

ROOM TO READ AUSTRALIA LIMITED

ABN: 40 667 977 802

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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The registered office of business of Room to Read Australia Limited is

Suite 201,
166 Glebe Point Road,
Glebe, NSW 2037

The principal place of business of Room to Read Australia Limited is

Suite 201,
166 Glebe Point Road,
Glebe, NSW 2037

ROOM TO READ AUSTRALIA LIMITED
CHAIRPERSON'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Dear Friends,

In our interconnected world, access to education matters for everyone, because the problems engendered by inequality in education affect us all. Education is a crucial factor to sustainably tackling crises such as hunger, unemployment, conflict, and discrimination.

For the children within our program schools throughout Asia, Africa, the Caribbean and the Middle East, access to a quality education is a game-changer for their future life outcomes and the lives of their families.

Since its inception in 2009, Room to Read Australia's partners have played a key role in helping us change the life chances of eager young learners throughout our program countries. Key partners such as Atlassian, our largest corporate partner in this market, as well as Nuix, Positive Real Estate, and the diverse range of Australian families directly investing in our programs through program sponsorships have played an integral role in a year of both consolidation and advancement for Room to Read in Australia.

In addition to the continued strong support we enjoy from the Australian community, we also received significant recognition from the Australian Government – achieving accreditation as an Overseas Aid Organisation by the Department of Foreign Affairs and Trade and Treasury Departments through their Overseas Aid Gift Deduction Scheme, allowing Room to Read Australia Limited to establish a dedicated Overseas Aid Fund and receive Deductible Gift Recipient 1 Status.

With this change in our organisational structure, we concluded our valued partnership with Action on Poverty (formerly known as Australia Foundation for the People's of Asia and the Pacific – AFAP). We recognise the invaluable support AFAP has given Room to Read by entering into a partnership that allowed us to build our community networks in this market while serving the children of Asia and Africa through our programs.

I would also like to express our deep appreciation to our Australia Advisory Board - Carrie and Steve Bellotti, Annie Todd and Mike Cannon-Brooks, Maile and Charles Carnegie, Charles and Alison Gorman, Zahra and Brett Godfrey, Nicolle and John Keith, Eddie Sheehy and Carolyn Betts, Cynthia Whelan, Donna Yip and David Torrible - who donate their time and knowledge in helping us to continue to grow our connections with the Australian community.

I also acknowledge the dedication and support of our local board led by John Keith, Leona Pearce and Chantal Lewis, working alongside our wonderful volunteers throughout Australia.

On behalf of the Board, I extend our sincere thanks to all our Australian supporters for their belief and commitment to our mission. When we change the destinies of children, we change the destiny of the world. On behalf of Room to Read and every child whose destiny will never be the same, thank you.



Erin Ganju
Chairperson
Date:

ROOM TO READ AUSTRALIA LIMITED
EXECUTIVE OFFICER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Dear Friends,

Room to Read is recognised as one of the most effective and fiscally responsible organisations in global education. Our commitment to full transparency, combined with consistent monitoring of our impact, assures our investors that their funding is achieving measurable results through our programs.

In Australia, our pledge to you is that we will continue to keep our overhead costs well below the industry average, to maximise the percentage of your contributions that go towards our programs, and to spend our program dollars wisely so that millions of children may benefit from our work.

Working to achieve this ambitious goal, we rely on the professional expertise of organisations such as KPMG to manage our annual audit and advise on governance, and public relations specialists Mamamia, who donate their time and knowledge to assist in our marketing and brand development. We also benefit from the passion and commitment of a network of ongoing partners from business and the community, as well as a group of talented and passionate individuals from our volunteer fundraising Chapters who not only raise funds for us but also demonstrate creativity in using their adventurous spirit to support our work.

