

Oxfam Australia

ABN 18 055 208 636



Financial Report
for the year ended 31 March 2018

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Oxfam Australia - Financial Report

Corporate Information

This financial report covers the consolidated entity comprising Oxfam Australia and its subsidiary, Oxfam Australia Trading Pty Ltd ("the Group"). The Group's functional and presentation currency is AUD (\$).

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$000).

A description of the Group's objectives and of its principal activities is included in the review of operations and activities in the Directors' report on page 4.

Directors (non-executive)

Dennis Goldner	Chair
Ann Byrne	Deputy Chair
Selwyn Button	Director
Peter Croft	Director
Melissa Houghton	Director
Fiona Kotvojs	Director
Judi Moylan	Director
Alan Wu	Director
Barbara Rugendyke	Director (resigned May 2018)
Gregory Ridder	Director
Belinda Tallis	Director
Michael Wright	Director (resigned September 2017)
Geoff McClellan	Director (commenced September 2017)

Staff Participants

John Siddham	Commenced October 2016
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Registered office and Principal place of business

132 Leicester Street
Carlton, Victoria, 3053
Phone: +61 3 9289 9444
www.oxfam.org.au

Solicitors

Corrs Chambers Westgarth
600 Bourke Street
Melbourne, Victoria 3000

Corporate Information (cont.)

Bankers

Westpac Banking Corporation
GPO Box 3433
Sydney, NSW 2001

Crestone Holdings Limited
Level 18, 120 Collins Street
Melbourne, Victoria 3000

Auditors

Emst & Young
8 Exhibition Street
Melbourne, Victoria 3000

Directors' Report

The Directors submit their report for the year ended 31 March 2018.

Directors

The names and details of the Directors in office during the financial year ended 31 March 2018 and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience, and special responsibilities

Dennis Goldner
Chair
BEc (Hons), FAICD

Dennis was a partner at Deloitte for 20 years, retiring in 2009. His earlier career was spent in the Australian and Victorian public sector, having worked in industry policy, trade and competition policy agencies reaching senior levels. He now leads Deloitte's Responsible Business agenda nationally and chairs The Deloitte Foundation. Dennis also serves as a member of the Library Board of Victoria and on the board of the Melbourne Chamber Orchestra. He has completed terms on the board of The Royal Children's Hospital Melbourne, Deloitte Australia, Regional Arts Australia and Regional Arts Victoria (both as chair). Dennis has an honours degree in Economics from the University of Sydney and is a Fellow of the Australian Institute of Company Directors.

Ann Byrne
Deputy Chair
HDTs, GradDip (HRC), GradDip
(Superannuation), FAICD, FAIST

Until November 2013 Ann worked in the finance sector particularly in the management of superannuation funds (UniSuper and Superannuation Trust of Australia) and with the Australian Council of Superannuation Investors advocating for the effective management of environmental, social and governance investment risk to achieve long term sustainable performance. Ann is a Board member of LUCRF Super and a Board member of ECPAT International. Ann is a fellow of the Australian Institute of Company Directors and the Australian Institute of Superannuation Trustees.

Selwyn Button
B. Teaching

Selwyn is an Aboriginal man with extensive professional experience in various social service fields supporting Indigenous communities. He is currently Assistant Director-General, State Schools - Indigenous Education in the Queensland Department of Education and Training. Immediately prior to joining the Oxfam Australia Board, he was CEO of the Queensland Aboriginal and Islander Health Council for four years. Selwyn is also a Director on a number of other Boards: The Lowitja Institute; Queensland South Native Title Service Ltd and previously sat on the Queensland Council of Social Services Board.

Peter Croft
BSc, BEc, MAICD

Peter is a long-time supporter of Community Aid Abroad and a Director of Oxfam Australia Trading since September 2011. Peter was formerly a Director of South Australia's Department for Environment and Heritage.

Melissa Houghton
MBA, BA

Based in NSW, Melissa is an experienced marketing and communications executive and owner of Eighty20 Communications. In her 20 plus years, Mel has worked with for corporates, government and not-for-profits, successfully developing and delivering communications and marketing strategies to drive the commercial outcomes for the organisation. The breadth of industry experience ranges from publishing, property, recruitment, telecommunications and food manufacturing having held senior positions in a number of large organisations including News Digital Media, Telstra, Defence Force Recruiting and the Green Building Council of Australia. She has a record of active community involvement and is a keen Oxfam Trailwalker participant.

