

ActionAid Australia

ABN 87 001 251 930

Annual Financial Report **Year ended 31 December 2019**

Contents

	Page
Directors' report	1
Auditor's independence declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Financial Position	9
Statement of Cash Flows	10
Notes to the financial statements	11
Directors' declaration	27
Declaration by Executive Director	28
Independent auditor's report	29

ActionAid Australia Limited

Directors' Report

The directors present their report together with the financial report of ActionAid Australia ("the Company" or "ActionAid Australia") for the year ended 31 December 2019 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the reporting period are:

Director	Qualifications & experience	Special responsibilities
Jeremy Hobbs	B.A University of Western Australia Director of Development Essentials Former Executive Director and founding Board member of Oxfam International Former Executive Director of Oxfam Australia Former Chair of INGO Accountability Charter Former Board member International Civil Society Centre	President Director from 15 August 2014 Appointed President 2 June 2018
Megs Alston	LLB (Melbourne) Dip ED (Melbourne) Member Advisory Committee, Friends of Suai, City of Port Philip, Melbourne Former Program Quality Advisor, Save the Children Australia Former Business Development Consultant, RMIT International Projects Former Program Director, Australian Volunteers International	Director from 16 June 2011 Appointed Vice-President 16 May 2012
Susan Brennan SC	BA/LLB (Hons), Barrister at Law Vice President, World YWCA and Former President, World YWCA	Director from 24 February 2011
Nicci Dent	MFIA, HND Fashion Design Diploma in Fashion and Design 1984 BTEC in Art and Design CEO, Heart Research Australia Former Head of Fundraising Mission Australia Former National Fundraising Director The Heart Foundation Former Director of Fundraising MSF Various Fundraising roles with Amnesty International and the Wilderness Society	Director from 30 January 2014
Carole Brownlee	F CPA Institute of Certified Practising Accountants B.Com Griffith University and Queensland University of Technology Chief Operating Officer Roadshow Films Group Former senior Finance Executive, Village Roadshow Group Finance Director Roadshow Films	Director from 16 December 2014

ActionAid Australia Limited

Directors' Report (continued)

1. Directors' (continued)

Director	Qualifications & experience	Special responsibilities
Claire van Heyningen	M Mgt & BusAdmin (UTS) General Consultant, 1440, We are Social, Red Planet. Former roles include: Group Head and Group Head of Digital, M&C Saatchi Group Australia, Digital Client Service Director, One Green Bean, Head of Digital, Digital Production Director and Senior Executive Producer, Host, Executive Producer, Holler	Director from 13 November 2018
Belinda Morrissey	B Ec (Adel) GradCert Philanthropy & Social Investment, GradDipAppFin. Chief Executive Officer, English Family Foundation. Former roles include: Grant making and Evaluation Manager, Australian Philanthropic Services, Director Philanthropic Development and Executive Officer, Sydney Community Foundation, General Manager, goodcompany Foundation, Manager - Corporate Social Responsibility, ING Australia.	Director from 29 November 2018

2. Company Secretary

Michelle Higelin was appointed to the position of Company Secretary on 12 August 2017.

ActionAid Australia Limited

Directors' Report (continued)

3. Directors' meetings

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

	Board Meetings 7 meetings held		Governance and Board Development/ Governance, Compliance and Risk Committees 5 meetings held		Finance and Fundraising/Investment Panel Committees 6 meetings held	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Jeremy Hobbs	7	7	5	5	6	5
Megs Alston	7	7	5	5	-	-
Susan Brennan	7	3	5	4	-	-
Nicci Dent	7	5	-	-	6	4
Carole Brownlee	7	6	-	-	6	6
Claire van Heyningen	7	7	-	-	-	-
Belinda Morrissey	7	7	-	-	6	6

4. Principal objectives, strategy and activities

ActionAid Australia is a women's rights organisation; a member of a global Federation working in over 45 countries. ActionAid's purpose is to achieve social justice, gender equality and poverty eradication by working with people living in poverty and exclusion and together with people's movements and grassroots activists. ActionAid Australia advances its vision and purpose by empowering women to claim their rights and campaign against injustices. Women make up 70% of those living in poverty and are also the most effective leaders, cultivating inclusive and sustainable change in their communities.

Guided by feminist values and analysis, ActionAid Australia stands with women experiencing injustice around the world, and supports them to take action to claim their human rights by collectively confronting the injustices they face. In order to advance women's rights and confront injustice, ActionAid Australia takes action with women living in poverty in countries around the world through programs work, and with Australians across the country through organizing and campaigns work.

