

Australian Committee for UNICEF Limited

ABN 35 060 581 437

Annual Financial Report – 31 December 2013

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These financial statements are the financial statements of the entity Australian Committee for UNICEF Limited. The financial statements are presented in the Australian currency.

The company owns the registered business name UNICEF Australia and may be referred to by that name in this report.

UNICEF Australia is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Australian Committee for UNICEF Limited
Level 4, 280 Pitt Street
Sydney NSW 2000

This report was authorised for issue by the Directors on 10 April 2014. The directors have the power to amend and reissue the financial statements.

Directors' Report

The Directors present their report for the Australian Committee for UNICEF Limited at the end of, or during, the year ended 31 December 2013.

Directors

The Directors in office during the whole of the financial year and up to the date of this report were:

Mr John Stewart (President)

Mr Michael Batchelor

Ms Christine Christian

Ms Deeta Colvin

Ms Lesley Grant

Mr Rohan Lund

Ms Fiona Sinclair King

The following were appointed as Directors during the year and continue in office at the date of this report:

	Date of appointment
Ms Nadika Garber	30 May 2013
Ms Megan Quinn	30 May 2013
Ms Stephanie Copus-Campbell	10 September 2013
Mr Robin Davies	10 September 2013

The following Directors resigned during or after the close of the year:

	Date of resignation
Mrs Rebekah O'Flaherty	30 May 2013
Mr Greg Ward	16 July 2013
Mr Michael Gill	25 February 2014

UNICEF Australia – objectives

UNICEF's global mandate is to protect and improve the lives of children and women in developing countries. We respond to emergencies, engage in long term development and advocate for the rights of women and children.

Our advocacy is built around the United Nations Convention on the Rights of the Child, and aims to change the structures that impinge upon the rights of children and tackles the structures which keep people trapped in extreme poverty.

The vision of UNICEF Australia is to promote and realise the rights of all children in Australia and abroad to survive and thrive, especially the most disadvantaged and excluded. As part of a family of National Committees within the global UNICEF enterprise, UNICEF Australia's primary objective is to raise funds from the private sector for UNICEF programs internationally, and to expand its strategic

engagement with both the private and public sector in advocating to advance child rights as laid out in the Convention of the Rights of the Child.

UNICEF Australia aims to further grow its' contribution through selected channels built around core monthly pledge commitments, a highly visible and vocal presence as the go to agency for child rights, and the pursuit of continual effectiveness and efficiency in its' organisation and culture.

The UNICEF Australia board has also taken the decision to invest in and develop our programs support team and monitoring and evaluation capabilities in order to secure Australian Government ANCP accreditation. By doing this UNICEF Australia hopes to build an ever stronger link between UNICEF's international development work and our staff and supporters, as well as further diversify our revenue streams in order to further support development and humanitarian programs.

Principal activities and results in 2013

Total revenue in 2013 of \$27.1 million (2012: \$24.2 million) reflects the continued generosity and compassion of the Australian public. Of these funds, \$18.5 million (2012: \$13.2 million) was committed to UNICEF programs overseas for the most vulnerable children in our world.

The primary driver for the 12% increase from 2012 has been due to the Australian public's strong support in 2013 to two contrasting emergency situations: that of the Philippines Typhoon Haiyan emergency appeal in November 2013, and the more complex and prolonged Syrian Conflict for which \$4.0 million and \$1.3 million had been raised respectively.

UNICEF Australia continues to invest in its Global Parent pledge supporter base. This investment has been funded through utilisation of UNICEF Australia's own resources as well as grants received from UNICEF Geneva for this purpose. This level of investment was lower in 2013 in comparison to previous years and consequently revenue generated from the program has stayed broadly in line with 2012. UNICEF Australia is still committed to the further development and growth of its Global Parent pledge supporter base and this still remains a core objective of our strategic plan going forward. The projected long term benefits of this investment strategy continue to generate healthy returns which will increase our impact and ensure more children not only survive but thrive.

2013 also saw UNICEF Australia commence the development and implementation of its overseas programs support team. Whilst this is the first step of a longer term strategic objective, it is UNICEF Australia's intention to secure accreditation with the Australian Government and access funding through the Australian NGO Cooperation program (ANCP).

Alongside the Global Parent pledge program, UNICEF Australia continues to raise funds from UNICEF Change for Good, UNICEF Checkout for Children, public appeals, other corporate partnerships, legacies and bequests and Education for Development fundraising activities. We would like to thank all our supporters for their continued support of UNICEF and its work around the world.