Dr Fiona Kotvojs
D. Ed, MBA, Grad Dip Bus Mgt, Grad Dip.
Ed, Grad Dip Asses & Eval., BSc [Hon],
GAICD

Dr Fiona Kotvojs brings 30 years' experience in the international development sector, encompassing design, management and evaluation of programs. She has a commitment to sustainability and capacity development, and is a recognised expert in these areas. Fiona has worked across a range of sectors including education, agriculture, fisheries, infrastructure, economic governance, community development and law and justice. This is supported by postgraduate qualifications in education, business and evaluation. Fiona is also a graduate of the Australian Institute of Company Directors. Community is a strong focus for Fiona. Consequently she maintains an active involvement in her community, including a number of leadership roles.

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Directors' Report (cont.)

The Hon Judi Moylan AO
Dip REMgmt, GAICD

The Hon Judi Moylan was elected to the federal Seat of Pearce in 1993 and served as Minister for Family Services and Minister for the Status of Women. Mrs Moylan was a Permanent Delegate to the International Parliamentary Union, Chair of the Australia/China Friendship Parliamentary Group, an Observer in the Indonesian elections in 1999 and the Cambodian elections in 2013 and has led many high-level delegations abroad. Mrs Moylan retired from parliament in 2013 and was appointed Independent President and Chair of the Board of Diabetes Australia, Co-chair National Diabetes Strategy Advisory Group 2013-2015, Global Coordinator of the International Diabetes Federation's Parliamentarians for Diabetes Global Network 2013-2015 and to the Diabetes Forum of the World Innovation Summit for Health 2015. She has been the recipient of the Sir Kempson Maddox award, Diabetes Australia Outstanding Services award, the Alan Missen Medal, and lifetime achievement awards from Juvenile Diabetes Research Foundation and Novo Nordisk.

Alan Wu
BA, LLB, GDLP, LLM

Alan is a public sector lawyer. Previously, as the Chair of Australia's peak body for young people, Alan led the successful campaign to re-establish the position for a federal Minister for Youth position. He also helped secure new, annual government funding to ensure, for the first time in more than a decade that young Australians had a seat at the table, wherever the national agenda was being shaped. Internationally, Alan has served as Special Envoy for Young People to the Executive Director of the UN Environment Programme, and on the Australian National Commission for UNESCO. He was recently commissioned by the World Economic Forum to help grow its Global Shapers Community, which supports young changemakers across the world.

Greg Ridder
BBus(Acc) GradDip(Mktg) CPA GAICD

Greg has an extensive career as an executive in the packaging industry, where he was formerly President of Asia Pacific Operations at NYSE listed Owens Illinois. He is a past President of the Packaging Council of Australia and has been a member of the Business Council of Australia. In the not-for-profit sector Greg has held interim leadership roles as CEO at the Australian Institute of Architects; CEO at Phoenix Australia - Centre for Posttraumatic Mental Health and at World Vision Australia where he has been CFO. Greg's board roles include Kogan.com and Tibaldi Smallgoods, both of which he chairs, and also at Phoenix Australia - Centre for Posttraumatic Mental Health and B Lab Australia & New Zealand. Greg has completed an Accounting degree at RMIT, a Graduate Diploma in Marketing at Monash University and the Advanced Management Programme at INSEAD in France. He is a CPA and graduated member of the Australian Institute of Company Directors.

Belinda Tallis
LLB, BEc, GDLP, GAICD, TFASFA

Belinda is an experienced company director with expertise in financial services, not-for-profit organisations, strategy, legal, compliance, risk and governance. Until 2014, Belinda worked as a senior executive in the finance sector primarily in the funds management industry. Formerly a lawyer with 30 years commercial legal experience, Belinda spent 17 years as the head of legal & compliance and company secretariat for several international financial services firms and is currently working as an independent member on the compliance committees of investment fund managers and as a non-executive director including for a small start-up in the mental health space. Belinda has a Law/Economics degree from the University of Adelaide and is a Graduate of the Australian Institute of Company Directors and a Trustee Fellow of the Association of Superannuation Funds of Australia.