ActionAid Australia's three strategic priorities are defined in its five year strategy, "Women's Leadership for Global Justice":

1. Economic justice for women
2. Women's rights in emergencies
3. Climate justice for women

The full version of Women's Leadership for Global Justice, containing detailed activities for achieving the above objectives, is available on ActionAid Australia's website. ActionAid Australia's performance is regularly measured against the objectives and outcomes in Women's Leadership for Global Justice. The organisation's directors regularly receive a review of progress against each of the strategy's objectives.

ActionAid Australia Limited

Directors' Report (continued)

5. Operating and financial review

ActionAid Australia's financial strategy continues to focus on investment in the organisation's future stability and effectiveness by diversifying its income sources, enabling a significant long-term contribution to ActionAid projects overseas. Historically the bulk of ActionAid Australia's income has come from government grants, and although this income is expected to continue, the organisation is currently diversifying its income streams including by building public income in the form of monthly donations from long-term donors and an Investment Fund has been created to support these growth strategies. The deficit recorded in 2019 and 2018 is due to: the planned spend of the large bequest received in 2016 which has been phased over a number of years to support strategic investment in new programs and campaigns.

ActionAid Australia recorded a deficit for the year of \$1,766,200 comprised of a transfer from unrestricted reserves of \$1,199,783 and a transfer from restricted reserves of \$566,417 (year ended 31 December 2018: net deficit \$984,617). Total operating revenue for the year was \$5,281,984 (year ended 31 December 2018: \$7,014,531) and total expenditure was \$7,048,184 (year ended 31 December 2018: \$7,999,148). The total deficit of \$1,766,200 resulted in a 33.3% decrease in equity, which at 31 December 2019 was \$3,541,353 (31 December 2018: \$5,307,552). Cash balances at 31 December 2019 were decreased by 15% to \$6,526,555 (31 December 2018: \$7,682,322).

Monetary public funds raised by ActionAid Australia totalled \$3,026,598 (year ended 31 December 2018: \$3,362,546), and DFAT and other grant income totalled \$2,000,608 (year ended 31 December 2018: \$3,403,823). Note that this excludes grants not yet disbursed which have been treated as deferred income and amount to \$1,918,548 (31 December 2018: \$1,332,983).

During the year, ActionAid Australia provided \$2,602,779 to projects working towards ending poverty in Africa, the Middle East and the Asia Pacific region (year ended 31 December 2018: \$3,573,156). In addition to that \$896,951 was spent in Australia on supporting international projects (year ended 31 December 2018: \$1,063,228).

In line with ActionAid Australia's belief that the poor and excluded people's ability to claim their rights is partially dependent on influencing the opinions of the Australian people and policy change in Australia, the Company's expenditure on Australian community education initiatives via campaigning remained significant and amounted to \$889,739 (year ended 31 December 2018: \$895,614). The expenditure on fundraising for the year was \$1,411,507 (year ended 31 December 2018: \$1,297,243). Administration costs were \$1,178,896 (year ended 31 December 2018: \$1,136,133).

Significant changes in the state of affairs

There have not been any significant changes in the state of affairs during the year ended 31 December 2019.

6. Events subsequent to reporting date

At the date of authorisation of the financial report the company is continuing to monitor and respond to the effects of the COVID-19 virus. Any potential financial effect of the virus is unknown. There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

ActionAid Australia Limited

Directors' Report (continued)

7. Likely developments

The directors believe that the need for working with excluded people to eradicate poverty and injustice will not diminish in the foreseeable future, and as such the directors, staff and volunteers will continue to work towards a world without poverty in which every person can exercise their right to a life of dignity.

8. Liability of members on winding up

ActionAid Australia is a company limited by guarantee, and was incorporated on 8 June 1978. In the event of the Company being wound up every member of the Company undertakes to contribute an amount of \$50. The total amount that members of the Company are liable to contribute if the Company is wound up is \$700 (31 December 2018: \$550).

9. Indemnification and insurance of officers and auditors

Indemnification

The Company has taken out a directors' and officers' insurance policy to indemnify all past and present directors and officers of the Company to another person (other than the Company) that may arise from their position as directors and officers of the Company, except where the liability arises out of conduct involving a lack of good faith. No claims were made during or since the period and there are no outstanding claims.

Insurance premiums

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

10. Auditor's independence declaration

The auditor's independence declaration as required under subdivision 60-C of the Australian Charities and Not-for-Profits Commission Act 2012 is on page 6 of this financial report, and forms part of this report.

11. Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation. The directors believe that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any significant breaches of those environmental requirements as they apply to the Company.

This report is made with a resolution of the directors made pursuant to S298(2) of the Australian Charities and Not-for-Profits Commission Act 2012.



Jeremy Hobbs
President



Carole Brownlee
Director

Dated at Sydney this 16th day of May 2020



AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ACTIONAID AUSTRALIA

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of the financial statements of ActionAid Australia for the financial year ended 31 December 2019, I declare that, to the best of my knowledge and belief, 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.

