



Bringing hearts and minds
together for children

PLAN INTERNATIONAL AUSTRALIA

ABN 49 004 875 807

Annual Report

For the year ended 30 June 2017

Plan International Australia ABN 49 004 875 807
Annual report - 30 June 2017

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**Plan International Australia
Corporate directory**

Directors

Gerald R Hueston (Chair)
Julie C Hamblin (Deputy Chair)
Brian Babington
Michael R Corry
Amanda McKenzie
Jason Pellegrino
Philippa F Quinn
Sally Treeby
Neil R Thompson (resigned 30 November 2016)

Secretary

Steve Timmerman

Chief Executive Officer

Ian Wishart

Principal registered office in Australia

Level 18
60 City Road
Southbank VIC 3006
Telephone: (03) 9672 3600
Facsimile: (03) 9670 1130
Website: www.plan.org.au

Auditor

PricewaterhouseCoopers Australia
2 Riverside Quay
Southbank VIC 3006

Bankers

Commonwealth Bank of Australia
385 Bourke Street
Melbourne VIC 3000

Australian Council for International Development

Plan International Australia is member of the Australian Council for International Development (ACFID) and is a signatory to the ACFID Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management.

More information about the ACFID Code of Conduct can be obtained from www.plan.org.au and from ACFID at:

Website: www.acfid.asn.au
Email: main@acfid.asn.au
Tel: (02) 6285 1816

The directors present their report on the Consolidated entity consisting of Plan International Australia ("the Company") and the entities it controlled ("Consolidated entity") at the end of, or during, the year ended 30 June 2017. Hereinafter, the Consolidated entity is referred to as the Plan.

Directors

The following persons were Directors of Plan International Australia during the whole of the financial year and up to the date of this report:

Gerald R Hueston (Chair)
Julie C Hamblin (Deputy Chair)
Brian Babington
Michael R Corry
Amanda McKenzie
Jason Pellegrino
Philippa F Quinn
Sally Treeby
Neil R Thompson (resigned 30 November 2016)

Jason Chuck was appointed as Director on 28 September 2017 and continues in office at the date of this report.

Principal activities and strategy

The principal activities of Plan during the year were the raising of funds for Plan International Inc. (hereinafter referred to as Plan International) for overseas development programs in developing countries, management and participation in these program activities and advocacy for children's rights.

Objectives:

Globally, the focus of Plan's work is on children. During the year, Plan International and subsequently Plan International Australia adopted a new purpose statement to refine this focus that reads "We strive for a just world that advances children's rights and equality for girls". This purpose highlights our work for children's rights and importantly equality for girls.

This purpose statement sees Plan's program work evolving to a new level. Our program interventions still target children, their families and communities through community development work but now there is always an element of gender equality change within all that is done. We still work for girls and boys but believe that the solving of poverty can only be achieved if girls are also given an equal chance. Plan's interventions still cover long term development work, humanitarian emergency responses as well as policy and advocacy interventions. We aim to help children at every stage of life from birth, early childhood, through school and including the transition to adulthood.

In 2017 Plan International Australia embarked on the first year of a three year strategic plan to align ourselves fully to this new global purpose. We will create our portion of value toward the global super goal of improving the lives of 100 million girls. The interventions that we are pursuing to ensure delivery of the new purpose are as follows:

1. Deliver programs according to the new purpose across traditional Plan Country Offices, the Plan International Australia branch offices in the Pacific and for the first time in domestic programs in Australia for marginalised children.
2. Ensure that all our programs are transformative for gender equality
3. Ensure we combine our advocacy and policy work with our established program work in the field
4. Communicate the excitement of our new purpose broadly
5. Build a large movement of people who embrace the new purpose
6. Use leading digital techniques to facilitate this movement
7. Rely on the culture, curiosity, capability and creativity of our people to realise the purpose and help lead the movement
8. Grow value for private donors and institutional donors who wish to help us with the purpose
9. Where feasible grow value from social enterprises, partnerships and strategic additions

Review of operations

Overview:

Revenue grew by 6% compared to FY16 reversing a one year (7%) revenue slide the previous year. Total expenditure grew by 12% compared to FY16 and combined with year on year growth of 9% in total remittances the FY17 final result has been pushed into deficit. One area of focus for FY18 will be to restrain expenditure growth to within the run rate for revenue in order to return a surplus final result.

Revenue:

Total revenue of \$67.2M (FY16 \$63.3M) increased by \$3.9M due largely to an increase in Goods in Kind (GiK) of \$5.1M within the Programs and Grants portfolio. Public income including bequests fell by \$1.2M accounting for the movement the other way.

Highlights in FY17 included an emergency appeal for South Sudan which generated \$584K and success in leveraging the growth in GiK within the program grant portfolio into field impact.

Expenditure:

Total expenditure, excluding remittances overseas, of \$19.4M (FY16 \$17.6M) reflected an increase of 12% based partly on new investment into Marketing and Fundraising of \$1.1M including capability in digital. This represents a reset after two consecutive years of reduced expenditure in Australia and a deliberate strategy to invest in revenue diversification and growth in an effort to generate more funds for our work with children.

Expenditure on programs:

Funds sent overseas, Australian project support and community education costs of \$54.7M (FY16 \$50.1M), have increased by \$4.6M or 9% as a direct result of the growth in GiK revenue. Expenditure on Programs has thus increased further to 81.4% of revenue compared to 79.2% in FY16.

Income tax

The Company is endorsed by the Australian Taxation Office as an Income Tax Exempt Charity (ITEC) and is therefore exempt from paying income tax.

Dividends

In accordance with the Constitution, no dividends are permitted.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Event since the end of the financial year

No matter or circumstance has arisen since 30 June 2017 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

In the opinion of the Directors, there are no likely developments which would have a significant effect on the Company's operations or results.

Directors' benefits

The Directors receive no remuneration for their services as directors of the Company.

Directors' interests in contracts

Since the date of the last Directors' Report, no Director has declared, pursuant to Section 231 of the *Corporations Act 2001*, an interest in any contract by virtue of their directorships or memberships of other entities except as reported in note 20.