Geoff McClellan
MA (Curatorship), BA (Hons), GCertBus
Commenced: September 2017

Geoff is an experienced senior executive, director and chairman. He is one of Australia's leading corporate litigators dealing with major strategic corporate disputes and regulatory matters for a significant cross section of ASX100 listed companies. He combines this with many years of experience in senior leadership, governance and global management positions at leading global law firm Herbert Smith Freehills (HSF). He is currently a partner of HSF, a Director of Lifeline Australia Ltd, a past Chairman and Senior partner of Freehills and Managing Partner of HSF.

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Directors' Report (cont.)

Board Staff Participant

John Siddham

Grad Dip (App Sc), M Bus (IT), MA
(International Relations)

John is the staff participant on the Board. He has been with Oxfam for over five years and currently works as a Program Information Coordinator. John has worked across several sectors including youth, housing and homelessness, public health and international development. As the Director of Information Technology at BreastScreen Victoria, John developed major innovative projects that enabled the program to scale up and grow. As the Program Director for livelihood programs at Jyotirmai in India, John undertook major reforms in the design and delivery of programs. Early in his career, John worked at the grass root level with student and youth movements in local communities in India. He then worked as a National Coordinator, and as an Asia Regional Coordinator. He was elected as the Secretary general to lead the international student NGO present in over 90 countries. John has a strong passion for social justice and is a keen observer of international affairs.

Company Secretary

Anthony Alexander

BBus, CPA, MAICD

Anthony joined Oxfam as the Chief Financial Officer in 2011. Anthony has had 20 years of experience in both the not-for-profit and commercial sectors. Anthony's last role was the National Finance Manager and Company Secretary for the Royal Flying Doctor Service, based in Sydney. Previously, Anthony worked as the Commercial Manager for Mission Australia (Victoria, South Australia and Tasmania) providing financial leadership across the organisation's community, employment and training services.

Board Observer

Esther Gyorki

MA (Curatorship), BA (Hons), GCertBus
Commenced: December 2017

Esther Gyorki is an arts manager who has worked in diverse roles across the arts sector. She currently works as Communications Manager with Regional Arts Australia as well as working on a number of additional arts and community projects in metropolitan and regional Victoria. Previously, Esther has worked for organisations including Warmun Art Centre, Ballarat International Foto Biennale and the Alice Desert Festival and most recently managed the Australian Cultural Fund, a fundraising platform for Australian artists and arts organisations.

Corporate structure

Oxfam Australia

Oxfam Australia is an income tax exempt charitable organisation, incorporated as a company limited by guarantee and domiciled in Australia. Oxfam Australia has prepared a consolidated financial report incorporating the entity that it controlled during the financial year ended 31 March 2018. Today the organisation is a secular, independent, non-government, not-for-profit organisation working in 28 countries around the world, including Australia.

Oxfam Australia Trading Pty Ltd

Oxfam Australia Trading Pty Ltd is a fully owned subsidiary of Oxfam Australia and is an income tax exempt charitable organisation. It is a Fair Trade Organisation providing better trading conditions and capacity building support for marginalised producers. Oxfam Australia Trading Pty Ltd operates a commodities wholesale business, an online shop, a mail order catalogue and 13 stores around the country.

Principal activities and objectives

Oxfam Australia is one of 20 Oxfam affiliates around the world that form the Oxfam confederation. We work together to achieve Oxfam's ultimate goal of a just world without poverty where people influence decisions that affect their lives, enjoy their rights, and assume their responsibilities — a world in which everyone is valued and everyone is treated equally.

Oxfam Australia works with people and communities in our region. Our programs make a genuine and significant difference to people's lives, as we draw on our more than 60 years of experience in tackling poverty and inequality in the East Asia, Pacific and South Asia regions.

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Directors' Report (cont.)

We also work with Australia's Aboriginal and Torres Strait Islander peoples to strengthen their self-determination.

Operating at all levels — from individual households to global forums — Oxfam Australia:

- Saves lives before, during, and after humanitarian crises
- Works locally with people and communities to support their development and influence policies and practices that will reduce poverty
- Influences governments, institutions and businesses to develop and implement laws, policies and practices that help people rise out of poverty

Oxfam Australia also runs humanitarian appeals to which the Australian public generously responds, and in 2017/18 these appeals raised \$1,524,287. The Oxfam shops help to build our profile, educate the public, and raise funds for our programs, and by selling a range of Fair Trade and other selected products, we are able to support small-scale producers in countries where we work.