Hill Rogers Assurance Partners

Vishal Modi

ASIC Registered Company Auditor no.: 486119

Dated at Sydney, this 16th day of May 2020

Assurance Partners

Hill Rogers Assurance Partners | ABN 56 435 338 966
Liability limited by a scheme approved under Professional Standards Legislation.



ActionAid Australia

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 Restricted \$	Year ended 31 December 2019 Unrestricted \$	Year ended 31 December 2019 Total \$	Year ended 31 December 2018 Total \$
REVENUE					
OPERATING REVENUE					
Donations and gifts					
- Monetary		341,665	1,743,439	2,085,104	2,895,509
- Non-monetary	4	-	68,312	68,312	33,774
Bequests and legacies		-	941,494	941,494	467,037
Grants					
- DFAT	5	1,868,608	-	1,868,608	3,115,883
- Other Australian	5	111,000	-	111,000	259,000
- Other overseas	5	21,000	-	21,000	28,940
Investment income	6	-	98,578	98,578	146,481
Other income	7	3,654	84,234	87,888	67,906
TOTAL REVENUE		2,345,927	2,936,057	5,281,984	7,014,531
EXPENDITURE					
International programs:					
- Funds to programmes	8	2,428,413	174,366	2,602,779	3,573,156
- Program support costs	8	289,583	607,368	896,951	1,063,228
Community education	8	-	889,739	889,739	895,614
Fundraising costs:					
- Public		194,348	1,217,159	1,411,507	1,297,243
Accountability and administration	9	-	1,178,896	1,178,896	1,136,133
Non-monetary expenditure	4	-	68,312	68,312	33,774
TOTAL EXPENDITURE		2,912,345	4,135,840	7,048,184	7,999,148
- Operating excess/(shortfall) over expenditure		(566,417)	(1,199,783)	(1,766,200)	(984,617)
TOTAL EXCESS/(SHORTFALL) OF REVENUE OVER EXPENDITURE		(566,417)	(1,199,783)	(1,766,200)	(984,617)
TOTAL COMPREHENSIVE INCOME/(LOSS)		(566,417)	(1,199,783)	(1,766,200)	(984,617)

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 11 – 26.

During the year ended 31 December 2019, ActionAid Australia had no transactions in the following categories specified in the ACFID Code of Conduct: International Political or Religious Adherence Promotion Programs Revenue or Expenditure.

ActionAid Australia

Statement of Changes in Equity

For the year ended 31 December 2019

	Note	Retained earnings	Restricted funds reserves	Unrestricted funds reserves	Total undistributed funds
		\$	\$	\$	\$
Opening balance at 1 January 2018		3,225,679	3,016,490	50,000	6,292,169
Deficit for the year		(984,617)	-	-	(984,617)
Total comprehensive income		(984,617)	-	-	(984,617)
Transfers to/(from) reserves:	12	(249,397)	249,397	-	-
Total Closing Balance at 31 December 2018		1,991,665	3,265,887	50,000	5,307,552

		Retained earnings	Restricted funds reserves	Unrestricted funds reserves	Total undistributed funds
		\$	\$	\$	\$
Opening balance at 1 January 2019		1,991,665	3,265,887	50,000	5,307,552
Deficit for the year		(1,766,200)	-	-	(1,766,200)
Total comprehensive income		(1,766,200)	-	-	(1,766,200)
Transfers to/(from) reserves:	12	566,417	(566,417)	-	-
Total Closing Balance at 31 December 2019		791,883	2,699,470	50,000	3,541,353

Restricted funds reserve comprised of:

- Capital Reserve	2,272,829
- Other Restricted Reserves	426,641

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 11 – 26.

During the year ended 31 December 2019, ActionAid Australia had no transactions in the following categories specified in the ACFID Code of Conduct: adjustments or changes in equity due to adoptions of new accounting standards, items of other comprehensive income.

ActionAid Australia

Statement of Financial Position

As at 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	6,526,555	7,682,322
Trade and other assets	14	252,585	85,525
Total current assets		<u>6,779,140</u>	<u>7,767,847</u>
Non-current assets			
Property, plant and equipment	15	13,218	32,570
Total non-current assets		<u>13,218</u>	<u>32,570</u>
Total assets		<u>6,792,358</u>	<u>7,800,417</u>
LIABILITIES			
Current liabilities			
Trade and other payables	16	1,072,983	889,960
Provisions - employee benefits	17	201,068	208,701
Other - deferred revenue	18	1,918,548	1,332,983
Total current liabilities		<u>3,192,599</u>	<u>2,431,644</u>
Non-current liabilities			
Provisions - employee benefits	17	58,406	61,220
Total non-current liabilities		<u>58,406</u>	<u>61,220</u>
Total liabilities		<u>3,251,005</u>	<u>2,492,865</u>
Net assets		<u>3,541,353</u>	<u>5,307,552</u>
EQUITY			
Restricted funds capital reserve		2,272,829	2,467,177
Restricted funds other reserves		426,641	798,710
Unrestricted funds reserves		50,000	50,000
Retained earnings		791,883	1,991,665
Total equity		<u>3,541,353</u>	<u>5,307,552</u>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 11 - 26.