2017 was a year of consolidation for Room to Read in Australia – maintaining relationships with some of our most substantial global partners residing in this market such as Atlassian and IMC Pacific, as well as our dedicated individual supporters. Our change in tax status awarded by the Australian Tax Office following our accreditation as an Overseas Aid Organisation will allow us to continue to grow this vital source of support for our programs around the world by deepening our engagement with private and public ancillary funds. With this change in tax status, Room to Read began transitioning its fundraising activities from Room to Read Australia Foundation, concentrating its work through Room to Read Australia Limited from June 2017.

On behalf of all of us at Room to Read Australia, I send our deepest thanks to our partners, advisors, volunteers and team for your dedication and support. It means the world to all of us at Room to Read, and the children we strive to assist.



Chantal Lewis
Senior Development Director, Australasia
Date: June 2018

ROOM TO READ AUSTRALIA LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Directors' Report

The directors present their report together with the financial report of Room to Read Australia Limited "the Company" for the financial year ended 31 December 2017.

1. Directors

The names of the directors of the Company in office at any time during the year or since the end of the year are:

Director	Date of appointment
Erin Ganju	16 September, 2008
John Wood	16 September, 2008
John Keith	21 May, 2012
Leona Pearce	21 May, 2012
Chantal Lewis	17 November, 2012

Name, qualification and independence status	Experience, special responsibilities and other directorships
Erin Ganju	Co-founder and former CEO Room to Read
John Wood	Founder and Executive Chairman, Room to Read
John Keith	Managing Director, BNP Paribas, non-Executive Director, Atomo Diagnostics
Leona Pearce	Previously Chief of Staff, Room to Read, previously Vice President, Goldman Sachs
Chantal Lewis	Senior Development Director, Australasia, Room to Read

2. Principal activities

The principal activity of the Company is to serve as the Trustee for Room to Read Australia Foundation ("the Foundation"). In June 2017, the Company received accreditation as an Overseas Aid Organisation by the Department of Foreign Affairs and Trade and Treasury Departments through their Overseas Aid Gift Deduction Scheme, allowing the Company to establish a dedicated Overseas Aid Fund and receive Deductible Gift Recipient 1 Status. Room to Read Australia Overseas Aid Fund was established as a result.

The Company has as its principal activity the raising of funds for deployment to the countries in Asia and Africa where Room to Read has projects to improve literacy and gender equality in education.

3. Dividends

No dividends were declared or paid by the Company as it is prohibited by its Constitution.

4. Review of operations

Operating revenue

The Company's revenue for the financial year was \$ 4,060,939 (2016: nil).

Operating surplus

The operating surplus for the financial period was \$ 4,035,327 (2016: nil). The surplus carried over for future was \$2,807,889 (2016: nil).

ROOM TO READ AUSTRALIA LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

5. Matters subsequent to the end of the financial year

No other matters or circumstances have arisen since the end of the financial year which significantly affect, or may materially affect:

- (i) the operation of the Company or the Foundation in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the Company's or the Foundation's state of affairs in future financial years

6. Likely developments

The Company will continue to be trustee for the Room to Read Australia Foundation. The Company will continue to receive funds through the Room to Read Australia Overseas Aid Fund for deployment to the countries in Asia and Africa where Room to Read has projects to improve literacy and gender equality in education after meeting its expenses. There are no significant likely developments not otherwise disclosed in this report.

7. Environment regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

8. Company Secretary

At the date of this report, the position of Company Secretary was held by Chantal Lewis.

9. Executive Officer

At the date of this report, the position of Executive Officer was held by Chantal Lewis.

10. Directors' Meetings

No directors meetings were held in 2017. Business of the Company and the Foundation was reviewed and approved by the directors through circular resolutions in 2017.

11. Directors' remuneration

Since the end of the previous financial year, no director has received or become entitled to receive, a benefit.

12. Loans to directors and executives

There were no loans to directors and executives during the year ended 31 December 2017.

13. Insurance of officers

The insurance of the directors and secretary of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the company, has been arranged and paid for by Room to Read.

