

**CHILDREN AUSTRALIA INC.  
ABN 90 680 959 928**

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**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE, 2012**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE, 2012**

	Note	2012 \$	2011 \$
<b>OPERATING REVENUE</b>			
Government grants and subsidies		9,129,883	10,772,775
Donations and fundraising activities		546,811	267,571
Investment income		1,423,817	1,547,062
Fees for service		2,727,275	2,230,145
Other income		309,966	371,348
<b>TOTAL OPERATING REVENUE</b>	2(a)	<b>14,137,752</b>	<b>15,188,901</b>
<b>OPERATING EXPENSES</b>			
Operational costs		11,740,393	12,554,508
Bad Debts		41,803	12,802
Fundraising costs		73,874	89,512
Administration costs		1,931,528	1,592,458
Finance costs		4,915	3,752
Information technology costs		372,754	341,952
Property costs		20,676	20,660
<b>TOTAL OPERATING EXPENSES</b>	2(b)	<b>14,185,943</b>	<b>14,615,644</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(48,191)</b>	<b>573,257</b>
<b>ENDOWMENT FUNDS REVENUE</b>			
Profit /(loss) on sale of endowment properties	2(a)		-
Fair value gain on endowment investment properties	2(a)	25,000	75,000
Investment income (loss)	2(a)	1,416	1,348
<b>ENDOWMENT SURPLUS/ (DEFICIT)</b>		<b>26,416</b>	<b>76,348</b>
<b>OPERATING AND ENDOWMENT SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(21,775)</b>	<b>649,605</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Fair value movements on available-for-sale financial assets		(738,627)	271,279
Gain on revaluation of service properties		22,320	28,500
<b>OTHER COMPREHENSIVE SURPLUS/(DEFICIT)</b>		<b>(716,307)</b>	<b>299,779</b>
<b>TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(738,082)</b>	<b>949,384</b>

The surplus for the year includes non - operating endowment funds income/(loss) of \$26,416 (2011: Gain of \$76,348) .  
The income from the endowment funds is available to be applied in accordance with the directions of each endowment towards the services provided by Children Australia.

This statement also shows Other Comprehensive Income which includes unrealised gains and losses on market based investments and service properties.

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE, 2012**

	Note	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,796,302	3,047,582
Receivables	4	970,791	1,010,914
Financial assets	5	3,259,818	5,393,671
Inventories		22,264	22,264
Other assets	6	159,164	98,958
<b>TOTAL CURRENT ASSETS</b>		<b>6,208,339</b>	<b>9,573,389</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	5	11,942,520	11,952,386
Property, plant and equipment	7	5,617,459	2,297,083
Endowment property	7	1,700,000	1,675,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,259,979</b>	<b>15,924,469</b>
<b>TOTAL ASSETS</b>		<b>25,468,318</b>	<b>25,497,858</b>
<b>CURRENT LIABILITIES</b>			
Provisions	8	3,291,808	3,076,593
Loan	9	747,443	-
Payables	9	199,570	533,382
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,238,821</b>	<b>3,609,975</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	8	240,082	160,387
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>240,082</b>	<b>160,387</b>
<b>TOTAL LIABILITIES</b>		<b>4,478,903</b>	<b>3,770,362</b>
<b>NET ASSETS</b>		<b>20,989,415</b>	<b>21,727,496</b>
<b>EQUITY</b>			
Endowment funds	10	17,945,234	17,918,818
Asset revaluation reserve	11	863,133	840,813
Financial asset valuation reserve	12	374,006	1,112,633
Accumulated surplus		1,807,042	1,855,233
<b>TOTAL EQUITY</b>		<b>20,989,415</b>	<b>21,727,496</b>