At 31 December 2019, ActionAid Australia had no balances in the following categories specified in the ACFID Code of Conduct: inventories, assets held for sale, other financial assets, non-current trade and other receivables, investment property, intangibles, other non-current asset, current tax liabilities, other financial liabilities, borrowings or other non-current liabilities.

ActionAid Australia
Statement of Cash Flows

For the year ended 31 December 2019

	Note	Year ended 31 December 2019	Year ended 31 December 2018
		\$	\$
Cash flows from operating activities			
Cash receipts from appeals, donations & fundraising activities		3,026,598	3,362,546
Cash receipts from DFAT grants		2,972,402	1,694,997
Cash receipts from other grants		-	412,940
Proceeds from other activities		53,307	337,795
Interest received		98,578	146,481
Cash payments to suppliers and employees		(2,633,827)	(2,526,835)
Cash payments for project expenditure		(4,664,725)	(5,531,997)
Net cash (used in) operating activities	20	<u>(1,147,667)</u>	<u>(2,104,073)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(8,100)	(12,193)
Net cash (used in)/provided by investing activities		<u>(8,100)</u>	<u>(12,193)</u>
Net (decrease) in cash and cash equivalents		(1,155,767)	(2,116,266)
Cash and cash equivalents at beginning of year		<u>7,682,322</u>	<u>9,798,589</u>
Cash and cash equivalents at end of year	13	<u>6,526,555</u>	<u>7,682,322</u>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 11-26.

At 31 December 2019, ActionAid Australia had no cash flows from financing activities.

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2019

1 Reporting entity

ActionAid Australia (formerly Austcare) is a not-for-profit company incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the constitution of ActionAid Australia ("the Company"), every member of the Company undertakes to contribute an amount limited to \$50 per member in the event of the winding up of the Company.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) – Reduced Disclosure Requirements and subdivision 60-C of the Australian Charities and Not-For-Profits Commission Act 2012 and comply with other requirements of the law. The financial statements do not comply with International Financial Reporting Standards (IFRSs) as the Company has adopted the exemptions allowed for not-for-profit organisations under AASB 101 Presentation of Financial Statements.

The financial report has also been prepared in accordance with the requirements set out in the Australian Council for International Development (ACFID) Code of Conduct. For further information on the Code please refer to the ACFID Code of Conduct Guidance Document available at www.acfid.asn.au.

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 these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were approved by the Board of Directors on 16th May 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The only estimates included in these financial statements relate to employee benefit provisions and use lives of assets.

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2019

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements. Comparatives are consistent with prior year unless stated otherwise.

(a) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange gains or losses are recognised in the Accountability and Administration line item of the Statement of Profit or Loss and Other Comprehensive Income, apart from foreign exchange gains or losses on restricted funds which are applied to those funds where contractually required.

(b) Property, plant and equipment

(i) Owned assets

Items of property plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy (d)). Where items within a class of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Depreciation

Depreciation is charged on a straight line basis for all depreciable assets. Depreciation rates applied range from 20% for furniture and fittings to 33.3% for computer equipment and software.

(c) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2019

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months.

Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

The Company's non-derivative financial assets are cash and cash equivalents, trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial liabilities are trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(d) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Given the non-for-profit nature of the Company, to the extent that future economic benefits of an asset are not primarily dependent on the assets ability to generate net cash inflows and where the Company would, if deprived of the asset, replace its remaining future economic benefits, value-in-use is assessed as the depreciated replacement cost of the asset.

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2019

3 Significant accounting policies (continued)

(e) Employee Benefits

(i) Superannuation funds

Obligations for contributions to superannuation funds are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

(ii) Long-term service benefits

The Company's obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, long service leave is discounted using a discount rate reflecting a high quality corporate bonds ("HQCB") published by Milliman Australia at the reporting date which have maturity dates approximating to the terms of the Company's obligations.

(iii) Wages, salaries and non-monetary benefits

Liabilities for employee benefits for wages and salaries that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

(f) Revenue recognition

Appeals and donations

ActionAid Australia is a non-profit organisation and receives significant income from donations. These amounts by their nature can only be recognised when they are received. Donations are recorded as income when they are received, though restricted donations are transferred to restricted reserves in accordance with the accounting policy outlined in Note 3(j) below.