14. Auditor

KPMG continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the directors.

For and on behalf of the Board

John Keith
Director
Sydney
Date: 19 June 2018

Chantal Lewis
Director
Sydney
Date: 19 June 2018



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Directors of Room to Read Australia Limited (the Trustee)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

David Kells

Partner

Sydney

19 June 2018

ROOM TO READ AUSTRALIA LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Year ended 31 December 2017 \$	Year ended 31 December 2016 \$
Revenue			
Donations and Fundraising Income		4,060,924	-
Interest Income		15	-
Total Revenue	4	4,060,939	-
Expenses			
Expenditure supporting fundraising activities		250	-
Other expenses		25,362	-
Total Expenses	5	25,612	-
Surplus for the period before income tax		4,035,327	-
Income tax expense		-	-
Surplus after income tax		4,035,327	-
Total Comprehensive income for the period		4,035,327	-
Distribution of the surplus			
Transfer of funds directly to Room to Read Cambodia		1,227,438	-
Total Distribution		1,227,438	-
Surplus available for future distribution	12	2,807,889	-

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

ROOM TO READ AUSTRALIA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	Year ended 31 December 2017 \$	Year ended 31 December 2016 \$
Current assets			
Cash and Cash equivalents	6	257,053	-
Trade Receivables	7	2,555,336	-
		-	-
Total assets		2,812,389	-
Current liabilities			
Other Liabilities	8	4,500	-
Total liabilities		4,500	-
Net assets		2,807,889	-
Accumulated funds			
Accumulated Funds beginning of year		-	-
Accumulated Surplus		2,807,889	-
Total accumulated funds		2,807,889	-

The above statement of financial position should be read in conjunction with the accompanying notes.

ROOM TO READ AUSTRALIA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31 December 2017	Year ended 31 December 2016
Total accumulated funds at the beginning of the financial year		-	-
Total comprehensive income for the period		4,035,327	-
Less income distributed		1,227,438	-
Total accumulated funds at the end of the year		2,807,889	-

The above statement of changes in equity should be read in conjunction with the accompanying notes.

ROOM TO READ AUSTRALIA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Year ended 31 December 2017	Year ended 31 December 2016
		\$	\$
Cash flows from operating activities			
Receipts from donors and other contributions		1,505,588	-
Payments to suppliers/employees		21,112	-
Payments for distributions		1,227,438	-
Interest received		15	-
Net cash flow used in operating activities	12	257,053	-
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial period		-	-
Cash and cash equivalents at the end of the financial period	6	257,053	-

The above statement of cash flows should be read in conjunction with the accompanying notes.

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. Summary of significant accounting policies

Room to Read Australia Limited (the 'Company') is an entity domiciled in Australia. The address of the Company's registered office is Suite 201, 166 Glebe Point Road, Glebe, NSW 2037. The Company is a non-for-profit entity and primarily involved in the raising of funds for deployment to countries in Asia and Africa where Room to Read has projects to improve literacy and gender equality in education.

The principal accounting policies adopted in the preparation of the financial report are set out below.

(a) Basis of preparation

In the opinion of the Board of Directors, the Company is a public company limited by guarantee. The financial report has been drawn up as a general purpose financial report and has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and the Charitable Fund Raising Act 1991. The financial report of the Company complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Donations of money are recognised when the cash is received. Accruals are made for donations which are received before but banked after the year-end. In addition, if donations are unconditionally pledged they are treated as donations in the year pledged.

Donations in kind are recognised as revenue in the period in which goods or services are received and the corresponding expense is recognised when the goods or services are utilised. Donations in kind represent audit, office space, and public relations services.

Donations received relating to charity events are disclosed as "fundraising" revenue/expense; other administrative natured items are disclosed as "service" revenue/expense.

Donations in kind are recognised at fair value.

(c) Income tax

The Company is a registered charity and is exempt from the payment of income tax. This has been confirmed by the Australian Taxation Office.