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE, 2012**

	Endowment Funds \$	Asset Revaluation Reserve \$	Financial Asset Valuation Reserve \$	Accumulated Surplus \$	Total \$
<b>Balance at 30 June 2010</b>	<b>17,842,470</b>	<b>812,313</b>	<b>841,354</b>	<b>1,281,975</b>	<b>20,778,112</b>
Operating Surplus	-	-	-	649,605	649,605
Increment in endowment investment properties	75,000	-	-	(75,000)	-
Investment income	1,348	-	-	(1,348)	-
Change in market value of managed funds	-	-	271,279	-	271,279
Loss on sale of investment properties	-	-	-	-	-
Gain on revaluation of service properties	-	28,500	-	-	28,500
Transfer impairment of general investments	-	-	-	-	-
<b>Balance at 30 June 2011</b>	<b>17,918,818</b>	<b>840,813</b>	<b>1,112,633</b>	<b>1,855,232</b>	<b>21,727,496</b>
Operating Surplus	-	-	-	(21,775)	(21,775)
Increment in endowment investment properties	25,000	-	-	(25,000)	-
Investment income	1,416	-	-	(1,416)	-
Change in market value of managed funds	-	-	(738,627)	-	(738,627)
Gain on revaluation of service properties	-	22,320	-	-	22,320
<b>Balance at 30 June 2012</b>	<b>17,945,234</b>	<b>863,133</b>	<b>374,006</b>	<b>1,807,042</b>	<b>20,989,414</b>

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The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE, 2012**

	Note	2012 \$	2011 \$
<b>Cash Flows from Operating Activities</b>			
Grants received		9,129,883	8,614,933
Investment and rental income		130,919	126,325
Fundraising income		546,811	292,748
Interest and dividends received		1,516,088	1,148,416
Fees for service		2,727,275	2,172,232
Other receipts		309,966	371,348
Payments to suppliers and employees		(14,235,739)	(12,188,163)
<b>Net Cash Provided by/(Used in) Operating Activities</b>		<b>125,203</b>	<b>537,839</b>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		(3,567,572)	(100,394)
Proceeds from disposal of plant and equipment		94,773	20,000
Investment in term deposits		2,098,873	801,554
Investment in managed funds		(750,000)	(731,040)
<b>Net Cash Provided by/ (Used in) Investing Activities</b>		<b>(2,123,926)</b>	<b>(9,880)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings		1,200,000	-
Repayments of borrowings		(452,557)	-
<b>Net Cash Provided by/ (Used in) Financing Activities</b>		<b>747,443</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents held		(1,251,280)	527,959
Cash and cash equivalents at the beginning of the year		3,047,582	2,519,623
<b>Cash and Cash Equivalents at the End of the Year</b>	14	<b>1,796,302</b>	<b>3,047,582</b>

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2012**
**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements cover Children Australia Inc as an individual entity. Children Australia Inc is an association incorporated in Victoria under the Associations Incorporation Act 1981. Children Australia Inc has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Associations Incorporation Act 1981.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**(a) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Investment properties have been acquired for long term investment purposes. Endowment properties have been acquired from bequests. The properties are carried at fair value, determined annually by an independent valuer. Changes to fair values of the investment and endowment properties are recorded in the statement of comprehensive income. All tenant leases are on an arm's length basis.

The depreciable amount of all other fixed assets are depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use, using the straight line basis. Leasehold improvements are depreciated over the unexpired period of the lease.

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

<u>Class</u>	<u>Rate</u>
Buildings	3%
Motor vehicles	20%
Furniture and equipment	20% - 33 %
Leasehold improvements	25% - 60%

**(b) Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**(c) Employee benefits**

Provision is made for Children Australia's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(d) Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

Revenue from the rendering of a service is recognised upon invoice following the delivery of the service to the customer.

Rental income is recognised when due and receivable.

Donations and fundraising revenue is recognised when received.

Interest revenue is recognised on a using the effective interest rate method taking into account the interest rates applicable.

Dividends and franking credit rebates are recognised when the right to receive the dividend has been established.

This year, unspent client funds and brokerage have been recognised as revenue as has a provision for the offsetting expenditure.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2012

(e) **Inventories**

Inventories are valued at the lower of cost and net realisable value.

(f) **Income tax**

Children Australia is exempt from income tax.