DFAT & Other Government Grants

The Company receives Federal Government funding for various programs. Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant is recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest revenue

Interest is recognised as it is accrued, taking into account the effective yield on financial assets. Interest earned on DFAT grants is used to meet the obligations set out in the grant agreements.

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2019

3 Significant accounting policies (continued)

(f) Revenue recognition (continued)

Non-monetary donations and gifts

The value of volunteer services has been calculated in accordance with DFAT guidelines, by recording actual volunteer time donated and valuing it at rates provided by DFAT.

In-kind contributions, being non-reciprocal transfers, are calculated by reference to the fair value of the assets received when the Company gains control of the contribution, or the commercial value of services provided.

Volunteer and in-kind contributions have been included in the Company's Statement of Profit or Loss and Other Comprehensive Income as non-monetary donation and gift revenue and as a corresponding amount of non-monetary expenditure in the same financial year, thereby resulting in a net financial impact of zero. A breakdown of the value of volunteer and in-kind contributions is disclosed in Note 4.

(g) Income tax

The Company is a registered charity and is exempt from income tax under s50-5 of the Income Tax Assessment Act 1997.

(h) Goods and Services Tax

Revenue, expenses and property, plant and equipment are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

(i) Classification of expenses

Expenses have been classified in accordance with the format specified in the ACFID Code of Conduct for Non-Government Development Organisations.

(j) Reserves

Restricted Funds Reserve

Donations received for a specific purpose not yet disbursed for that purpose are transferred from retained earnings to restricted reserves, net of collection costs. Disbursements made to projects from restricted funds collected in prior periods are transferred out of reserves and back to the retained earnings. The net transfer to/from restricted reserves is shown in the Statement of Changes in Equity. The gross transfers to/from restricted reserves are disclosed in Note 12.

Unrestricted Funds Reserve

The Directors may decide to transfer surplus legacies and bequests and other donations received for the general work of ActionAid Australia to the unrestricted funds reserve. The net transfer to/from unrestricted reserves is shown in the Statement of Changes in Equity.

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2019

3 Significant accounting policies (continued)

(k) New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

AASB 16 Leases

The company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). As the company does not have any leases within the definition of AASB 16 this standard has not had any effect on the company.

AASB 1058 Income of Not-for-Profit Entities

The company has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

ActionAid Australia
Notes to the financial statements

For the year ended 31 December 2019

	Year ended 31 December 2019	Year ended 31 December 2018
	\$	\$
4 Non-monetary donations and gifts		
Volunteer services donated by Australians for the delivery of overseas development projects and community education	14,774	4,262
Administration, fundraising and other volunteer services	49,443	27,174
In-kind contribution of services by legal firms (DLA Piper, Minter Ellison, Sparke Helmore and CBP)	4,095	2,338
	<hr/>	<hr/>
Total non-monetary donations and gifts	68,312	33,774
	<hr/>	<hr/>
5 Other Australian Grants		
DFAT	1,868,608	3,115,883
Other Australia Grants	111,000	259,000
Other Overseas	21,000	28,940
	<hr/>	<hr/>
Total other Australian grant income	2,000,608	3,403,823
	<hr/>	<hr/>
6 Investment income		
Interest income	98,578	146,481
	<hr/>	<hr/>
7 Other income		
Membership subscriptions	109	27
Other income	84,125	67,879
	<hr/>	<hr/>
Total income from other activities	84,234	67,906
	<hr/>	<hr/>

ActionAid Australia
Notes to the financial statements

For the year ended 31 December 2019

8 International Programs and Community Education Expenditure

Funds to International Programs

Program	Country/Region	Total Disbursed	DFAT	Other
		\$	\$	\$
Women's rights in emergencies	Bangladesh	113,150	-	113,150
Disaster Preparedness & Response	Cambodia	173,437	132,027	41,410
Disaster Preparedness & Response	Global	189,472	146,472	43,000
Women's rights in emergencies	Indonesia	40,000	40,000	-
Food Security & Resilience	Afghanistan	533,627	533,627	-
Economic justice for women	Kenya/Uganda	206,123	206,123	-
Disaster Preparedness & Response	Kenya	153,487	153,487	-
Economic justice for women	Myanmar	381,176	-	381,176
Economic justice for women	Uganda	124,145	43,668	80,477
Women's rights in emergencies	Philippines	123,593	102,593	21,000
Women's rights in emergencies	Zambia	50,000	-	50,000
Economic justice for women	oPt*	284,772	110,406	174,366
Global Contribution	Global	229,797		229,797
Year ended 31 December 2019		2,602,779	1,468,403	1,134,376
Year ended 31 December 2018		3,573,156	2,484,475	1,088,681