Operating and financial review

We are reporting a consolidated operating deficit of \$3.0 million. Our consolidated comprehensive deficit however was \$0.2 million, which reflected \$2.8 million revaluation increment relating to our Land and Buildings classified within Property, Plant and Equipment, which is accumulated in a reserve within Equity. The revaluation model for Land and Buildings was adopted in 2017 in order to present the current market values of properties, hence more relevant financial information for our supporters and the general public.

Our consolidated operating deficit of \$3.0 million primarily reflected the performance of our subsidiary, Oxfam Australia Trading Pty Ltd. This included \$0.6 million expended on a transformation plan which is targeted at improving the financial performance of retail operations, whilst ensuring continued support to our Fair Trade producer partners. We reported positive cash flow from operations of \$3.8 million which largely reflects the collection of outstanding balances from Institutional Donors carried over from the prior year.

Our consolidated income of \$97.8 million indicates an increase of \$6.9 million from the prior year. Our major income source was from community support income contributing \$51.4 million. We also spent \$57.3 million on our long term program development, advocacy and emergency responses during the year, a \$2.4 million increase on prior year. Expenditure on income-generating activity to increase our community support income, both now and for the future, continues to be a high priority for the organisation. Once again this year, we were able to ensure our program, fundraising and administration ratios were within our published target range.

Whilst our overall equity position is strong, we had a deterioration in our working capital position. As noted above, this was due mainly to the underperformance of our retail operations and not achieving our fundraising targets for the year.

Oxfam Australia has been disappointed at the continued reduction in the Australian Government aid program and will continue to advocate to both government and opposition parties on the importance of an increased and sustainable Official Development Assistance budget (Australian Government overseas aid budget).

Looking forward, the organisation continues to promote social justice and fight poverty while maintaining a sound financial position. We need to ensure we continue to focus on building an efficient, effective and resilient organisation into the future.

Key Performance Indicators

The Board, together with management monitor our effectiveness by reporting performance against identified key financial performance indicators (KPIs). Management monitor these KPIs on a regular basis. Directors receive the KPIs for review prior to each Board meeting allowing all of the Directors to actively monitor the Group's performance.

The three principal KPIs for Oxfam Australia are:

- Program Investment Ratio: Program expenditure as a percentage of total expenditure
- Fundraising Cost Ratio: Fundraising expenditure as a percentage of total expenditure
- Administration Ratio: Administration costs as a percentage of total expenditure

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Directors' Report (cont.)

	<u>2017/18*</u>	<u>2016/17*</u>	<u>2015/16*</u>
Program Investment Ratio:	67.3%	67.2%	69.5%
Fundraising Cost Ratio	23.1%	22.1%	20.4%
Administration Ratio:	10.4%	10.7%	9.9%

*Please note: Oxfam Australia Trading Pty Ltd is excluded from the ratio calculations above. For Oxfam Australia standalone figures please refer to note 19 to the Financial Statements.

Our Program Investment ratio remained at similar levels to prior years as we continue to maintain significant investment in our programming and advocacy work. Our Fundraising Cost ratio increased from prior period as a result of continuing fundraising investment in order to maintain and increase our income from the public and support our program funding. Our administration ratio decreased slightly and remained within expected levels. In future years, we aim to increase the amount of program funding provided as a percentage of our total expenditure, and continue to strive for the most efficient and effective administration and fundraising operations.

In addition there are other accountability measures that the Board monitors, including reserves levels, levels of grant income in comparison to community support income and the breakdown of program costs between direct program costs, program support and program management.

Attendance at meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director is shown in the table below. All Directors serve on at least one of the Board's committees, which may also comprise Board-appointed external advisers (co-opted members).