(g) **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except where the GST is not recoverable.

(h) **Financial instruments**

***Initial Recognition and Measurement***

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the association becomes a party to the contractual provisions of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below.

***Classification and Subsequent Measurement***

(i) ***Receivables***

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) ***Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) ***Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(iv) ***Financial Liabilities***

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

***Fair Value***

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

***Impairment - Financial Assets***

At each reporting date, the association assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the asset is considered to determine whether an impairment loss has arisen. Impairment losses are recognised in the statement of comprehensive income.

***Derecognition***

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) ***Impairment - Other Assets***

At each reporting date Children Australia reviews the carrying value of its assets to determine whether there is any indication that those assets have been impaired. Any excess of an asset's carrying value over its recoverable amount is recognised in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2012**

(j) **Provisions**

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) **Cash and cash equivalents**

Cash is cash on hand or available on demand.

(l) **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**Critical Accounting Estimates and Judgments**

The Board evaluates the estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current data.

The financial report was authorised for issue on 19 October 2012



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2012

	2012	2011
	\$	\$
<b>NOTE 2: OPERATING SURPLUS</b>		
(a) Revenue		
Operating activities		
- government grants and subsidies	9,129,883	10,772,775
- donations and fundraising activities	546,811	267,571
- rent from trust properties	130,919	126,325
- fees for service	2,727,275	2,230,145
- interest	505,560	532,652
- dividends and distributions	787,338	888,085
- other income	309,966	371,348
	<b>14,137,752</b>	<b>15,188,901</b>
Non-operating activities		
- investment income / (loss)	1,416	1,348
- increment in value of endowment properties	25,000	75,000
	<b>26,416</b>	<b>76,348</b>
(b) Expenses		
Operating activities		
- salaries and wages	8,024,542	7,161,151
- general operating expenses	5,022,889	6,532,018
- bad debts	41,803	12,802
- rental expense and operating Leases	916,953	751,683
- finance costs	4,916	3,752
- depreciation expense	154,164	133,578
- trust property expenses	20,676	20,660
- impairment of general investments	-	-
	<b>14,185,943</b>	<b>14,615,644</b>
<b>NOTE 3: CASH AND CASH EQUIVALENTS</b>		
Cash on hand (Non interest bearing)	6,306	5,706
Cash at bank (Interest bearing)	1,789,996	3,041,876
	<b>1,796,302</b>	<b>3,047,582</b>
Cash is on hand or available on demand.		
Interest rates are variable and reflect current market rates.		

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2012**

NOTE 4: RECEIVABLES	2012 \$	2011 \$
<b>Current</b>		
Trade debtors	534,507	402,682
Sundry debtors	143,419	180,029
Distributions receivable	273,674	409,012
Security deposits	19,191	19,191
	<u>970,791</u>	<u>1,010,914</u>
No interest is payable on receivables.		
<b>NOTE 5: FINANCIAL ASSETS</b>		
<b>Current</b>		
- Term deposits - Emerald Hill	1,801,145	2,435,646
- Term deposits - Ellis Estate	452,995	1,967,508
- Term deposits - General endowment	176,165	170,992
- Term deposits - Operating	706,612	696,624
- Term deposits - Edith & Maurice Feitel Fund	100,000	100,000
- Term deposits - Murison Trust	22,901	22,901
	<u>3,259,818</u>	<u>5,393,671</u>
<b>Non-Current</b>		
<b>Available-for-sale financial assets</b>		
- Managed portfolios - Endowment Fund	5,281	5,644
- Managed portfolios - General	170,756	182,497
- Managed portfolios - Emerald Hill	8,830,637	8,673,965
- Managed portfolios - Ellis Estate	2,915,846	3,070,280
- Shares - at cost	20,000	20,000
	<u>11,942,520</u>	<u>11,952,386</u>
	<u>15,202,338</u>	<u>17,346,057</u>
Investments earn interest/distributions at a weighted average rate of 7.1% (2011, 7.4%). The unrealised capital movement from managed portfolios is not included in this rate.		
<b>NOTE 6: OTHER ASSETS</b>		
Prepayments	<u>159,164</u>	<u>98,958</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2012