* occupied Palestinian territories

	Year ended 31 December 2019 \$	Year ended 31 December 2018 \$
Project Monitoring and Administration		
Project Monitoring and Administration	896,951	1,063,228
Community Education		
Other Community Education Activities	889,739	895,614

ActionAid Australia
Notes to the financial statements

For the year ended 31 December 2019

	Year ended 31 December 2019 \$	Year ended 31 December 2018 \$
9 Accountability and administration expenses		
Accountability and administration expenses	1,182,668	1,169,346
Foreign exchange losses/(gains)	(3,772)	(33,213)
Total accountability and administration expenses	<u>1,178,896</u>	<u>1,136,133</u>
10 Personnel expenses		
Salaries, wages and allowances	2,139,190	2,160,181
Superannuation	228,500	226,692
Annual leave and long-service leave	172,401	88,631
Other associated personnel expenses	15,583	23,128
Total personnel expenses	<u>2,555,674</u>	<u>2,498,633</u>
11 Auditors' remuneration		
Audit services	<u>18,500</u>	<u>18,000</u>
	<u>18,500</u>	<u>18,000</u>

The auditor of the entity is Hill Rogers Assurance Partners

ActionAid Australia
Notes to the financial statements

For the year ended 31 December 2019

	Year ended 31 December 2019 \$	Year ended 31 December 2018 \$
12 Transfers to/(from) Restricted Reserves		
Transfers in		
Restricted funds raised	194,221	711,813
Transfers from retained earnings to capital reserve	(3,889)	(12,088)
Total transfers in	<u>190,332</u>	<u>699,725</u>
Transfers out		
Transfers paid out from capital reserve	(190,459)	(144,712)
Other restricted funds used	(566,290)	(305,616)
Total transfers out	<u>(756,749)</u>	<u>(450,328)</u>
Net transfers to/(from) restricted reserves	<u>(566,417)</u>	<u>249,397</u>
13 Cash and cash equivalents		
Cash at bank and hand	1,208,924	1,679,568
Cash at deposit	<u>5,317,631</u>	<u>6,002,755</u>
Cash and cash equivalents in the Statement of Cash Flows	<u>6,526,555</u>	<u>7,682,322</u>
14 Trade and other assets		
Trade receivables	180,755	9,503
Travel advances	1,125	866
Other receivables	24,458	1,882
Prepayments	<u>46,247</u>	<u>73,273</u>
	<u>252,585</u>	<u>85,525</u>

The average credit period for trade receivables is 30 days.

Notes to the financial statements

For the year ended 31 December 2019

15 Property, Plant and Equipment

	31 December 2019 \$	31 December 2018 \$
Computers and IT equipment		
At cost	182,559	177,820
Less: accumulated depreciation	<u>(174,182)</u>	<u>(164,552)</u>
	<u>8,377</u>	<u>13,268</u>
Furniture and fixtures		
At cost	132,022	132,022
Less: accumulated depreciation	<u>(127,181)</u>	<u>(112,720)</u>
	<u>4,841</u>	<u>19,302</u>
Total property, plant and equipment	<u><u>13,218</u></u>	<u><u>32,570</u></u>

Reconciliation of movement in property, plant and equipment

	Computers and IT equipment	Furniture and fixtures	Total
Balance at 1 January 2019	13,268	19,302	32,570
Additions	8,100	-	8,100
Disposals (written down value)	(283)	-	(283)
Depreciation expense	<u>(12,708)</u>	<u>(14,461)</u>	<u>(27,169)</u>
Balance at 31 December 2019	<u>8,377</u>	<u>4,841</u>	<u>13,218</u>

16 Trade and other payables

	31 December 2019 \$	31 December 2018 \$
Trade payables	209,382	168,780
ActionAid International Intercompany	846,907	707,603
Accruals	<u>16,694</u>	<u>13,577</u>
	<u><u>1,072,983</u></u>	<u><u>889,960</u></u>

Notes to the financial statements

For the year ended 31 December 2019

17 Provisions - employee benefits

Current

Liability for annual leave and long service leave	201,068	208,701
---	---------	---------

Non-Current

Liability for long service leave	58,406	61,220
----------------------------------	--------	--------

18 Other - deferred revenue

DFAT grants	1,774,902	941,326
Other grants	143,646	391,657
	<u>1,918,548</u>	<u>1,332,983</u>

19 Commitments

Operating lease payable commitments

Future non-cancellable operating lease of rental property not provided for in the financial statements and payable:

Within one year	104,330	110,411
One year or later and no later than five years	-	104,210
	<u>104,330</u>	<u>214,621</u>