Key performance indicators

Key performance indicators include the gross dollar amount remitted to UNICEF for overseas programs as well as the percentage of income that is spent on programs for children and educating the community.

	2013	2012
Funds Remitted to UNICEF Overseas Programs	\$18,480,416	\$13,244,927
Total income*	\$25,410,916	\$19,548,008
% of income remitted to UNICEF Overseas Programs	73%	68%
Total Program Costs (including advocacy and community education)	\$19,743,200	\$14,233,555
% of total income spent on programs including local advocacy and community education	78%	73%

Both of the performance indicators as reflected above have increased from 2012 levels, due to the significant public response to the Philippines Typhoon Haiyan Emergency Appeal.

In line with our strategy to invest in committed regular givers, the following KPI's are also monitored:

Number of Global Parents at year end	24,941	26,443
Total Global Parent income	\$10,943,704	\$10,680,281
% of total income*	43%	55%

* Excludes UNICEF grants and donations in kind income as these funds are not available for discretionary distribution.

Operating Results	2013	2012
	\$	\$
Revenue from continuing operations	27,078,476	24,232,489
Employee benefits	2,966,895	2,636,153
Equipment and facilities	681,660	500,766
Travel and accommodation	171,316	151,305
Fundraising communication and advocacy	3,313,803	5,317,620
Administration	368,408	254,056
Programs and projects (domestic and international)	18,540,416	13,294,927
Non monetary Donations in kind	695,977	2,077,662
Total expenses	<u>26,738,475</u>	24,232,489
Excess of revenue over expenditure for the year	<u>340,001</u>	-
Other comprehensive income	-	-
Total excess of comprehensive revenue over expenditure for the year	<u>340,001</u>	-

Australian Council for International Development (ACFID) Code of Conduct

The company is a member of ACFID and has applied the principles of the ACFID Code of Conduct for Non-Government Development Organisations. The application of these principles includes the disclosures in the attached financial statements and notes.

Information on Directors

Directors in office at the date of this report and their brief details are:

Mr John Stewart (President) B.Bus, FCA, FAICD, an independent non-executive Director since 16 April 2005. He is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. He is presently the Managing Director of a large business process outsourcing company and a director of private companies in the chemical and management consulting sectors. Mr Stewart is a member of the Board Nomination and Review Committee.

Mr Michael Batchelor FCA, an independent non-executive Director since 15 October 2005. He is a consultant to Deloitte Touche Tohmatsu. Prior to joining Deloitte he was National Chairman and Melbourne Managing Partner of BDO Chartered Accountants. He has extensive experience in providing accounting, taxation, audit, corporate finance and strategic advice to a large number of clients across a range of industries. His audit responsibilities included both publicly listed companies and not-for-profit organisations. He is a director of the National Trust of Australia (Victoria). Mr Batchelor is a member of the Audit and Corporate Governance Committee.

Ms Christine Christian BA, MAICD, an independent non-executive Director since 12 April, 2011. Ms Christian's current directorships include Members Equity Bank, Private Media, Scottish Pacific Business Finance, Powerlinx Inc., Policy and Economic Research Council, Melbourne International Comedy Festival and Chairman of the State Library of Victoria Foundation. In March 2012 Ms Christian was appointed President, Chief Executive Women. Ms Christian has served in senior executive roles in Australia and overseas primarily in the credit risk, financial services and global business publishing sectors, including 14 years as Chief Executive Officer of Dun & Bradstreet Australia and 2 years as Executive Director of Dun & Bradstreet India. Ms Christian was the founding Chairman of Business Information Industry Association – Hong Kong and Middle East. Ms Christian is a member of the Audit and Corporate Governance Committee.

Ms Deeta Colvin (McGeoch) BA, an independent non-executive Director since 25 May 2009. Deeta has had a successful career in media and marketing. She started her own marketing and public relations company, Colvin Communications, in 1985 specialising in consumer marketing of prestige clients, mostly all international brands. Ms Colvin sold her company 12 years later and was then appointed Director of Corporate Relations for PBL Media to set up a below the line division of public relations and events as well as interfacing with major clients of the group in ACP Magazines and Channel 9. In 2001, Ms Colvin was awarded an Ordre du Merite by the French Government for services to business and the arts. Ms Colvin was non-executive Director for Michael Hill International Pty Ltd from 2011 to April 2013. Since 2007 she has consulted to Consolidated Press Holdings (CPH) to liaise with key clients and set up some of the VIP events and relationship opportunities and she is also currently Chairman of communications agency, Stellar* Concepts Australia.