	Directors' Meetings	Finance, Risk & Audit Committee	Governance Committee	Public Engagement Committee	Nominations Committee	Remuneration Committee
	Attended	Attended	Attended	Attended	Attended	Attended
Geoff McClellan	5 (5)	N/A	1 (1)	N/A	N/A	N/A
Selwyn Button	2 (7)	5 (8)	N/A	N/A	N/A	N/A
Ann Byrne	5 (7)	5 (8)	N/A	N/A	N/A	1 (1)
Peter Croft	7 (7)	7 (8)	N/A	N/A	N/A	N/A
Dennis Goldner	6 (7)	6 (8)	3 (3)	N/A	3 (3)	1 (1)
Melissa Houghton	5 (7)	N/A	N/A	4 (4)	N/A	N/A
Fiona Kotvojs	5 (7)	N/A	3 (3)	N/A	N/A	N/A
Judi Moylan	6 (7)	N/A	N/A	3 (4)	N/A	0 (1)
Greg Ridder	5 (7)	4 (4)	2 (2)	N/A	N/A	N/A
Barbara Rugendyke	7 (7)	N/A	3 (3)	N/A	N/A	N/A
Belinda Tallis	6 (7)	8 (8)	N/A	N/A	N/A	N/A
Michael Wright	2 (2)	2 (3)	N/A	1 (2)	N/A	N/A
Alan Wu	7 (7)	N/A	3 (3)	N/A	3 (3)	1 (1)
Staff Participant	Attended	Attended	Attended	Attended	Attended	Attended
John Siddham	6 (7)	N/A	N/A	4 (4)	N/A	N/A

* Meetings eligible to attend are in brackets – meetings can be either face to face or via teleconference.

Committee Membership

The Board's work is supported by the presence and operations of five standing committees, the Finance, Risk and Audit Committee, Public Engagement Committee, Governance Committee, Nominations Committee and Remuneration Committee. Members acting on the committees of the Board during the year were:

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Directors' Report (cont.)

Finance Risk & Audit	Public Engagement	Governance	Nominations	Remuneration
A Byrne ⁽²⁾	J Moylan ^(1 from Aug 17)	A Wu ⁽¹⁾	D Goldner ⁽¹⁾	D Goldner ⁽¹⁾
M Pryn ^(2, 3)	M Houghton ^(1 until Aug 2017)	S Black ^(resigned April 2017)	A Wu	A Byrne
S Button	M Wright ^(resigned Sep 2017)	D Goldner	G Graham ^{(3) (resigned Sep 2017)}	J Moylan
P Croft	L Healy ⁽³⁾	F Kotvojs	B Hartnett ^{(3) (resigned Sep 2017)}	A Wu
D Goldner	J Siddham ^(4 from Oct 2017)	G Ridder ^(from Oct 2017)	J Mitchell ⁽³⁾	
M Wright ^(resigned Sep 2017)	T McMinn ^(3 from Sep 2017)	B Rugendyke	G Romanes ⁽³⁾	
B Tallis	S Black ^(resigned Apr 2017)	I Anderson ⁽³⁾	D Altman ⁽³⁾	
B Watson ⁽³⁾		G McClellan ^(from Nov 2017)	Ai Leen Quah ⁽³⁾	
G Ridder ^(from Oct 2017)				
S McCutchan ^(3 from Oct 2017)				

(1): designates the chair of the committee

(2): designates multiple committee chairs

(3): honorary independent members of the committee and non-director during the reporting period

(4): Staff participant

Liability of Members

Oxfam Australia is a company limited by guarantee. In the event of the company being wound up, the liability of members is limited to \$100.

Indemnification and insurance of directors and officers

The company has paid premiums in respect of a contract insuring all the Directors and officers of the economic entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their respective capacities, other than conduct involving wilful breach of duty in relation to the company. Disclosure of the premium amount paid is prohibited under the policy.

Auditor's independence and non-assurance related services

The Directors received and have accepted the attached Independence Declaration from the auditor of Oxfam Australia.

Non-assurance related services

The Group's auditor, Ernst & Young, provided non-assurance related services throughout the year. The value of these services is disclosed in Note 21.

Signed in accordance with a resolution of the directors.



Dennis Goldner
Chair

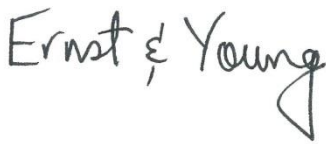


Ann Byrne
Director

Melbourne
10 August 2018

Auditor's Independence Declaration to the Directors of Oxfam Australia

In relation to our audit of the financial report of Oxfam Australia for the year ended 31 March 2018, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* or any applicable code of professional conduct.