20 Reconciliation of cash flows from operating activities

Cash flows from operating activities

Surplus/(deficit) for the year	(1,766,200)	(984,617)
Adjustments for:		
Depreciation	27,168	39,620
(Gain) on sale of non – current assets	283	-
Operating surplus/(deficit) before changes in working capital and provisions	<u>(1,738,749)</u>	<u>(944,997)</u>
Decrease in trade and other receivables	(167,060)	231,592
Increase in employee benefits	(10,447)	9,025
(Increase)/decrease in trade and other payables and deferred income	768,589	(1,399,693)
	<u>591,082</u>	<u>(1,159,076)</u>
Net cash (used in) operating activities	<u>(1,147,667)</u>	<u>(2,104,073)</u>

Notes to the financial statements

For the year ended 31 December 2019

	31 December 2019 \$	31 December 2018 \$
--	---------------------------	---------------------------

21 Members' Undertaking

ActionAid Australia is a Company limited by guarantee, and was incorporated on 8 June 1978. In the event of the Company being wound up every member of the Company undertakes to contribute an amount of \$50. As at 31 December 2019, the Company had 14 Ordinary Members, including 7 life members (all members were individual members). As at 31 December 2018 there were 11 Ordinary Members, including 7 life members (all members were individual members).

22 Fundraising appeals conducted during the year

- (a) Fundraising appeals conducted during the year included mail appeals, telephone appeals, electronic appeals, face-to-face appeals, events, workplace giving and bequests.
- (b) In accordance with section 20 of the Charitable Fundraising (NSW) Act 1991, monies received in the course of fundraising appeals are applied according to the objects or purposes of the appeal net of proper and appropriate expenses. In some circumstances appeal funds are not always expended in the year they are collected and therefore the balance of undistributed funds at the end of the year being \$3,541,353 (31 December 2018: \$5,307,553) includes amounts to be applied to meet the purpose and objective of specific appeals.

	Year ended 31 December 2019 \$	Year ended 31 December 2018 \$
(c) Results of fundraising appeals		
Gross proceeds from fundraising appeals	2,085,104	2,895,509
Gross proceeds from bequests	941,494	467,037
Less: Direct fundraising costs	(561,342)	(453,871)
Net surplus - public fundraising appeals	2,465,256	2,908,675
Government, multilateral & corporate grants	2,000,608	3,403,823
Other income	186,466	214,387
Total revenue net of direct fundraising costs	4,652,330	6,526,885
(d) Application of net surplus obtained from fundraising appeals		
Distributions	4,389,470	5,531,997
Fundraising costs – indirect	850,164	843,371
Administration expenses	1,178,896	1,136,133
Add: Non-distributed funds at end of the year	3,541,353	5,307,553
Less: Non-distributed funds at beginning of year	(5,307,553)	(6,292,169)
	4,652,330	6,526,885

Notes to the financial statements

For the year ended 31 December 2019

22 Fundraising appeals conducted during the year (continued)

(e) Comparisons of certain monetary figures and percentages

	Year ended 31 December 2019		Year ended 31 December 2018	
	\$	%	\$	%
Direct cost of fundraising/ Gross income from fundraising	561,342 3,026,598	19	453,872 3,362,546	13
Net surplus from fundraising/ Gross income from fundraising	2,465,256 3,026,598	81	2,908,674 3,362,546	87
Total projects funded/ Total expenditure – monetary	4,389,470 6,979,872	63	5,531,997 7,965,373	69
Total projects funded/ Total income less transfer to reserves	4,389,470 5,395,410	81	5,531,997 6,586,647	84

23 Key management personnel

The following were key management personnel of the Company as at 31 December 2019:

Michelle Higelin	Executive Director
Stav Zotalis	Head of Global Engagement
Maeva Freeman	Head of Fundraising
Katherine Tu	Head of Campaigns & Policy
Karen Kandur	Chief Operating Officer

Transactions with key management personnel

The non-executive directors did not receive any remuneration or superannuation benefits during the period other than professional indemnity insurance paid on their behalf by the Company.

In addition to a salary, the Company also provides non-cash benefits to some key management personnel and contributes to a superannuation fund on their behalf.

Notes to the financial statements

For the year ended 31 December 2019

23 Key management personnel (continued)

Below are the details of executive remuneration during the year ended 31 December 2019:

	<u>Short Term</u>		<u>Government payments</u>	<u>Post Employment & Superannuation</u>	<u>Total</u>
	<u>Salary payments</u>	<u>Bonus</u>			
Executive Payment	623,318	-	12,942	104,685	740,945
	<u>623,318</u>	<u>-</u>	<u>12,942</u>	<u>104,685</u>	<u>740,945</u>

Below are the details of executive remuneration during the year ended 31 December 2018:

	<u>Short Term</u>		<u>Non-monetary</u>	<u>Post Employment & Superannuation</u>	<u>Total</u>
	<u>Salary payments</u>	<u>Bonus</u>			
Executive Payment	645,179	-	4,604	58,822	708,605
	<u>645,179</u>	<u>-</u>	<u>4,604</u>	<u>58,822</u>	<u>708,605</u>

Other transactions with the Company

No key management personnel have entered into a material contract or transaction with the Company since the end of the previous year and there were no material contracts or transactions involving key management personnel's interests existing at year end.