NOTE 7: PROPERTY, PLANT AND EQUIPMENT	2012 \$	2011 \$
<b>Administration property, plant and equipment</b>		
Land at independent valuation (2012)	1,000,000	
Land at independent valuation (2011)		1,000,000
Buildings at independent valuation (2012)	950,000	
Buildings at independent valuation (2011)		950,000
<b>Total administration properties</b>	<b>1,950,000</b>	<b>1,950,000</b>
Motor vehicles at cost	180,589	219,425
less accumulated depreciation	77,049	84,081
	<u>103,540</u>	<u>135,344</u>
Furniture and equipment at cost	843,569	697,923
less accumulated depreciation	646,036	558,177
	<u>197,533</u>	<u>139,746</u>
Leasehold improvements	92,750	92,750
less accumulated amortisation	86,089	85,257
	<u>6,661</u>	<u>7,493</u>
Leasehold improvements - make good	64,500	64,500
Western Region Properties	3,295,225	-
<b>Total administration property, plant and equipment</b>	<b><u>5,617,459</u></b>	<b><u>2,297,083</u></b>
<b>Endowment property</b>		
Ellis Estate land and buildings at independent valuation (Note (a))	550,000	550,000
Emerald Hill land and buildings at independent valuation (Note (a))	1,150,000	1,125,000
<b>Total endowment properties</b>	<b><u>1,700,000</u></b>	<b><u>1,675,000</u></b>
<b>Total property, plant and equipment</b>	<b><u>7,317,459</u></b>	<b><u>3,972,083</u></b>

(a) Land and buildings were independently valued by Teska Carson as at 30 June 2012 based on open market values.

CHILDREN AUSTRALIA INC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2012

PROPERTY, PLANT AND EQUIPMENT

(b) Movements 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.

2012	Opening balance	Depreciation write-back	Write off	Additions	Disposals	Depreciation / Amortisation Expense	Revaluation	Closing balance
Class of Asset	\$	\$	\$	\$	\$	\$	\$	\$
Land	1,000,000	-	-	-	-	-	-	1,000,000
Buildings	950,000	28,610	-	6,290	-	(28,610)	(6,290)	950,000
Endowment properties	1,675,000	-	-	-	-	-	25,000	1,700,000
Service Property, furniture & equipment	139,746	-	-	145,644	-	(87,857)	-	197,533
Western Region Service Property	-	-	-	3,295,225	-	-	-	3,295,225
Leasehold improvements	7,493	-	-	-	-	(832)	-	6,661
Leasehold improvements - make good	64,500	-	-	-	-	-	-	64,500
Motor vehicles	135,344	-	-	120,413	(115,353)	(36,864)	-	103,540
<b>TOTAL</b>	<b>3,972,083</b>	<b>28,610</b>	<b>-</b>	<b>3,567,572</b>	<b>(115,353)</b>	<b>(154,163)</b>	<b>18,710</b>	<b>7,317,459</b>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2012

	Note	2012 \$	2011 \$
<b>NOTE 8: PROVISIONS</b>			
<b>Current</b>			
Employee benefits		589,339	548,420
Other Provisions		2,702,472	2,528,173
		<u>3,291,811</u>	<u>3,076,593</u>
<b>Non-Current</b>			
Employee benefits		175,582	95,887
Provision for lease make good		64,500	64,500
		<u>240,082</u>	<u>160,387</u>
<b>Total Provisions</b>		<u>3,531,893</u>	<u>3,236,980</u>
Balance at the start of the year		3,236,980	2,751,692
Additional Provisions		1,255,783	901,705
Amounts used		(960,870)	(416,417)
		<u>3,531,893</u>	<u>3,236,980</u>
<b>NOTE 9: PAYABLES</b>			
Trade payables		5,876	132,699
Loan		747,443	-
Sundry payables and accrued expenses		193,694	400,683
		<u>947,013</u>	<u>533,382</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2012**