Ms Stephanie Copus-Campbell has worked in the field of philanthropy, aid and international development since 1993. Her experience includes a secondment to CARE Australia as the Principal Executive for International Programs, and positions as a lecturer at Deakin University and an international humanitarian coordinator for Australian Red Cross, Western Australia. From 2009-2011, Ms Copus-Campbell was the head of Australia's \$470 million aid program to Papua New

Guinea. She was also posted to Suva, Fiji, as head of Australia's aid program to Fiji and the Pacific region and has had previous postings to PNG. During her early career with AusAID, she worked on the China program and on environment and infrastructure policy. Ms Copus-Campbell holds an MPHIL degree from Cambridge University in international relations and a bachelor's degree from University of California in political science, where she graduated Summa Cum Laude.

Mr Robin Davies is the Associate Director of the Development Policy Centre at the Australian National University's Crawford School of Public Policy. He was previously a member of AusAID's senior executive service for a decade, both in Australia and overseas. Most recently he headed AusAID's international programs and partnerships division. Mr Davies was Australia's representative on the G20 Development Working Group from its establishment in 2010 until late 2011. He contributed to the development of a series of Australian and multilateral climate change initiatives in the period 2007 to 2010. He managed Australia's aid program in Indonesia from 2003 to 2006 and represented Australia on the OECD Development Assistance Committee from 1999 to 2001.

Ms Nadika Garber has enjoyed a very successful career in publishing and is currently Managing Director and part owner of Hinkler Pty Ltd – a Melbourne based publishing house with offices in UK and USA. They currently sell their publications in 72 countries in 38 different languages, through many major retailers around the world. Ms Garber is the main contributor to the Sugatha Scholarship foundation in Sri Lanka, established to help children of all ages realise their educational goals which included the building of a school and library.

Ms Lesley Grant has been with Qantas Airways since May 2002 and holds the position of Chief Executive Qantas Loyalty. She is also a member of the Qantas Group Executive Committee. She has over 30 years' experience in the airline industry in customer, marketing and operations roles and prior to joining Qantas, Lesley held senior roles in other international airlines. Lesley has been an independent non-executive Director of UNICEF Australia since May 2006, a Director of the Qantas Foundation since March 2009 and was a Director of the Jetset Travelworld Group.

Mr Rohan Lund is the Chief Operating Officer of Foxtel. He was formerly COO of Seven West Media, CEO of Yahoo!7 and Chairman of Yahoo! New Zealand. He remains a Director of UNICEF and was previously a Director of Vividwireless (Australia's first 4G network) and the former Chairman of the Internet Advertising Board. Prior to joining Yahoo!7 in 2007, Mr Lund had been the Strategy Director of Seven Network Limited and before that Strategy Director of SingTel Optus. He holds a Master of Laws from Queensland University of Technology.

Ms Megan Quinn GAICD, an independent non-executive Director since March 2013. Ms Quinn has built a career specialising in the luxury end of retailing, marketing, publishing, design and branding across several industries. She has held a variety of leadership, senior executive, consulting, executive and non-executive board roles, utilising her strong commercial capabilities and deep expertise in brand and service offer development. One of Ms Quinn's notable achievements was co-founding Net-A-Porter in 1999. While living in London, she held executive board positions with both Net-A-Porter and Harrods. Today, Megan is the Managing Director of Q&CO Consultancy, and is a non-executive Director of Specialty Fashion Group (SFH) and Fitted For Work.

Ms Fiona Sinclair King, B.Ec, LL.M, an independent non-executive Director since 23 November 2002. She is currently a Barrister-at-Law based in Sydney, NSW. Fiona is a supporter of several children's charities and she is also a patron and collector of Australian indigenous and contemporary art. She served 9 ½ years as a Councillor on Woollahra Municipal Council. Previously she was a corporate lawyer and company secretary for an international research and development group of companies; an International Lawyer for the Australian Red Cross (NSW) and an East Area Director for the Salvation Army Red Shield Appeal.

