d. Foreign currency (fx) risk - cont'd**

The Consolidated Entity maintains bank accounts in local currencies for its Pacific (Solomon Islands, PNG and Vanuatu) and Singapore operations, which at the reporting date were for AUD equivalent, \$5,967,381 (2019: \$4,968,449). The Consolidated Entity also maintains foreign currency accounts for grants received and transfer required in foreign currency. These accounts at the reporting date were for AUD equivalent \$13,308,540 (2019: \$567,544).

The following are the foreign currency balances at the end of 2020:

<b>Bank Account</b>	<b>Currency</b>	<b>Foreign Currency Balance</b>	<b>AUD Equivalents</b>
Melbourne	USD	10,203,984	13,239,118
Melbourne	EUR	43,627	69,422
In PNG	PGK	13,197,209	4,955,319
In Solomon Islands	SBD	2,108,804	362,587
In Vanuatu	VUV	23,666,090	286,241
In Singapore	SGD	370,026	363,234
<b>Total</b>			<b><u>19,275,921</u></b>

**SAVE THE CHILDREN AUSTRALIA**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**25. NSW CHARITABLE FUNDRAISING ACT 1991**

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

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

Fundraising activities include:

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

	Total Fundraising Direct Expenses	Net Income	Total Income	Total Fundraising Direct Expenses	Net Income
	2020 \$'000	2020 \$'000	2020 \$'000	2019 \$'000	2019 \$'000
<b>Fundraising Information</b>					
Donations and Gifts	20,890	9,053	11,837	22,776	9,546
Special Events	172	296	(124)	297	371
Emergency Appeals	1,411	27	1,384	270	45
	<b>22,473</b>	<b>9,376</b>	<b>13,097</b>	23,343	9,962
Bequests and Legacies	4,074	-	4,074	2,174	-
Grants					
- Department Foreign Affairs and Trade	29,279	-	29,279	28,772	-
- Australian	57,163	1,145	56,018	53,811	1,262
- Other Overseas	16,679	-	16,679	10,779	-
Revenues from commercial activities					
- Sale of Goods & Other	19,540	-	19,540	14,429	-
Interest Income	78	-	78	119	-
Other Income					
- Other income	607	-	607	834	-
- JobKeeper income	11,896	-	11,896	-	-
- Discount on acquisition	1,592	-	1,592	-	-
<b>Total Net Income Contribution</b>	<b>163,381</b>	<b>10,521</b>	<b>152,860</b>	134,261	11,224
<b>Program, Administration and Other</b>					
Community Education	-	3,849	(3,849)	-	3,053
International Programs including delivery	-	57,341	(57,341)	-	50,766
Domestic Programs including delivery	-	46,256	(46,256)	-	43,746
Unallocated Fundraising Costs	-	-	-	-	-
Commercial Activities	-	22,147	(22,147)	-	14,003
Administration	-	10,497	(10,497)	-	10,294
<b>Total Program, Administration and Other Costs</b>	<b>-</b>	<b>140,090</b>	<b>(140,090)</b>	-	121,862
<b>Operating Surplus/(Deficit)</b>	<b>163,381</b>	<b>(150,611)</b>	<b>12,770</b>	134,261	(133,086)



**SAVE THE CHILDREN AUSTRALIA**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**25. NSW CHARITABLE FUNDRAISING ACT 1991 - cont'd**

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>
<b><u>Comparison of monetary figures and percentages</u></b>				
<b>Ratio of Fundraising Costs to Gross Income from Fundraising</b>				
Total Cost of Fundraising and Donations	<b>10,521</b>	<b>47%</b>	11,224	48%
Gross Income from Fundraising and Donations	<b>22,473</b>		23,343	
<b>Ratio of Fundraising Costs to Total Income</b>				
Total Cost of Fundraising and Donations	<b>10,521</b>	<b>6%</b>	11,224	8%
Total Income	<b>163,381</b>		134,261	
<b>Ratio of Surplus Fundraising Costs to Gross Income from Fundraising</b>				
Net Surplus from Fundraising and Donations	<b>11,952</b>	<b>53%</b>	12,119	52%
Gross Income from Fundraising and Donations	<b>22,473</b>		23,343	
<b>Total Cost of Fundraising and Donations</b>				
<b>Total Expenditure</b>	<b>10,521</b>	<b>7%</b>	11,224	8%
	<b>150,611</b>		133,086	
<b>Ratio of Cost of Fundraising using Traders to Total Income received from Fundraising using Traders*</b>				
Total Cost of Fundraising using Traders	<b>718</b>	<b>4%</b>	1,017	6%
Total Income from Fundraising from Traders	<b>16,177</b>		17,081	
<b>Ratio of Cost of Service and Programs provided to Total Income</b>				
Total Cost of Services and Programs provided	<b>107,446</b>	<b>66%</b>	97,565	73%
Total Income	<b>163,381</b>		134,261	
<b>Ratio of Cost of Service and Programs provided to Total Expenditure</b>				
Total Cost of Services and Programs provided	<b>107,446</b>	<b>71%</b>	97,565	73%
Total Expenditure	<b>150,611</b>		133,086	

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

**SAVE THE CHILDREN AUSTRALIA  
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**DIRECTORS DECLARATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 47 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 2013 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 2020 and its performance for the year ended on that date.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**Peter Hodgson**  
Chairman

Melbourne:  
24 March 2021



## Independent auditor's report

To the members of Save the Children Australia

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### Our opinion

In our opinion:

The accompanying financial report of Save the Children Australia (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

### Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual financial report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

PricewaterhouseCoopers

Jason Perry  
Partner

Melbourne  
24 March 2021