	2012 \$	2011 \$
<b>NOTE 10: ENDOWMENT FUNDS</b>		
General endowment	179,398	179,398
Emerald Hill endowment	10,349,607	10,324,606
Ellis Estate endowment	7,147,745	7,147,745
Yallum endowment	23,621	22,496
J.C. Butler scholarship	6,112	5,821
McNaughton trust	114,851	114,852
Gregory trust	1,000	1,000
Murison trust	22,900	22,900
Edith and Maurice Feitel trust	100,000	100,000
	<b>17,945,234</b>	<b>17,918,818</b>
<b>Movement in Endowment Funds</b>		
<b>General endowment</b>		
Balance at start of the year	179,398	179,398
Balance at the end of the year	<b>179,398</b>	<b>179,398</b>
<b>Emerald Hill endowment</b>		
Balance at start of the year	10,324,606	10,274,606
Increment/(decrement) in investment properties	25,000	50,000
Balance at the end of the year	<b>10,349,606</b>	<b>10,324,606</b>
<b>Ellis Estate endowment</b>		
Balance at start of the year	7,147,745	7,122,745
Increment/(decrement) in investment properties	-	25,000
Balance at the end of the year	<b>7,147,745</b>	<b>7,147,745</b>
<b>Yallum endowment</b>		
Balance at the start of the year	22,496	21,425
Interest income	1,125	1,071
Balance at the end of the year	<b>23,621</b>	<b>22,496</b>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2012

	2012 \$	2011 \$
<b>NOTE 10: ENDOWMENT FUNDS (continued)</b>		
<b>Movement in Endowment Funds (continued)</b>		
<b>J.C. Butler scholarship</b>		
Balance at the start of the year	5,821	5,544
Interest income	291	277
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Balance at the end of the year	6,112	5,821
	<hr/> <hr/>	<hr/> <hr/>
<b>Edith and Maurice Feitel trust</b>		
Balance at the start of the year	100,000	100,000
Balance at the end of the year	100,000	100,000
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<b>NOTE 11: ASSET REVALUATION RESERVE</b>		
The asset revaluation reserve records revaluations of land and buildings.		
<b>NOTE 12: FINANCIAL ASSET VALUATION RESERVE</b>		
The financial asset valuation reserve records the change in market value of managed funds.		
<b>NOTE 13: OPERATING LEASE COMMITMENTS</b>		
Operating leases relating to the motor vehicle fleet and office rentals.		
Payable		
- not later than one year	839,509	719,004
- later than one year but not later than five years	535,824	208,100
	<hr/>	<hr/>
	1,375,333	927,104
	<hr/> <hr/>	<hr/> <hr/>

**Level 3, 150 Albert Rd South Melbourne**

The property is a lease with a 3 year term. Contingent rental provisions within the lease agreement require that the minimum lease payments shall increase annually by CPI. An option exists to renew the lease at the end of the 3-year term for an additional term of 3 years. The reinstatement costs in the future are estimated to be \$25,000.

**356-358 Highett Rd, Highett**

The property is a lease with a 2-year term. Contingent rental provisions within the lease agreement require that the minimum lease payments shall increase annually by CPI. An option exists to renew the lease at the end of the 2-year term for an additional term of 2 years. The reinstatement costs in the future are estimated to be \$2,000.

**454-472 Nepean Hwy, Frankston**

The property is a lease with a 2-year term. Contingent rental provisions within the lease agreement require that the minimum lease payments shall increase annually by CPI. An option exists to renew the lease at the end of the 2-year term for an additional term of 1 year. The reinstatement costs in the future are estimated to be \$10,000.

**47 Princes Hwy, Dandenong**

The property is a lease with a 2-year term. Contingent rental provisions within the lease agreement require that the minimum lease payments shall increase annually by CPI. The reinstatement costs in the future are estimated to be \$10,000.