Meetings of Directors

The number of meetings of the company's Directors held during the year ended 31 December 2013 and the number of meetings attended by each Director were:

	Board Meetings (6 held)		Audit & Risk Committee (6 held)	
	<i>Meetings entitled to</i>	<i>Meetings attended</i>	<i>Meetings entitled to</i>	<i>Meetings attended</i>
M Batchelor	6	5	6	5
C Christian	6	6	6	3
D Colvin	6	6		
S Copus-Campbell	2	2		
R Davies	2	2		
N Garber	5	5		
M Gill	6	6	3	3
L Grant	6	4		
R Lund	6	4		
R O'Flaherty	2	-	2	-
M Quinn	5	5		
F Sinclair King	6	5		
J Stewart	6	6		
G Ward	3	3	3	3

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration that has been provided as required under Section 307C of the *Corporations Act 2001* is set out on page 9.

Auditor

PricewaterhouseCoopers 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.

A handwritten signature in black ink, appearing to read 'John Stewart', is positioned above the printed name and title.

John Stewart
Director

Sydney
10 April 2014



Auditor's Independence Declaration

As lead auditor for the audit of Australian Committee for UNICEF Limited for the year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Craig Thomason', with a long horizontal flourish extending to the right.

Craig Thomason
Partner
PricewaterhouseCoopers

Sydney
10 April 2014

Statement of Comprehensive Income

For the year ended 31 December 2013

	Notes	2013 \$	2012 \$
CONTINUING OPERATIONS			
REVENUE			
Donations and Gifts			
- Monetary		24,306,034	18,638,783
- Non Monetary		695,977	2,077,662
Bequests and Legacies		233,016	186,986
Grants			
- Overseas UNICEF Geneva		971,583	2,606,819
Investment Income		247,594	249,801
Other Income		624,272	472,438
TOTAL REVENUE		27,078,476	24,232,489
EXPENDITURE			
	2		
International Aid and Development Programs Expenditure			
Funds to international programs		18,480,416	13,244,927
Program support costs		81,937	-
Community Education		1,120,847	938,628
Domestic Programs		60,000	50,000
Fundraising Costs			
- Public		3,996,953	4,069,536
- Funded by UNICEF Geneva		971,583	2,606,819
Accountability and Administration		1,330,762	1,244,917
Consumption of Non Monetary Donations and Gifts		695,977	2,077,662
TOTAL EXPENDITURE		26,738,475	24,232,489
EXCESS OF REVENUE OVER EXPENDITURE		340,001	-
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		340,001	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheet

As at 31 December 2013

	Notes	2013 \$	2012 \$
Assets			
Current assets			
Cash and cash equivalents	3	6,123,716	4,438,725
Financial assets at fair value through profit or loss	4	301,369	243,334
Trade and other receivables	5	163,763	174,983
Other	6	316,217	352,813
Total current assets		6,905,065	5,209,855
Non-current assets			
Plant and equipment	7	257,369	224,489
Total non-current assets		257,369	224,489
Total assets		7,162,434	5,434,344
Liabilities			
Current liabilities			
Trade and other payables	8	3,762,337	2,386,774
Provisions	9	66,667	54,141
Total current liabilities		3,829,004	2,440,915
Total liabilities		3,829,004	2,440,915
Net Assets		3,333,430	2,993,429
Equity			
Reserves	12	3,333,430	2,993,429
Total Equity		3,333,430	2,993,429

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2013

	Notes	Retained earnings \$	Reserves \$	Total Equity \$
Balance at 1 January 2012		2,993,429	-	2,993,429
Total comprehensive income for the year ended 31		-	-	-
Amounts transferred (to)/from reserves		-	-	-
Balance at 31 December 2012		<u>2,993,429</u>	<u>-</u>	<u>2,993,429</u>
Total comprehensive income for the year		340,001	-	340,001
Amounts transferred (to)/from reserves		(3,333,430)	3,333,430	-
Balance at 31 December 2013	12	<u>-</u>	<u>3,333,430</u>	<u>3,333,430</u>

UNICEF Australia reserves were previously designated as retained earnings.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from card sales and inspired gifts		424,003	451,393
Donations and fundraising receipts		24,052,741	18,725,544
UNICEF investment grants received		1,039,016	2,305,812
Investment income received		170,332	226,905
Other income		191,545	21,045
Project outgoings		(16,613,956)	(15,696,158)
Other outgoings		(7,462,835)	(8,780,632)
Net cash inflow/(outflow) from operating activities		1,800,846	(2,746,091)
Cash flows from investing activities			
Payments for plant and equipment		(137,692)	(85,892)
Proceeds from sale of plant and equipment		21,837	-
Net cash (outflow) from investing activities		(115,855)	(85,892)
Net increase/(decrease) in cash and cash equivalents		1,684,991	(2,831,983)
Cash and cash equivalents at the beginning of the financial year		4,438,725	7,270,708
Cash and cash equivalents at end of year	3	6,123,716	4,438,725

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

As at 31 December 2013

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1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Australian Committee for UNICEF Limited, which is a not-for-profit entity for the purpose of preparing the financial statements.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of UNICEF Australia comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

New and amended standards adopted by the Company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 January 2013.