Committee and special responsibilities

Finance & Audit Committee

Sub Committee of the Board:
Michael R Corry (Chair)
Gerald R Hueston
Philippa F Quinn
Vanessa Ng (youth ambassador)

Program Advisory Committee

Sub Committee of the Board:
Brian K Babington (Chair)
Julie C Hamblin
Philippa F Quinn
Sally Treeby
Kathryn Robinson (independent advisor)

Marketing & Fundraising Committee

Sub Committee of the Board:
Jason Pellegrino
Amanda McKenzie
Philippa F Quinn

Corporate Governance Committee

Sub Committee of the Board:
Gerald R Hueston (Chair)
Julie C Hamblin
Jason Pellegrino

Directors who have international roles and responsibilities

Plan International Board Member
Gerald R Hueston

Plan International Board - Program Advisory Committee
Brian K Babington

Plan Members' Assembly
Brian K Babington
Julie C Hamblin

There is a correction in this section with Sally Treeby also part of the Marketing & Fundraising Committee in FY2017 along with Jason Pellegrino, Amanda McKenzie and Philippa F Quinn.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Full meetings of Directors			Meeting of Committees											
				Finance & Audit			Program Advisory			Corporate Governance			Marketing & Fundraising		
	Held	Eligible to Attend	Attended	Held	Eligible to Attend	Attended	Held	Eligible to Attend	Attended	Held	Eligible to Attend	Attended	Held	Eligible to Attend	Attended
Gerald R Hueston (Chair)	5	5	4	4	4	3	4	4	4	3	3	3	3		
Julie C Hamblin (Deputy Chair)	5	5	5				4	4	4						
Brian Babington	5	5	4	4	4	4									
Michael R Corry	5	5	3												
Amanda McKenzie	5	5	5	4	4	2									
Jason Pellegrino	5	5	5	4	3	3									
Philippa F Quinn	5	5	5	4	4	4									
Sally Treeby	5	5	5												
Neil R Thompson (resigned 30 November 2016)	5	2	2												

Information on Directors

Gerald R Hueston (Chair)
BSc, Beam

Gerry Hueston recently retired as President of BP in Australasia after a 34 year career with BP in Australia, NZ, UK and Europe. He is a past board member of the Business Council of Australia, a past Chairman and board member of the Australian Institute of Petroleum, a former member of the Chairman's Panel of the Australian Great Barrier Reef Foundation. He is currently Chairman of the Climate Council.

Julie C Hamblin (Deputy Chair)
BA LLB (Hons) LLM, GAICD

Julie Hamblin is a consultant with HWL Ebsworth Lawyers. Julie has worked for more than 20 years in the fields of health law, bioethics and public health. Her legal practice focuses on clinical risk, privacy, medical research, health ethics and public health policy. She also has extensive experience in international development, particularly in relation to HIV/AIDS, having worked with the United Nations Development Programme and other organisations in more than 20 countries in Asia, the Pacific, Africa and Eastern Europe. Government appointments have included the Australian Research Integrity Committee, the NSW Health Clinical Ethics Advisory Panel, the Australian National Council on HIV/AIDS and Related Diseases, and the Attorney-General's International Pro Bono Advisory Group.

Brian Babington
BA (Hons.), MA, PhD

Dr Brian Babington is Chief Executive Officer, Families Australia; Convenor of the National Coalition on Child Safety and Wellbeing; Co-Chair of the National Forum for Protecting Australian's Children. Brian is a member of the Plan International Inc. Program Advisory Committee.

Michael R Corry
MA, FCA, FGIA

Michael Corry is a finance professional with extensive experience across a range of enterprises in both commercial and community arenas. He is a Chartered Accountant and Chartered Secretary and holds an MA in Economics from Christ's College, Cambridge. Michael also sits on the Board of Directors for Palliative Care Victoria.

Amanda McKenzie
B Laws (Hons.), B Arts (Political Science)

Amanda McKenzie is Chief Executive Officer of the Climate Council of Australia. Amanda worked previously as a senior communications advisor to the Climate Commission, and spent four years as National Director of the Australian Youth Climate Coalition. Amanda is also the Chair of the Centre for Australian Progress.

Jason Pellegrino
BComm (Accounting), MBA (Hons. List)

Jason Pellegrino is Google's Managing Director for Australia and New Zealand. Prior to this, Jason was responsible for Google's business strategy and commercial capabilities across the Asia Pacific region. Jason has been with Google for 7 years in a variety of roles, including Sales Director, Australia and Head of Strategy & Sales Operations for Google's Australia & New Zealand business. Prior to Google, Jason spent over 15 years in Corporate Strategy, Mergers & Acquisitions and Sales & Marketing in retail, technology and consumer product industries with LEK Consulting, PepsiCo International & KPMG. Jason holds a Bachelor's degree in Commerce from the University of Wollongong and an MBA (Distinction) from The London Business School, where he served as President of the Student Association and as a member of the school's Board of Governors. Jason is a member of the Innovation Taskforce of the Business Council of Australia and a member of ASIC's External Advisory Panel.

Information on Directors (continued)

Philippa F Quinn

Philippa has almost 20 years' experience in news and current affairs journalism as well as public relations in Australia and internationally. She has worked for the past ten years at the Australian Broadcasting Corporation on flagship programs including Australian Story and 7.30. She is currently working as National Network News Editor, ABC TV News.

Sally Treeby

Masters Business (Mkt), Bachelor Business, GAICD.

Sally Treeby is an experienced non-executive director whose board positions also include a private investment company and a philanthropic foundation. Her career has spanned executive and non-executive roles in financial services, agriculture and the philanthropic and community sectors in Australia and the United Kingdom covering the disciplines of strategy, marketing, line management, general management and ethics. Sally and her husband own a bull stud in southern NSW.

Neil R Thompson (retired 30 November 2016)

BA Hons (Melbourne) Grad studies Beijing University, GAICD.