(d) Cash and cash equivalents

Cash and cash equivalent represent amounts held with financial institutions that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are generally due for settlement no more than 30 days from the date of recognition. The Company recorded the long-term portion of Trade receivables based on the discounted value of the receivable using a discount rate of 2.6% in 2017.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the amount which is expected to be collected.

(f) Trade and other payables

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

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the balance sheet.

Donations received and revenue from fundraising activities are treated as being Input Taxed and are therefore exclusive of GST. GST on expenses relating to fundraising activities is not recoverable from the Taxation Authority and is treated as an expense.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flow.

(h) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Board has overall responsibility for the establishment and oversight of the risk management framework and for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The directors of the Company oversee how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The carrying amount of financial assets represents the maximum credit exposure which at the reporting date of 31 December 2017 was:

Cash	6	257,053
Receivables	7	2,555,336
		2,812,389

(a) Market risk

(i) Price risk

The Company doesn't conduct activities which would expose it to a commodity price risk.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company has significant concentrations of credit risk with Atlassian Foundation International Limited.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of cash and cash equivalents held at reputable financial institutions.

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Financial risk management (continued)

(c) Cash flow interest rate risk

The Company maintains its surplus cash at its Bank of America account and it is not expected that market interest rate changes will materially impact the Company's financial results.

(iii) Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which pledges are denominated in a currency other than the functional currency of the Company.

The Company has significant concentrations of currency risk on its pledges received from Atlassian Foundation International Limited which are denominated in USD.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates will, by definition, seldom equal the related actual results. There are no estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Revenue

	Year ended 31 December 2017	Year ended 31 December 2016
	\$	\$
Donations & Fundraising Income	4,060,924	-
Interest	15	-
	4,060,939	-

5. Expenses

Surplus before income tax includes the following specific expenses:

- Expenditure supporting fundraising activities	250	-
- Other expenses	25,362	-
	25,612	-

6. Cash and cash equivalents

Cash and cash equivalents	257,053	-
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(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	257,053	-
Balances per statement of cash flows	257,053	-

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Year ended 31 December 2017	Year ended 31 December 2016
7. Trade receivables		
Trade Receivables	2,555,336	-
8. Other Liabilities		
Other Liabilities	4,500	-
9. Remuneration of auditors		
Room to Read Limited Company financial statement audit for 2017 was performed at an audit fee of \$ 4,500. Audit was performed on an honorary basis in 2016 and no audit fees were paid.		
10. Commitments		
(a) Capital commitments		
The Company had no capital commitments at 31 December 2017 (2016: Nil).		
(b) Lease commitments: Company as lessee		
The Company had no lease commitments at 31 December 2017 (2016: Nil).		
11. Key management personnel disclosures		
(a) Directors		
The following persons were directors of the Company during the year: Erin Ganju, John Wood, Keith, Leona Pearce and Chantal Lewis.		
(b) Executive Officer		
Chantal Lewis was the Senior Development Director, Australasia of the Company at the end of the year.		
(c)		
There were no transactions with key management personnel during the year ended 31 December 2017. No key management personnel have received or are due to receive any remuneration from the Company (in 2016 there were no transactions or remuneration paid to key management personnel).		
12. Reconciliation of surplus for the year to net Cash inflow from		
	Year ended 31 December 2017	Year ended 31 December 2016
(Deficit)/ Surplus	2,807,889	-
Add non-cash items:		
Decrease/(Increase) in Receivables	(2,555,336)	-
Increase in Employee Provisions	4,500	-
	<hr/>	<hr/>
Net Cash used in operating activities	<u>(257,053)</u>	<hr/>

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. Subsequent Events

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

14. Related party disclosures

The parent entity is Room to Read, San Francisco.

During the year, Room to Read Australia Limited distributed \$1,227,438 (2016: Nil) to Room to Read subsidiaries.