Historical Cost Convention

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

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical results and other factors, including expectations of future events which are believed to be reasonable under the circumstances. Management has not made significant judgements that could have a material adjustment to the carrying amount of assets and liabilities within the next annual reporting period.

(b) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

(ii) *Transactions and Balances*

Foreign currency transactions are translated into Australian currency using the average exchange rates calculated during the month the transactions take place. Foreign currency account balances are revalued on a monthly basis using the exchange rate prevailing at month end. Foreign exchange gains and losses resulting from the monthly revaluation and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for the major business activities as follows:

(i) *Donations and Gifts*

Donation revenue is recognised when it is received.

(ii) *Greeting Cards and Gifts*

Sales of greeting cards and gifts are recorded when the goods have been dispatched pursuant to a customer order.

(iii) *Legacies and Bequests*

Legacies and bequests are recognised when they are received.

(iv) *Grants*

Grants from the government and other parties are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

(v) *Interest Income*

Interest income is recognised on time proportion basis using the effective interest rate method.

(vi) *Donations In-kind*

The group receives donated services such as voluntary help, community service radio and television announcements, and advertising support.

Where the value of the in-kind donation is material and a fair value is reasonably determinable the revenue and corresponding expense are recognised when the in-kind donation is received.

(d) Income Tax

No income tax is payable, as the group has income tax exempt status with the Australian Taxation Office.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 11). Payments made under operating leases are charged to statement of comprehensive income in the periods in which they are incurred.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, and deposits held at call with financial institutions.

(g) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently at fair value less the provision for doubtful debts. Trade receivables are due for settlement no more than 90 days from date of recognition.

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 group will not be able to collect all amounts due. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The amount of the provision is recognised in the statement of comprehensive income as an administration expense. When a trade receivable for which a provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against administration expenses in the statement of comprehensive income.

(h) Inventories

Greeting cards and gifts are held on consignment from UNICEF Geneva. Gross sales of these cards are recorded in the financial statements as income. All expenses associated with storage, customer delivery, and marketing of the cards are recorded as expenses in the financial statements. The net proceeds of the sales are remitted to UNICEF. As these cards and gifts are held on consignment, cards and gifts on hand have not been recognised in the balance sheet at year end.

(i) Plant & Equipment

Plant and equipment are brought to account at historical cost less, where applicable, any accumulated depreciation or amortisation. These assets are depreciated over their useful lives. The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal, and is included in the operating result of the company in the year of disposal.

The rates and basis of depreciation are as follows:

Furniture and Fittings	Diminishing value	20%
Office Equipment	Diminishing value	Between 20 and 50%
Motor Vehicle	Diminishing value	22.5%
Leasehold Improvements	Diminishing value	20%

(j) Other Financial Assets

Other financial assets are classified in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. The company has financial assets falling into the category of fair value through profit or loss, and loans and receivables.

(i) Fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current. Financial assets at fair value through profit or loss are included in Financial Assets in the balance sheet (note 4).

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet (note 5).

Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that

loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(k) Trades 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 usually paid within 30 days of recognition.

(l) Program Funding Payable

Where the company has contracted with an outside entity to undertake an aid project the funds are recorded as income when they are received or receivable (see note(c)(iv)). Where funds have been received from that outside party but have not yet been sent to the implementing agency in the field, those funds are held in bank or bank equivalent deposits. They are taken up as a liability in the balance sheet and are remitted to UNICEF Overseas Programs within six months.

(m) Remittances to UNICEF Overseas Programs

The company strives to remit the maximum percentage of funds received to UNICEF Overseas Programs in accordance with a cooperation agreement. Funds due to UNICEF Overseas Programs under this agreement and which have not yet been remitted at balance date are calculated and accrued as a liability.

(n) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an expense.

(o) Employee Benefits

(i) Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of the reporting date are recognised in payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long Service Leave

The liability for long service leave is recognised in provisions and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of

service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Retirement Benefit Obligations*

All employees of the company are entitled to benefits from superannuation on retirement, death or disability. The company contributes to defined contribution superannuation funds as nominated by the individual employees and these contributions are recognised as an expense as they become payable.