Neil Thompson is an independent company director and corporate advisor. Until July 2015, he was Chief Executive of Velocity Frequent Flyer, part of the Virgin Australia group. He has been a Board Director of Plan Australia since February 2007 and was one of the founding directors of Plan International Hong Kong. He was previously Head of Loyalty Practice, Seabury Aviation, New York and, prior to that, Group General Manager CRM, Qantas Airways. He has extensive experience in data-based marketing, CRM and in business development in Asia and is a member of the Advisory Board of the Australian National University's Centre for China in the World (CIW). He is a former Board Director of the Australia China Business Council and the Australian Direct Marketing Association.

Insurance of officers and indemnities

Plan International provides cover for officers and directors of Plan. The Directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company) incurred in their position as Director or executive officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

Environmental regulation

Plan is committed to comply with all environmental legislation, regulations, standards and codes of practice relevant to its particular activities. It is also committed to keeping abreast of all occupational, health and safety issues.

As far as the directors of Plan are aware there has been no breach of any relevant legislation. The organisation is not subject to significant environmental regulation.

Corporate governance

Corporate governance information is included on page 10.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 9.


Auditor

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

Members' guarantee

The Company is limited by guarantee. If the Company is wound up, the articles of association states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the Company. There were 57 members as at 30 June 2017.

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



Julie C Hamblin (Deputy Chair)
Director



Michael R Corry
Director

Sydney

28/9/ 2017



Auditor's Independence Declaration

As lead auditor for the audit of Plan International Australia for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Plan International Australia and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'DKennett', is written over a faint dotted line.

David Kennett
Partner
PricewaterhouseCoopers

Melbourne
28 September 2017

Corporate Governance Statement

The Board of Directors and its Committees

The Board is responsible for the overall Corporate Governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals. The Board has also established a framework for the management of the Company including a system of internal controls and the establishment of appropriate ethical standards

Composition of the Board

The names of the Directors of the Company in office during the year and at the date of this statement are set out in the Directors' Report on page 2.

Ethical Standards

The Board sets out the standards in accordance with which each Director, manager and employee of the Company is expected to act. The requirement to comply with these ethical standards is communicated to all employees. All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Role of the Corporate Governance Committee

- Review the Board and management policies.
- Monitor the people and performance of the Board, Directors and Chief Executive Officer by annual assessment.
- Ensure a succession plan is in place for the Board, Chair, International Board positions and Board Sub-Committees to ensure there is a sufficient mix of skills, expertise and calibre of Directors with the time commitments to adequately fulfil these roles.

Role of the Finance and Audit Committee

The Finance and Audit Committee meets prior to each Board meeting.

The responsibilities of the Finance and Audit Committee include, but are not restricted to:

- (a) Reviewing financial information and statements;
- (b) Liaising with the external auditors to ensure that the statutory audits are conducted in an efficient and cost effective manner;
- (c) Reviewing external audit reports to ensure that prompt remedial action is taken by management to rectify major deficiencies or breakdowns in controls or procedures which have been identified;
- (d) Monitoring procedures to ensure compliance with statutory requirements;
- (e) Monitoring procedures to ensure that company assets are protected from defalcation, fraud, theft and other forms of diminution;
- (f) Reviewing accounting procedures and controls on a regular basis to ensure their integrity and accuracy;
- (g) Utilising a risk assessment framework across Plan to review and make recommendations as to the organisation's risk assessment practices and procedures and risk management systems in respect to all aspects of its operations;
- (h) Reviewing the monthly financial statements, annual budget, business strategy and the annual report and making recommendations to the Board; and
- (i) Oversight and governance of Plan's investment portfolio.

Role of the Program Advisory Committee (PAC)

The PAC has an important role to play in promoting an appropriate understanding of strategic and operational program matters at the Board level, especially in relation to performance and effectiveness/impact, compliance and strategic directions.

Specifically, PAC acts to:

- (a) Be a guardian of the Board's duty to ensure that the organisation fulfils its mission to have a positive impact on children's lives;
- (b) Analyse and provide advice to the Board about the overarching strategic directions of Plan International Australia's overseas and in-Australia programs;
- (c) Provide advice to the Board about Plan International Australia's performance in relation to the strategic direction of Plan International Australia's overseas and in-Australia programs, especially by keeping under critical review significant changes in the operating environment and emerging trends;
- (d) Advise on oversee of annual program effectiveness review and reflection process;
- (e) Maintain a watching brief on Plan International Australia's performance in relation to program compliance matters (for example, the DFAT accreditation process)
- (f) Be a place for the critical testing of program assumptions and planning ideas;
- (g) From time-to-time or on a rolling basis, examine specific program strategy or policy matters;
- (h) Advise on developments at the Plan International Members' Assembly, the International Board and the International Board Program Committee and provide strategic advice to Plan International Australia's representative/s at these forums; and
- (i) Ensure an appropriate representation of the perspectives of children and young people in Plan International Australia discussions.

In terms of its annual work plan and processes, PAC should:

- (j) Consider, endorse and submit to the Board the program strategy, the annual effectiveness review and the annual proposed CCCD budget;
- (k) Consider, endorse and submit ad hoc program policy proposals to the Board as required; and
- (l) Consider and advise the Board on Plan International Australia's internal and external pre-accreditation report.

Role of the Marketing and Fundraising Committee

- (a) To monitor that adequate funds are raised to ensure the organisation is able to conduct and implement its business.
- (b) To provide guidance and assistance to the Plan staff on fundraising opportunities by way of introductions to key contacts and corporate donors.
- (c) To review and monitor methods of fundraising, including regular giving, child sponsorship, corporate donors, work-place giving, capital funds, endowments and events.
- (d) Overview the costs of fundraising and expenditure associated with marketing and promotions.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

The Role of Stakeholders

The Board of Directors aims to ensure that the stakeholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to stakeholders as follows:

- The Annual Report is made available to all stakeholders via the company's website: www.plan.org.au. The Board ensures that the Annual Report includes relevant information about the operations of the Company and details of future developments, in addition to other disclosures required under the *Australian Charities and Not-for-profits Commission Act 2012*.