24 Subsequent events

At the date of authorisation of the financial report the company is continuing to monitor and respond to the effects of the COVID-19 virus. Any potential financial effect of the virus is unknown. There has not arisen in the interval between the end of the year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

25 Related party transactions

The company entered into the following related party transaction with ActionAid International relating to fund transfers for sponsorship programs and funds received for fundraising investments. There has not been any fixed arrangement for the outstanding cash settlement.

	<u>Year ended 31 December 2019</u>	<u>Year ended 31 December 2018</u>
	<u>\$</u>	<u>\$</u>
ActionAid International payable (balance outstanding)	<u>(846,907)</u>	<u>(707,603)</u>

Notes to the financial statements

For the year ended 31 December 2019

26 Company Details

Principal Place of Business

Level 3, 25 Cooper Street

Surry Hills

New South Wales 2010

Postal Address

Locked Bag 5515

Camperdown

New South Wales 1450

Directors' Declaration

In the opinion of the Directors of ActionAid Australia:

- (a) the financial statements and notes set out on pages 7 to 26 are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 including;
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2019, and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) Reduced Disclosure Requirements and Australian Charities and Not-for-Profits Commission Regulations 2013; and
 - (iii) complying with the ACFID Code of Conduct for non-governmental development organisations; 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.

Dated at Sydney this 16th day of May 2020

Signed in accordance with a resolution of the Directors.



Jeremy Hobbs
President



Carole Brownlee
Director

Declaration by Executive Director In Respect of Fundraising Appeals

I, Michelle Higelin, Executive Director of ActionAid Australia declare that, in my opinion:

- a. the Statement of Profit or Loss and Other Comprehensive Income gives a true and fair view of all income and expenditure of ActionAid Australia with respect to fundraising appeal activities for the year ended 31 December 2019;
- b. the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 31 December 2019;
- c. the provisions of the Charitable Fundraising Act (NSW) 1991 and Regulations and the conditions attached to the authority have been complied with for the year ended 31 December 2019; and
- d. the internal controls exercised by ActionAid Australia are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Dated at Sydney this 16th day of May 2020

Signed by the Executive Director:

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

Michelle Higelin
Executive Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTIONAID AUSTRALIA

Report on the Audit of the Financial Report

We have audited the financial report of ActionAid Australia (the company), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the financial report of ActionAid Australia is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:
 - i) giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance and cash flows for the year ended on that date; and
 - ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.
- b) the financial report agrees to the underlying financial records of ActionAid Australia, that have been maintained, in all material respects, in accordance with the Charitable Fundraising Act 1991 and its regulations for the year ended 31 December 2019;
- c) monies received by ActionAid Australia, as a result of fundraising appeals conducted during the year ended 31 December 2019, have been accounted for and applied, in all material respects, in accordance with the Charitable Fundraising Act 1991 and its regulations; and
- d) the financial report is prepared in accordance with the ACFID Code of Conduct.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of *Subdivision 60C* of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

Assurance Partners

Hill Rogers Assurance Partners | ABN 56 435 338 966
Liability limited by a scheme approved under Professional Standards Legislation.



Other Information

The Board of Directors are responsible for the other information. The other information comprises directors' annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report, for Compliance with the *Australian Charities and Not-for-profits Commission Act 2012*, the *ACFID Code of Conduct* and the *Charitable Fundraising Act 1991*

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 *Australian Charities and Not-for-profits Commission Act 2012* and the *ACFID Code of Conduct* and for compliance with the *Charitable Fundraising Act 1991*. The directors' are also responsible for such internal control as the directors determine is necessary to enable compliance with requirements of the *Charitable Fundraising Act 1991* and the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the company has complied with the specific requirements of the *Charitable Fundraising Act 1991* and whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of non-compliance with the specific requirements of the *Charitable Fundraising Act 1991* and risk 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.
- 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 company to cease to continue as a going concern.
- 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 Board of Directors 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.

Inherent Limitations

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error, or non-compliance with the *Charitable Fundraising Act 1991* may occur and not be detected. An audit is not designed to detect all weaknesses in ActionAid Australia's compliance with the *Charitable Fundraising Act 1991* as an audit is not performed continuously throughout the period and the tests are performed on a sample basis.

Hill Rogers Assurance Partners



Vishal Modi

ASIC Registered Company Auditor no.: 486119

Dated at Sydney, this 16th day of May 2020