2. Expenditure

Expenditure has been classified by function in accordance with ACFID's guidelines in the company's statement of comprehensive income. The table below presents expenditure by nature:

	2013	2012
	\$	\$
Employee benefits	2,966,895	2,636,153
Equipment and facilities	681,660	500,766
Travel and accommodation	171,316	151,305
Fundraising, Communication and Advocacy	3,313,803	5,317,620
Administration	368,408	254,056
Programs and projects (domestic and international)	18,540,416	13,294,927
Non-Monetary Donations in kind	695,977	2,077,662
Total	<u>26,738,475</u>	<u>24,232,489</u>

3. Current assets – Cash and cash equivalents

	2013	2012
	\$	\$
Cash on hand	8,537	4,229
Cash at bank - AUD accounts	6,115,179	4,434,496
	<u>6,123,716</u>	<u>4,438,725</u>

4. Current assets – Financial assets at fair value through profit or loss

	2013	2012
	\$	\$
Unlisted Investments - at fair value	<u>301,369</u>	<u>243,334</u>

(a) Investments

Financial assets relate to investments in a unit trust donated to the company. There are no fixed returns or fixed maturity dates attached to these investments.

Changes in fair value of financial assets at fair value through profit and loss are recorded in the statement of comprehensive income (2013: gain of \$58,361; 2012: gain of \$34,305).

5. Current assets – Trade and other receivables

	2013	2012
	\$	\$
Trade receivables	8,857	55,264
Other receivables	120,718	119,719
Intercompany receivable – UNICEF Geneva	34,188	-
	<u>163,763</u>	<u>174,983</u>

There is no provision for impairment of receivables in 2013.

Other receivables include transactions and invoicing other than for the sale of merchandise. The receivables are non-interest bearing. At year end other receivables included \$113,920 (2012: \$113,519) receivable from the tax office for GST credits.

For details on intercompany balances see note 12 on related party transactions and balances.

6. Current assets - Other

	2013	2012
	\$	\$
Accrued income	275,051	314,154
Prepayments	41,166	38,659
	<u>316,217</u>	<u>352,813</u>

Change for Good revenue is counted, converted at the monthly exchange rate and recognised as revenue in the month that it is received. Foreign coins are then sent to a third party who converts the coins to Australian Dollars and deposits the funds in the UNICEF Australia bank account. Accrued income at 31 December 2013 includes foreign currency collections to 31 December 2013 converted to Australian Dollars at the relevant December foreign exchange rate for which Australian Dollars have not yet been received.

7. Non-current assets – Plant and equipment

	Leasehold improvements	Plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$
At 31 December 2012				
Cost	119,250	543,244	16,642	679,136
Accumulated depreciation	(30,604)	(408,241)	(15,802)	(454,647)
Net book amount	<u>88,646</u>	<u>135,003</u>	<u>840</u>	<u>224,489</u>
Year ended 31 December 2013				
Opening net book amount	88,646	135,003	840	224,489
Additions	44,143	93,549	-	137,692
Disposals	(33,990)	(399)	-	(34,389)
Depreciation charge	(8,484)	(61,751)	(188)	(70,423)
Closing net book amount	<u>90,315</u>	<u>166,402</u>	<u>652</u>	<u>257,369</u>
At 31 December 2013				
Cost	129,403	636,394	16,642	782,439
Accumulated depreciation	(39,088)	(469,992)	(15,990)	(525,070)
Net book amount	<u>90,315</u>	<u>166,402</u>	<u>652</u>	<u>257,369</u>

8. Current liabilities – Payables

	2013	2012
	\$	\$
Trade payables	532,826	687,352
Deferred grants	88,558	-
Program funding payable	2,963,049	1,541,326
Annual leave accrual	177,904	158,096
	<u>3,762,337</u>	<u>2,386,774</u>

9. Current liabilities – Provisions

	2013	2012
	\$	\$
Provision for long service leave	45,111	34,298
Provision for makegood on leased premises	21,556	19,843
	<u>66,667</u>	<u>54,141</u>

Movements in Provision

Movements in each class of provision during the financial year are set out below:

	Makegood \$	LSL \$	Total \$
Carrying amount at the start of the year	19,843	34,298	54,141
Increase in provision	1,713	10,813	12,526
Carrying amount at the end the year	<u>21,556</u>	<u>45,111</u>	<u>66,667</u>

10. Contingencies

(a) Contingent liabilities

It is the Directors' view that contingent liabilities will not give rise to any liabilities other than those disclosed in the financial statements and notes.