The Board encourages full participation of members at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

Plan International Australia ABN 49 004 875 807

Annual report - 30 June 2017

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These financial statements are consolidated financial statements that cover Plan International Australia and its wholly owned subsidiaries, Plan International Australia in PNG Inc and Plan International Australia in Solomon Islands Trust Board Inc. The financial statements are presented in the Australian currency and rounded to the nearest \$1,000.

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

Plan International Australia
Level 18
60 City Road
Southbank VIC 3006

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on page 2, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 28 Sep 2017. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial statements and other information are available on our website: www.plan.org.au.

Plan International Australia
Consolidated statement of comprehensive income
For the year ended 30 June 2017

	Notes	Consolidated entity	
		2017 \$'000	2016 \$'000
Revenue from continuing operations	4	67,154	63,275
Other gains	5	467	-
Expenses			
World Food Program emergency food distribution	6	(20,828)	(13,816)
Other overseas projects	6	(28,438)	(31,327)
Other project costs		(4,676)	(3,891)
Community education		(1,112)	(991)
Fundraising costs - public		(9,520)	(8,564)
Fundraising costs - government, multilateral and private sector		(113)	(182)
Administration		(3,963)	(3,942)
(Deficit)/surplus for the year		(1,029)	562
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss)/income		(1,029)	562

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

Plan International Australia
Consolidated statement of financial position
As at 30 June 2017

	Notes	Consolidated entity	
		2017 \$'000	2016 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	2,433	13,043
Receivables	8	3,354	1,358
Held-to-maturity investments	9	861	888
Total current assets		6,648	15,289
Non-current assets			
Property, plant and equipment	10	475	527
Intangible assets	11	494	976
Financial assets at fair value through profit or loss	12	7,266	-
Total non-current assets		8,235	1,503
Total assets		14,883	16,792
LIABILITIES			
Current liabilities			
Trade and other payables	13	1,188	841
Provisions	14	773	738
Deferred revenue		2,927	4,290
GST payable (receivable)		140	(44)
Total current liabilities		5,028	5,825
Non-current liabilities			
Provisions	15	352	442
Total non-current liabilities		352	442
Total liabilities		5,380	6,267
Net assets		9,503	10,525
EQUITY			
Reserves	16	9,503	10,525
Total equity		9,503	10,525

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

Plan International Australia
Consolidated statement of changes in equity
For the year ended 30 June 2017

Consolidated entity	Notes	Fixed asset reserve \$'000	Grant support reserve \$'000	Investment reserve \$'000	Memorial fund reserve \$'000	Operating reserve \$'000	Retained earnings reserve \$'000	Total reserves \$'000
Balance at 1 July 2015		2,116	1,322	808	1,009	3,018	1,692	9,965
Total comprehensive income/(loss)	16	(613)	(296)	200	903	-	366	560
Balance at 30 June 2016		1,503	1,026	1,008	1,912	3,018	2,058	10,525
Balance at 1 July 2016		1,503	1,026	1,008	1,912	3,018	2,058	10,525
Total comprehensive income/(loss)	16	(532)	974	232	(1,019)	620	(1,297)	(1,022)
Balance at 30 June 2017		971	2,000	1,240	893	3,638	761	9,503

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

Plan International Australia
Consolidated statement of cash flows
For the year ended 30 June 2017

		Consolidated entity	
		2017	2016
Notes		\$'000	\$'000
Cash flows from operating activities			
	Receipts from donors	27,416	28,656
	Government and other grants received	18,112	20,417
	Payments to suppliers and employees	(27,527)	(28,462)
	Payments to Plan International for programs and services	(21,739)	(23,487)
	Interest received	162	324
23	Net cash (outflow) from operating activities	<u>(3,576)</u>	<u>(2,552)</u>
Cash flows from investing activities			
	Payments for property, plant and equipment	(51)	(27)
	Payment of software development	(184)	(179)
	Payments for financial assets at fair value through profit or loss	(6,799)	-
	Net cash (outflow) from investing activities	<u>(7,034)</u>	<u>(206)</u>
Net (decrease) in cash and cash equivalents		(10,610)	(2,758)
	Cash and cash equivalents at the beginning of the financial year	<u>13,043</u>	<u>15,801</u>
7	Cash and cash equivalents at end of year	<u>2,433</u>	<u>13,043</u>

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

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Company Limited by Guarantee

Plan International Australia (Plan) is a company limited by guarantee, having no share capital. The Company was incorporated on 16 April 1971.

Each Member of the Company undertakes to contribute to the Company's property if the Company is wound up while he, she or it is a member or within one year after he, she or it ceases to be a member, for payment of the Company's debts and liabilities contracted before he, she or it ceased to be a member and of the costs, charges and expenses of winding up and for an adjustment of the rights of contributors among themselves such amount as may be required not exceeding twenty dollars (\$20.00).

(a) Organisation and purpose

The Plan International group (hereinafter referred to as Plan International) is an international, humanitarian, child focused development organisation, without religious, political or governmental affiliation.

Plan's prime purpose is to provide sustainable community development programs for the alleviation of poverty and the advancement of the education, health, habitat and livelihood of needy children, their families and communities in developing countries or where such programs may be needed because of war, disaster or other major social disturbances. Plan is an independent non-sectarian, not-for-profit company limited by guarantee. Plan's purpose in Australia is to raise awareness and funds for sustainable community development programs in the developing world as well as manage and participate in Plan's program activities, especially those funded by the Australian Government. Plan also works to build understanding and relationships between children, their families and communities in the developing world, and sponsors and donors in Australia, who provide ongoing financial support.

Plan is an autonomous member of the Plan International worldwide group, made up of a number of similar legal entities. These separate national supporting entities are located in Australia, Belgium, Canada, Colombia, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Japan, Republic of Korea, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, and United States of America. The members jointly subscribe to an agreement that establishes Plan International as the service arm of the worldwide group. Plan's achievements are made possible by pooled resources across the Plan worldwide group.

Plan International Headquarters is located in Dukes Court, Block A, Duke Street, Woking, Surrey, GU21 SBH United Kingdom.