15. Liabilities and right of indemnity

Room to Read Australia Limited is the trustee of Room to Read Australia Foundation (the Foundation). Liabilities of the Foundation are not recorded in the financial statements of the Company.

Under the Charitable Trust Deed (the Deed) between the Company and the Foundation, the Company is indemnified by the Foundation in respect of any liability incurred while acting as Trustee (except from a breach of trust). The Company shall not be liable to the Foundation nor any person whatsoever to an extent greater than the assets of the Foundation.

16. Pledges Receivable

The Organization recognizes revenue from unconditional contributions when written notification of the commitment (pledge) is received from the donor. Promises received as of the end of a year for which the cash had not been received are reported as Pledges receivable in the statement of financial position.

Atlassian Foundation International Limited committed to a multi-year pledge of USD 2.75 MM equivalent to AUD 3,506,758 in 2017 to fund Girls Education Programme in Cambodia assisting girls transitioning into through secondary school for a three year period 2017-2019.

17. Information required to be furnished under the Charitable Fundraising Act, 1991


	2017	2016
Donation activities undertaken		
Donation revenue	4,060,924	-
Less: Donation activity expenses	25,612	-
Net Fundraising Surplus	4,035,312	-

ROOM TO READ AUSTRALIA LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2017

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 16 are in accordance with the Australian Charities and Not-for-profits Commission 2012, including:
 - (i) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the directors draw attention to Note 1(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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



John Keith
Director
Sydney
Date: 19 June 2018



Chantal Lewis
Director
Sydney
Date: 19 June 2018

ROOM TO READ AUSTRALIA LIMITED
DECLARATION BY THE CHAIRPERSON IN RESPECT OF FUNDRAISING APPEALS
FOR THE YEAR ENDED 31 DECEMBER 2017

I, Erin Ganju, Chairperson of Room to Read Australia Limited declare that in my opinion:

- (a) the financial report presents fairly a view of all income and expenditure of Room to Read Australia Limited with respect to fundraising appeal activities for the year ended 31 December 2017.
- (b) the statement of financial performance presents fairly a view of the state of affairs with respect to fundraising appeal activities as at 31 December 2017.
- (c) the provisions of the *Charitable Fundraising Act 1991* and Regulations and the conditions attached to the authority have been complied with during the year ended 31 December 2017.
- (d) the internal controls exercised by Room to Read Australia Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



Erin Ganju
Chairperson
Date:

Independent Auditor's Report

To the Trustee of Room to Read Australia Foundation

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of Room to Read Australia Foundation (the Foundation)

In our opinion, the accompanying **Financial Report** of the Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. the Foundation's financial position as at 31 December 2017, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 31 December 2017;
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- iii. Notes including a summary of significant accounting policies;
- iv. Trustees' declaration; and
- v. Declaration by the Chairperson in respect of fundraising appeals of the Foundation.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 are independent of the Foundation in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in Room to Read Australia Foundation's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Room to Read Australia Limited (the Trustee) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

Responsibilities of the Directors of the Trustee for the Financial Report

The Directors of the Trustee are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC;
- ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations and with Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Regulations 1947 (the Acts and Regulations); and
- iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Assessing the Foundation's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Foundation's internal control;
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Trustee;
- iv. Conclude on the appropriateness of the Directors of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Foundation to cease to continue as a going concern; and
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Trustee of the registered Foundation regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities.
- ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- i. the Financial Report gives a true and fair view of the Foundation's financial result of fundraising appeal activities for the financial year ended 31 December 2017;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2017 to 31 December 2017, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- iii. money received as a result of fundraising appeal activities conducted during the period from 1 January 2017 to 31 December 2017 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- iv. there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

Opinion pursuant to the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947

In our opinion, the Foundation has complied, in all material respects, with the requirements of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947* for the year ended 31 December 2017.


KPMG

David Kells

Partner

Sydney

19 June 2018