No material losses are anticipated in respect of the above contingent liability.

11. Commitments

(a) Lease commitments – non-cancellable operating lease

	2013 \$	2012 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	297,131	286,099
Later than one year but not later than five years	406,480	667,986
	<u>703,611</u>	<u>954,085</u>

(i) Operating leases

The company leases premises under an operating lease expiring in less than 5 years.

The company also leases various plant and machinery under non-cancellable operating leases.

12. Reserves

UNICEF Australia formally endorsed and implemented its reserve policy in 2013. UNICEF Australia's reserves have been previously designated as retained earnings.

Reserves are established to ensure that UNICEF Australia is able to meet its commitments, obligations and other contingencies, and deliver on its objectives in the unanticipated event of significant financial difficulties. It is UNICEF Australia's policy to retain only sufficient reserves to

safeguard the continuity of its operations. The board of UNICEF Australia reviews and approves the level of reserves held periodically.

13. Related party transactions

(a) Transactions with related parties

The following transactions occurred with related parties:

Nature of Relationship and Transactions

UNICEF

The company is a UNICEF National Committee, one of 36 such Committees around the world. The company's operations are subject to performance in accordance with a cooperation agreement with UNICEF. Under this agreement the company strives to remit 75% of funds raised to UNICEF Overseas Programs.

	2013 \$	2012 \$
<i>Outstanding balances arising from transactions:</i>		
Aggregate amount payable to UNICEF Overseas Programs at balance date.	2,963,049	1,541,326
Aggregate amounts receivable from UNICEF Geneva at balance date.	34,188	-
During the year UNICEF Geneva approved and remitted funds to the company to undertake market development and fundraising activities. Funds unspent at year end remain a liability to UNICEF Australia until spent.	67,433	-
<i>Value of transactions (cash basis):</i>		
Total funds remitted to UNICEF Overseas Programs during the period (cash basis).	16,553,956	15,646,158
During the year UNICEF Geneva approved funds to the company to undertake market development and fundraising activities. Total funds received from UNICEF Geneva during the year (cash basis)	1,039,016	2,305,812
Reimbursement by UNICEF Geneva for expenses incurred locally (cash basis)	31,847	-
Payments for purchases from UNICEF during the year (cash basis)	8,573	-

UNICEF

UNICEF or a National Committee may on occasion enter into a fundraising relationship with a global company that operates in multiple markets in which other National Committees have a presence. Where revenue is collected centrally it is then soft credited to the National Committee in whose market the funds were raised, as income and recognised as a 100% contribution back to UNICEF Overseas Programs. In 2013, the company received soft credits from a multitude of global corporate partners.

	2013	2012
	\$	\$
Soft Credited Income Received, also included in funds remitted to UNICEF Overseas Programs.	595,287	525,154

UNICEF National Committees & Country Offices

On occasion the company transacts directly with other UNICEF committees and offices.

	2013	2012
	\$	\$
<i>Outstanding balances arising from transactions:</i>		
Amount payable to the UNICEF Lao country office for expenses incurred locally	2,586	-
<i>Value of transactions:</i>		
Reimbursement by the UNICEF Indonesia country office for seconded staff member costs	11,049	-
Reimbursement by the UNICEF Thailand country office for expenses incurred locally	3,697	-
Reimbursement by UNICEF UK Committee for expenses incurred locally	2,521	-
Payment to the UNICEF Somalia Country Office for expenses incurred locally	-	3,379
Payment to the UNICEF UK Committee for expenses incurred locally	777	-
Payment to the UNICEF USA Fund of donations earmarked for USA	2,624	-

Key Management Personnel

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the company.

	2013	2012
	\$	\$
<i>Value of transactions:</i>		
Compensation for key management personnel:		
- short term benefits	561,089	554,486
- post-employment benefits (superannuation contributions)	52,118	49,904
- other long-term benefits	-	-
- termination benefits	-	-
Total compensation for key management personnel	613,207	604,390

(b) Directors Transactions

The directors of UNICEF Australia serve voluntarily and do not receive any remuneration for their services as directors. Expenses incurred by directors on behalf of the company are reimbursed on a cost only basis. An amount of \$3,015 (2012 \$2,790) was paid for Directors and Officers liability insurance.

Ms Lesley Grant is Chief Executive of Qantas Loyalty at Qantas Airways Ltd. During the year, the group received donation income and in kind support from Qantas. Ms Grant did not receive any benefit from this association.