(b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for profits Commission Act 2012*. Plan International Australia is a not-for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The consolidated financial statements for Plan International Australia and its controlled entities comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention

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

1 Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

(iii) New and amended accounting standards

The Directors are continuing to work through the impact of the following standards issued but not yet applied:

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model. The standard is not applicable until 1 July 2018 but is available for early adoption. The consolidated entity does not expect there to be a material impact on its financial statements from the new standard. The consolidated entity will adopt the standard at its application date.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* was released in December 2016. Rather than accounting for all contribution transactions under AASB 1004, the consolidated entity will now need to determine whether a transaction is a genuine donation or actually a contract with a customer. This means that the consolidated entity will need to decide whether the transaction falls within one of two standards: AASB 1058 or AASB 15 *Revenue from Contracts with Customers*.

For income transactions that are not in the scope of AASB 15, AASB 1058 will set out guidance on when a contribution should be recognised - which will generally be up front. AASB 15 will be applied where an entity has an enforceable, sufficiently specific obligation to provide goods or services. Under AASB 15, income will only be recognised as the obligations under the contract are satisfied - potentially resulting in a deferral of income as compared to current AASB 1004.

AASB 1058 also introduces new requirements for income recognition in several other types of transactions which don't fall within the scope of AASB 15, as well as new disclosures.

The new guidance will affect how entities apply the new leasing standard, AASB 16 *Leases*, in the context of below-market leases. AASB 1058 will require entities to:

- record the right-of-use asset at fair value,
- record a liability for the present value of contractual lease payments in accordance with AASB 16, and
- record income for the difference between the asset and liability, either: upfront (if the entity has no ongoing obligations), or when (or as) the entity satisfies any obligations attached to its use of the leased asset that fall in the scope of AASB 15.

The consolidated entity does not expect there to be a material impact on its financial statements from the new standard.

The standard applies to annual reporting periods beginning on or after 1 January 2019, although early adoption is permitted provided entities also concurrently apply AASB 15. The consolidated entity is not early adopting AASB 1058.

1 Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

(iii) New and amended accounting standards (continued)

AASB 16 Leases

The AASB has issued a new standard to govern accounting for leases. This will replace AASB 117 which previously governed the accounting and disclosure of leases. AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the consolidated entity's operating leases. As at the reporting date, the consolidated entity has non-cancellable operating lease commitments of \$2,222,000. However, the consolidated entity has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the consolidated entity's income statement and classification of cash flows. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 July 2019. At this stage, the consolidated entity does not intend to adopt the standard before its effective date.

(c) Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company has the power to govern the financial and operating policies generally accompanying its sole membership of its not-for-profit subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Company.

Intercompany transactions, balances and unrealised gains on transactions between Company companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Plan's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position,
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

(e) Revenue recognition

Revenue is recognised for the major business activities using the methods outlined below.

Donations

Revenues relating to donations are recognised upon receipt of the funds.

Grant income

Grant income is recognised and measured at the fair value of the consideration received or receivable when the entity obtains control of the contribution, it is probable that the economic benefits comprising the contribution will flow to the entity, and the amount of the contribution can be measured reliably.

Income is initially recognised as deferred revenue under current liabilities and revenue is recognised at the point that control of the contribution is obtained.

World Food Program emergency food distribution revenue is recognised in the consolidated statement of comprehensive income upon receipt of official documentation from the World Food Program and converted to Australian dollars based upon the average monthly exchange rate of the month when food distribution took place. Original documentation is stated in United States dollars.

Interest received on funds remitted to Plan International

Funds are regularly transmitted to Plan International in accordance with a predetermined schedule of funding requirements. However, if any funds transmitted to Plan International are in excess of current disbursement needs, these are invested by Plan International. Interest income earned on these investments is then allocated back to the respective national organisations in accordance with an established formula, which is based primarily on the ratio that each national organisation's contribution bears to the total contribution from all national organisations. Interest is recognised on an accrual basis.

Donations of goods and services

Resources received in the form of intangible income such as donated facilities, voluntary help or beneficial loan arrangements, the value of which cannot be accurately quantified, are not included in the financial statements.

Nevertheless, the Directors recognise and appreciate the inestimable value to Plan of the resources received and services voluntarily given by corporations, groups and individuals.

1 Summary of significant accounting policies (continued)

(f) Income tax

Plan is exempt from the payment of income tax under Subdivision 50-B of the Income Tax Assessment Act 1997.

(g) Leases

There were no finance leases in operation during the year. Other leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income over the period of the lease. The current lease agreement has a life time of 10 years.

(h) Impairment of assets

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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(j) Trade receivables

Trade receivables are recognised at fair value and are due for settlement no more than 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

(k) Investments

Held-to-maturity investments

The investments Plan hold as held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

These investments are initially recognised at fair value. Interest income is presented in the consolidated statement of comprehensive income within investment income in the period in which it arises.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current. At initial recognition, the consolidated entity measures a financial asset at its fair value. Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in profit or loss within other income or other expenses. Dividends on financial assets at fair value through profit or loss are recognised in profit or loss as part of revenue from continuing operations when the consolidated entity's right to receive payments is established. Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). The consolidated entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

1 Summary of significant accounting policies (continued)

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- | | |
|--------------------------|--------------|
| • Plant and equipment | 3 - 10 years |
| • Computer equipment | 3 years |
| • Computer software | 3 - 5 years |
| • Leasehold improvements | 5 - 10 years |

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income.

(m) Intangible assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include directly attributable labour costs. Amortisation is calculated on a straight line basis over a period of 3 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Company has an intention and ability to use the asset.

(n) Trade and other payables

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

(o) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

1 Summary of significant accounting policies (continued)

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the consolidated entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(q) Reserves and retained surpluses

Refer to note 16 for accounting policies in respect of these items.

(r) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

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

(s) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(t) Comparative financial information

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability and provide more appropriate information to users.

(u) Parent entity financial information

The financial information for the parent entity, Plan International Australia, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements.

2 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out on a day to day basis by the Company's management under guidance from the Board of Directors.