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 30 JUNE, 2012  
NOTE 14: CASH FLOW INFORMATION

## (a) Cash Reconciliation

For the purposes of the cash flow statement, cash includes cash on hand and at bank.

Cash at the end of the year is shown in the balance sheet as:

Cash and Cash Equivalents	3	1,796,302	3,047,582
<b>(b) Bank Overdraft Facilities</b>			
Bank overdraft facility			
- Used		-	-
- Unused		220,000	220,000
		220,000	220,000

## NOTE 15: FINANCIAL RISK MANAGEMENT

(a) *Financial Risk Management Policies*

The association's financial instruments consist mainly of deposits with banks, long term investments that comprise of Australian fixed interest, shares and cash management accounts, accounts receivable and payable.

	2012	2011
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	1,796,302	3,047,582
Term Deposits	3,259,818	5,393,671
Managed Portfolios	11,942,520	11,932,386
Receivables	970,791	1,010,914
	17,969,431	21,384,553
<b>Financial Liabilities</b>		
Trade Payables	199,570	533,382

(b) *Net Fair Values*

For listed available-for-sale financial assets and financial assets at fair value through profit or loss the fair values have been based on closing quoted bid prices at the end of the reporting period.

In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

Fair values of held-to-maturity investments are based on quoted market prices at the ending of the reporting period.

Fair values of held-to-maturity term deposits generally reprice to a market interest rate every 6 months, and fair value therefore approximates fair value.

## NOTE 16: RELATED PARTY TRANSACTIONS

All Board members acted in an honorary capacity. Oakton Services Pty Ltd was paid \$26,092 (2011: \$4,056). David Fraser (treasurer) is an employee of Oakton Services Pty Ltd. These transactions were discounted from normal commercial terms and conditions



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2012

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

	2012	2011
	\$	\$
Short Term Benefits	805,402	596,907
Post Employment Benefits	124,742	120,735
Total Compensation	<u>930,144</u>	<u>717,642</u>

NOTE 18 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Board members, the association did not have any contingencies as at 30 June 2012 (30 June 2011: None).

NOTE 19 EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the association in future financial years.

NOTE 20 ASSOCIATION DETAILS

The registered office of the association is:

Children Australia Inc.  
LVL 3, 150 Albert Road  
SOUTH MELBOURNE VIC 3025

**CHILDREN AUSTRALIA INC.**

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STATEMENT BY MEMBERS OF THE BOARD

In the opinion of the board,

1. The accompanying financial report:
  - a) Presents a true and fair view of the financial position of Children Australia Inc. as at 30 June 2011 and it's performance for the year then ended in accordance with Australian accounting standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board and the Associations Incorporations Act 1981 (Victoria).
  - b) Is presented in accordance with early adoption of the reduced disclosure requirements under AABS 1053 *Application of Tiers of Australian Accounting Standards*.
2. At the date of this statement there are reasonable grounds to believe that Children Australia Inc. will be able to pay it's debts as and when they fall due.

These statements are made in accordance with a resolution of the board and is signed for and on behalf of the board.

Dated at South Melbourne this 19<sup>th</sup> day of October 2012.

  
\_\_\_\_\_  
President:

  
\_\_\_\_\_  
Treasurer:

**Children Australia Inc.**

## **Independent Audit Report to the Members of Children Australia Inc.**

### **Report on the Financial Report**

We have audited the accompanying financial report of Children Australia Inc., which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the Board.

### **Board's Responsibility for the Financial Report**

The board members of the association are responsible for the preparation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Associations Incorporation Act 1981*, and for such internal control as management determines 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 about whether the financial report is free from material misstatement.

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

We 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 Australian professional ethical pronouncements.

### **Opinion**

In our opinion the financial report gives a true and fair view of the financial position of Children Australia Inc. as at 30 June 2012, and of its performance for the year ended in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Associations Incorporations Act 1981*.

  
**Hayes Knight Audit Pty Ltd**  
Melbourne

  
**Geoff S. Parker**  
Director

Dated this 19 day of OCTOBER 2012