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

14. Economic dependency

The operations of the company depends to a significant extent on the use of the UNICEF name, which is granted under a Cooperation Agreement with UNICEF.

15. Fundraising appeals income and expenses

Donations income includes funds raised for UNICEF programs from public appeals, the UNICEF global parent monthly giving program, UNICEF Change for Good, UNICEF Checkout for Children, other corporate partnerships, legacies and bequests and Education for Development fundraising activities. Income is also raised from the sale of cards and inspired gifts.

Donations in-kind includes donated services such as pro-bono legal and research services, voluntary help, community service radio and television announcements, and advertising support. Where the value of the in-kind donation is material and a fair value is reasonably determinable the revenue and corresponding expense is recognised when the in-kind donation is received. As the donation in-kind

is not a cash donation and cannot be allocated to programs (or otherwise) the value has been excluded from the analysis below.

	2013 \$	2012 \$
Gross Proceeds from Fundraising Activities*	24,306,034	18,638,783
Less: Total Costs of Fundraising *	3,792,234	3,868,611
Net Surplus	20,513,800	14,770,172

* As defined by the Charitable Fundraising Act - excludes sales of cards & gifts, and bequests)

Total cost of fundraising	3,792,234		3,868,611	
Gross proceeds from fundraising	24,306,034	16%	18,638,783	21%
Net surplus from fundraising	20,513,800		14,770,172	
Gross proceeds from fundraising	24,306,034	84%	18,638,783	79%
Total Program Expenditure	19,743,200		14,233,555	
Total Expenditure	25,070,915	79%	19,548,009	73%
Total Program Expenditure	19,743,200		14,233,555	
Total Income	25,410,916	78%	19,548,009	73%

Gross comparisons including fundraising not covered by the Charitable Fundraising Act (includes cards and gifts, bequests, donations in kind)

Total cost of fundraising	4,692,930		6,147,198	
Income	26,106,892	18%	21,625,671	28%

Appeals in which traders were engaged

UNICEF Australia uses a number of external agencies for Face to Face Recruitment of Global Parents.

Gross Income *	1,744,893	5,672,648
Direct Costs	838,716	2,812,524

* Gross income has been extrapolated to reflect the full expected benefit from the acquisition of a global parent assuming an average monthly gift of \$33.78 (2012 - \$32.40) and attrition of 2.08% per month (2012 - 3%).

16. Events occurring after the balance sheet date

No matters have arisen since the end of the financial year which have a material impact on these financial statements and notes as presented.

Director's Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 10 to 27 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance, for the financial year 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 accounts give a true and fair view of all income and expenditure with respect to fundraising appeals;
- (d) the provisions and regulations of the *Charitable Fundraising Act 1991 (NSW)* and the conditions attached to the fundraising authority have been complied with by the company; and
- (e) the internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

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



John Stewart
Director

Sydney
10 April 2014



Independent auditor's report to the members of Australian Committee for UNICEF Limited

Report on the financial report

We have audited the accompanying financial report of Australian Committee for UNICEF Limited (the company), which comprises the balance sheet as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Corporations Act 2001*, the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulation 2008 (NSW)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Auditor's opinion

In our opinion, the financial report of Australian Committee for UNICEF Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Report on Other Legal and Regulatory Requirements of the Charitable Fundraising Act 1991 (NSW) and Charitable Fundraising Regulations 2008 (NSW)

We have audited the financial report as required by Section 24(2) of the *Charitable Fundraising Act 1991 (NSW)*. The directors of the company are responsible for the preparation and presentation of the financial report in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 2008 (NSW)*. Our responsibility is to express an opinion on financial report based on our audit.

Auditor's Opinion

In our opinion:

- a) The financial report of the company has been properly drawn up and associated records have been properly kept from 1 January 2013 to 31 December 2013 in accordance with:
 - i. Sections 20 (1), 22 (1-2) of the *Charitable Fundraising Act 1991 (NSW)* (“the Act”);
 - ii. Section 10 of the *Charitable Fundraising Regulation 2008 (NSW)* (“the Regulations”) and section 7 of Schedule 1 of the Regulations; and
- b) the funds received as a result of fundraising appeals conducted for the year ended 31 December 2013 have been properly accounted for and applied in accordance with the above mentioned sections of the Act and Regulations.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Craig Thomason', with a long horizontal flourish extending to the right.

Craig Thomason

Partner

Sydney

10 April 2014