The Company holds the following financial instruments:

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	2,433	13,043
Receivables	3,354	1,358
Held-to-maturity investments	861	888
Financial assets at fair value through profit or loss	7,266	-
GST receivable	-	44
	13,914	15,333
Financial liabilities		
Trade payables	804	604
Other payables	705	237
GST payable	140	-
	1,649	841

(a) Market risk

The Company has held-to-maturity type investments and term deposits. These financial assets are considered to be liquid in nature. Refer to note 4 for the investment income from these held-to-maturity type financial assets. As a result of these investments the operating cash flows of the Company are exposed, although not materially to changes in the market interest rates. These financial assets are held to their maturity in one year or less and carry fixed interest rates between 2.35% and 3% (2016: Between 2.35% and 2.9%).

The Company has no significant interest bearing liabilities.

(b) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The Company has no significant concentrations of credit risk. At year end the Company does not have any significant amounts that are receivable from external parties.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and liquid investments and the availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping adequate cash resources, liquid investments and credit lines available.

3 Critical estimates, judgements and errors

The preparation of the financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

4 Revenue

	Consolidated entity	
	2017	2016
	\$'000	\$'000
From continuing operations		
Donations and Gifts - Monetary and Non-Monetary		
Child sponsorship	21,093	21,727
Designated projects	6,278	5,961
	27,371	27,688
 Legacies and bequests	22	903
	27,393	28,591
 Grants		
World Food Program emergency food distribution	20,828	13,816
DFAT	11,279	15,370
Other Australian	4,058	757
Other Overseas	3,375	4,308
	39,540	34,251
 Other revenue		
Investment income - Interest	199	368
Other revenue	22	65
	221	433
	67,154	63,275

5 Other gains

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Fair value gains on financial assets at fair value through profit or loss	467	-

6 Expenses

	Consolidated entity	
	2017	2016
	\$'000	\$'000
(Deficit)/surplus includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	6	9
Computer equipment	76	70
Leasehold improvements	85	86
Total depreciation	167	165
 <i>Amortisation</i>		
Website	43	41
Computer software	621	613
Total amortisation	664	654
 Employee benefits expenses	 8,325	 7,049
 <i>Rental expense relating to operating lease</i>		
Minimum lease payments	535	481
 World Food Program funds remitted to Plan International	 20,828	 13,816
 Surplus funds remitted to Plan International	 26,499	 27,037
 Remittances to other institutions	 3,421	 3,578

7 Current assets - Cash and cash equivalents

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Cash	2,433	13,043

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

(a) Cash at bank

Cash at bank is bearing a floating interest rate between 0.60% and 1.75% (2016: 0.60% and 2%).

(b) Fair value

The carrying amount of cash and cash equivalents equals the fair value.

(c) Risk exposure

The Company's exposure to market, credit and liquidity risk is discussed in note 2. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

8 Current assets - Receivables

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Trade and other receivables	2,795	1,284
Provision for impairment of receivables	(41)	-
	2,754	1,284
Receivables from related parties	524	-
Prepayments	76	74
	3,354	1,358

Further information related to receivables from related parties is set out in note 20.

9 Current assets - Held-to-maturity investments

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Fixed term deposits (maturity greater than three months)	861	888

The investments are to be held to their maturity in one year or less and carry fixed interest rates between 2.35% and 3% (2016: 2.35% and 2.9%).

10 Non-current assets - Property, plant and equipment

Consolidated entity	Plant and equipment \$'000	Leasehold improvements \$'000	Computer equipment \$'000	Total \$'000
At 1 July 2015				
Cost	156	998	814	1,968
Accumulated depreciation	(131)	(477)	(695)	(1,303)
Net book amount	25	521	119	665
Year ended 30 June 2016				
Opening net book amount	25	521	119	665
Additions	1	-	26	27
Disposals	-	-	(2)	(2)
Depreciation charge	(9)	(86)	(68)	(163)
Closing net book amount	17	435	75	527
At 30 June 2016				
Cost	157	998	838	1,993
Accumulated depreciation	(140)	(563)	(763)	(1,466)
Net book amount	17	435	75	527
Consolidated entity				
Year ended 30 June 2017				
Opening net book amount	17	435	75	527
Additions	1	29	85	115
Depreciation charge	(6)	(85)	(76)	(167)
Closing net book amount	12	379	84	475
At 30 June 2017				
Cost	63	961	576	1,600
Accumulated depreciation	(51)	(582)	(492)	(1,125)
Net book amount	12	379	84	475

11 Non-current assets - Intangible assets

Consolidated entity	Website * \$'000	Computer software ** \$'000	Total \$'000
At 1 July 2015			
Cost	732	2,973	3,705
Accumulated amortisation and impairment	(662)	(1,592)	(2,254)
Net book amount	70	1,381	1,451
Year ended 30 June 2016			
Opening net book amount	70	1,381	1,451
Additions	55	124	179
Amortisation charge	(41)	(613)	(654)
Closing net book amount	84	892	976
At 30 June 2016			
Cost	787	3,097	3,884
Accumulated amortisation and impairment	(703)	(2,205)	(2,908)
Net book amount	84	892	976
Consolidated entity			
Year ended 30 June 2017			
Opening net book amount	84	892	976
Additions	-	182	182
Amortisation charge	(45)	(619)	(664)
Closing net book amount	39	455	494
At 30 June 2017			
Cost	836	3,281	4,117
Accumulated amortisation and impairment	(797)	(2,826)	(3,623)
Net book amount	39	455	494

* Website is an internally generated intangible asset.

** Computer Software includes Payment Card Industry Data Security Standard (PCIDSS) compliance, Customer Relationship Management software and computer upgrade projects.

12 Non-current assets - Financial assets at fair value through profit or loss

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Opening net book amount	-	-
Additions	7,000	-
Disposals	(201)	-
Adjustment to fair value	467	-
Closing net book amount	<u>7,266</u>	<u>-</u>

13 Current liabilities - Trade and other payables

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Trade and other payables	354	604
Payables to related parties	130	-
Other payables	704	237
	<u>1,188</u>	<u>841</u>

Further information related to payables to related parties is set out in note 20.

14 Current liabilities - Provisions

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Employee benefits	728	677
Lease incentives	45	61
	<u>773</u>	<u>738</u>

15 Non-current liabilities - Provisions

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Employee benefits	77	70
Lease incentives	275	372
	<u>352</u>	<u>442</u>

16 Reserves and retained (deficit)/surplus

(a) Reserves

	Consolidated entity	
	2017 \$'000	2016 \$'000
Fixed asset reserve	971	1,503
Grant support reserve	2,000	1,026
Investment reserve	1,240	1,008
Memorial fund	893	1,912
Operating reserve	3,638	3,018
Retained earnings reserve	761	2,058
	9,503	10,525

	Consolidated entity	
	2017 \$'000	2016 \$'000

Movements:

<i>Fixed asset reserve</i>		
Opening balance	1,503	2,116
Transfer (to) other reserves	(532)	(613)
Balance 30 June	971	1,503

<i>Grant support reserve</i>		
Opening balance	1,026	1,322
Transfer from (to) other reserves	974	(296)
Balance 30 June	2,000	1,026

<i>Investment reserve</i>		
Opening balance	1,008	808
Transfer from other reserves	232	200
Balance 30 June	1,240	1,008

<i>Memorial fund</i>		
Opening balance	1,912	1,009
Transfer (to) from other reserves	(1,019)	903
Balance 30 June	893	1,912

<i>Operating reserve</i>		
Opening balance	3,018	3,018
Transfer from other reserves	620	-
Balance 30 June	3,638	3,018

<i>Retained earnings reserve</i>		
Opening balance	2,058	1,692
Transfer (to) from other reserve	(1,297)	366
Balance 30 June	761	2,058

16 Reserves and retained (deficit)/surplus (continued)

(a) Reserves (continued)

(i) Nature and purpose of other reserves

Fixed asset reserve

The fixed asset reserve represents the written down value of fixed assets.

Grant support reserve

The grant support reserve represents unrestricted funds that can be distributed for program use. The grants support reserve is a fund used to guarantee grant matches in any particular year or to pre-finance a grant where the donor only pays in arrears or after results.

Investment reserve

Amounts representing the capital reserve to support Plan programs that help vulnerable families in Africa and Asia to achieve long-term food security. This includes The Food for Life Fund which receives donations from major donors in the form of living gifts or bequests for the express purpose of assisting with food needs of children.

Memorial fund

The memorial fund reserve represents the principal of contributions held in accordance with the wishes of the donor, to remain in perpetuity in Australia for use by Plan Australia for purposes specified by the donor.

Operating reserve

The operating reserve is maintained for business continuity reasons. It provides a healthy buffer for daily operations as well as acting as a risk mitigation measure in the event of some major breakdown either within PIA or in the building, city or nation. The operating reserve would enable PIA to continue operating albeit at reduced capacity for a minimum of 3 months.

The operating reserve also serves as store of equity to provide guarantees and bonds for ongoing business. Two examples are the Lease Guarantee and the Credit Card Bond.

Retained earnings reserve

Amounts representing restricted and unrestricted funds to be distributed for program and other designated use. Retained earnings reserve is the retained earnings of the business at any point in time that is not held in other designated reserves. It generally represents the available float of funds held by the business that is awaiting distribution.

(b) Retained (deficit)/surplus

Movements in retained (deficit)/surplus were as follows:

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Balance 1 July	-	-
Net (deficit)/surplus for the year	(1,029)	562
Transfers from fixed asset reserve	532	613
Transfers (to) from grant support reserve	(974)	296
Transfers (to) investment reserve	(232)	(200)
Transfers from (to) memorial fund	1,019	(903)
Transfers (to) operating reserve	(620)	-
Funds transferred from (to) retained earnings reserve	1,297	(366)
Cumulative translation adjustment	7	(2)
Balance 30 June	-	-

17 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

PricewaterhouseCoopers Australia

Audit and other assurance services

	Consolidated entity	
	2017	2016
	\$	\$
Audit and review of financial statements	43,000	35,000
Total remuneration for audit and other assurance services	43,000	35,000

18 Contingencies

Plan International Australia holds a security deposit guarantee of \$383,309 at 30 June 2017 by the Company's bank in favour of Perpetual Trustee Company Limited (2016: nil).

19 Commitments

Lease commitments: Company as lessee

Non-cancellable operating leases

The organisation leases its offices under non-cancellable operating leases expiring in 2020. On renewal, the terms of the lease are renegotiated.

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	749	720
Later than one year but not later than five years	1,473	2,222
	2,222	2,942

20 Related party transactions

(a) Parent entities

The nature of the organisation's activities and relationship with Plan International is described in note 1 to the financial statements.

(b) Controlled entities

Foster Parents Plan of Australia Pty Ltd is a dormant shelf company formed in 1991 for the purpose of facilitating the change of name from Foster Parents Plan of Australia to Plan International Australia. Foster Parents Plan of Australia Pty Ltd was deregistered during the financial year on 21 December 2016.

20 Related party transactions (continued)

(c) Subsidiaries

Plan International Australia in PNG Inc is a subsidiary of Plan International Australia that commenced operations prior financial year.

Plan International Australia in Solomon Islands Trust Board Inc is a subsidiary of Plan International Australia that has been registered during the year. Operations commenced after the financial year in July 2017.

(d) Key management personnel compensation

	Consolidated entity	
	2017	2016
	\$	\$
Employee benefits	1,170,300	1,141,284

There were no other transactions with key management personnel in the year.

(e) Remuneration and retirement benefits

The Directors serve in an honorary capacity and do not receive remuneration for their services as Directors of the Company. No amounts were paid on retirement from office or to prescribed superannuation funds in respect of Directors of the Company.

(f) Other transactions with Directors and Director-related entities

There were no transactions with the Directors and Director related entities during the year.

(g) Transactions with related parties

As disclosed in note 6, Plan has the following transactions with related parties:

	Consolidated entity	
	30 June	30 June
	2017	2016
	\$	\$
World Food Program funds remitted to Plan International	20,828,293	13,815,853
Surplus funds remitted to Plan International	26,499,175	27,036,911

Amounts are transferred to Plan International for program and services expenditures. The Directors are not paid any remuneration for their services as Directors of the Plan International Board or as members of the Plan International Members Assembly. Interest is received from Plan International on remitted funds.

20 Related party transactions (continued)

(h) Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	Consolidated entity	
	2017	2016
	\$	\$
<i>Current receivables</i>		
Plan International	251,211	-
Other related parties	272,415	-
<i>Current payables</i>		
Plan International	6,269	-
Other related parties	124,183	-

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

21 Members' guarantee

The Company is limited by guarantee. If the Company is wound up, the articles of association states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the Company. There were 57 members as at 30 June 2017.

22 Events occurring after the reporting period

No matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

23 Cash flow information

Reconciliation of surplus from ordinary activities to net cash (outflow) from operating activities

	Consolidated entity	
	2017	2016
	\$'000	\$'000
Surplus of revenue over operating expenses	44,019	42,127
Payments to Plan International	(45,047)	(41,565)
(Deficit)/surplus for the year	(1,028)	562
Adjustment for		
Depreciation and amortisation	816	819
Fair value (gains) on financial assets at fair value through profit or loss	(467)	-
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(2,037)	(1,246)
(Decrease) in trade and other payables	(251)	(442)
(Decrease) in other operating liabilities	(554)	(2,272)
Increase in other provisions	58	140
(Decrease) in other liabilities	(113)	(113)
Net cash (outflow) from operating activities	(3,576)	(2,552)

24 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2017	2016
	\$'000	\$'000
Balance sheet		
Current assets	6,782	15,430
Total assets	15,011	16,931
Current liabilities	5,532	6,040
Total liabilities	5,807	6,413
<i>Shareholders' equity</i>		
Reserves		
Grant support reserve	2,000	1,026
Investment reserve	1,240	1,008
Memorial fund	893	1,912
Fixed asset reserve	971	1,503
Operating reserve	3,638	3,018
Retained earnings	462	2,051
	9,204	10,518
Profit for the year	1,638	553
Total comprehensive income	66,504	63,209

(b) Contingent liabilities of the parent entity

The parent entity holds a security deposit guarantee of \$383,309 at 30 June 2017 by the Company's bank in favour of Perpetual Trustee Company Limited (2016: nil).

**Plan International Australia
Directors' declaration
30 June 2017**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 12 to 36 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) complying with Accounting Standards - Reduced Disclosure Requirements, the ACNC regulations and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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



Julie C Hamblin (Deputy Chair)
Director



Michael R Corry
Director

Sydney
28/9/17 2017



Independent auditor's report

To the members of Plan International Australia

Our opinion

In our opinion:

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2017
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional 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.

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Independent auditor's report (continued)

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Corporate directory, the Directors' report, the Corporate Governance Statement, and the Information and declarations to be furnished under the Charitable Fundraising Act 1991 included in the Annual report, 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the financial report

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

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



Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial report

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

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

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'DK'.

David Kennett
Partner

Melbourne
28 September 2017

Information and declarations to be furnished under the Charitable Fundraising Act 1991

Authority Condition 6(1)(a): Statement of income and expenditure (fundraising)

	2017 \$'000s	2016 \$'000s
Revenue		
Donations and Gifts - Monetary and Non-Monetary		
Child sponsorship	21,093	21,727
Appeals	1,498	1,808
Designated projects	4,780	4,153
Legacies and bequests	22	903
	<u>27,393</u>	<u>28,591</u>
Total Fundraising costs	9,520	8,564
Surplus of revenue over disbursements from fundraising activities	<u>17,873</u>	<u>20,027</u>

Authority Condition 6(1)(b): Balance sheet

Please refer to Balance Sheet

Authority Condition 6(2)(a): Accounting principles

Please refer to Note 1 in Notes to financial statements

Authority Condition 6(2)(b): Material matter or occurrence

Please refer to Directors' report

Authority Condition 6(2)(c): Direct services, charitable objects, costs of administration

Please refer to Directors' report

Authority Condition 6(2)(d): Appeals in which traders were engaged

Gross Income *	3,925	2,828
Direct expenditure	3,208	1,655

* Gross income has been extrapolated to reflect the full expected benefit from the acquisition of a sponsor at the annual rate of \$576 for the year.

Direct expenditure = Sign up Fees

Information and declarations to be furnished under the Charitable Fundraising Act 1991 (continued)

Authority Condition 6(2)(e): Comparisons

	2017 \$'000s	2016 \$'000s
(i) total costs of fundraising (FR) to the gross income fundraising		
Total FR costs	9,520	8,564
Gross FR income	27,393	28,591
Ratio	35%	30%
(ii) net surplus from fundraising to the gross income from fundraising		
Net FR surplus	17,873	20,027
Gross FR income	27,393	28,591
Ratio	65%	70%
(iii) total costs of services provided by the authority holder to the total expenditure		
Total costs	19,384	17,570
Total expenditure	67,849	62,713
Ratio	29%	28%
(iv) total costs of services provided by the authority holder to the total income received		
Total costs	19,384	17,570
Total income	66,504	63,725
Ratio	29%	28%

Authority Condition 6(3): Statement of income and expenditure for fundraising appeals

Please refer to Statement of income and expenditure (fundraising)

Information and declarations to be furnished under the Charitable Fundraising Act 1991 (continued)

Directors' Declaration in accordance with authority condition 6 (4)

The Directors declare that:

- (a) the income statement gives a true and fair view of all income and expenditure of the organisation for the year ended 30 June 2017 with respect to fundraising appeals, and
- (b) the balance sheet gives a true and fair view of the state of affairs of the organisation as at 30 June 2017 with respect to fundraising appeals conducted by the organisation, and
- (c) the provisions of the Act, the regulations under the Act and the conditions attached to the authority have been complied with by the organisation, and
- (d) the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

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



Julie C Hamblin
DIRECTOR



Michael R Corry
DIRECTOR

Sydney

This 28 day of SEPTEMBER 2017