Ernst & Young



Paul Gower
Partner
10 August 2018

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2018	NOTE	CONSOLIDATED	
		2018 (\$000)	2017 (\$000)
Community support income	3 (a)	51,363	50,290
Grants (government & non-government)	3 (b)	33,240	27,726
Sale of goods		12,820	12,288
Investment income	3 (c)	190	316
Other operating income	3 (d)	163	258
Total income		97,776	90,878
Program costs	3 (e)	57,347	54,898
Fundraising expenses		19,432	17,780
Cost of goods sold		6,953	6,256
Administration and other operating costs	3 (f)	17,703	16,779
Foreign exchange gain	3 (g)	(678)	(121)
Finance costs		6	8
Total expenses		100,763	95,600
Net deficit for the year		(2,987)	(4,722)
Other comprehensive income / (loss)			
Net (loss) / gain on available-for-sale investments		(11)	1
Gain on revaluation of property		2,844	8,184
Total other comprehensive income		2,833	8,185
Total comprehensive (deficit) / surplus for the year		(154)	3,463

Statement of Financial Position

AS AT 31 MARCH 2018	NOTE	CONSOLIDATED	
		2018 (\$000)	2017 (\$000)
<u>ASSETS</u>			
<i>Current assets</i>			
Cash & cash equivalents	4	14,141	11,601
Trade and other receivables	5	3,336	6,969
Inventories	6	3,423	3,277
Other current assets	7	735	1,228
Available for sale financial assets	8	463	500
TOTAL Current assets		22,098	23,575
<i>Non-current assets</i>			
Available for sale financial assets	8	20	23
Property, plant and equipment	9	20,165	17,911
Intangible assets	10	408	487
Investment property	11	475	475
Other non-current assets	12	1,441	1,257
TOTAL Non-current assets		22,509	20,153
TOTAL ASSETS		44,607	43,728
<u>LIABILITIES</u>			
<i>Current liabilities</i>			
Trade and other payables	13	4,827	3,751
Unexpended grant income		13,286	12,670
Interest bearing liabilities	14	103	166
Provisions	15	3,996	4,496
TOTAL Current liabilities		22,212	21,083
<i>Non-current liabilities</i>			
Provisions	15	866	962
TOTAL Non-current liabilities		866	962
TOTAL LIABILITIES		23,078	22,045
NET ASSETS		21,529	21,683
<u>ACCUMULATED FUNDS</u>			
Retained surplus		8,209	10,469
Reserves	24	13,320	11,214
TOTAL ACCUMULATED FUNDS		21,529	21,683

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2018	NOTE	CONSOLIDATED	
		2018 (\$000)	2017 (\$000)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		13,238	12,281
Receipts from donors and Government		86,234	77,417
Payments to suppliers and employees		(39,270)	(35,996)
Payments to projects		(56,543)	(54,716)
Interest received		128	287
Interest and other costs of finance paid		(6)	(8)
Net cash provided by / (used in) operating activities:	4 (a)	3,781	(735)
CASH FLOW FROM INVESTING ACTIVITIES			
Net proceeds from/(investment in) available-for-sale investments		29	(472)
Investment interest and dividends received		32	3
Purchase of property, plant and equipment		(56)	(540)
Purchase of intangibles		(55)	(494)
Deposit with Oxfam affiliate		-	(1,277)
Net cash (used in) investing activities:		(50)	(2,780)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of trade finance facility		(1,007)	(1,428)
Net cash (used in) financing activities:		(1,007)	(1,428)
Net increase/(decrease) in cash and cash equivalents		2,724	(4,943)
Net foreign exchange difference		(184)	20
Cash and cash equivalents at the beginning of the period		11,601	16,524
Cash and cash equivalents at the end of the period	4	14,141	11,601

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2018

CONSOLIDATED	Retained surplus (\$000)	Restricted reserves (\$000)	Net unrealised gains reserve (\$000)	Revaluation surplus reserve (\$000)	Collective Resource Allocation reserve (\$000)	Total (\$000)
At 31 March 2016	12,920	5,278	22	-	-	18,220
Deficit for the year	(4,722)	-	-	-	-	(4,722)
Net unrealised gains on available-for-sale investments	-	-	1	-	-	1
Gain on revaluation of property	-	-	-	8,184	-	8,184
Total comprehensive income for the year	(4,722)	-	1	8,184	-	3,463
Transfer to / (from) reserves	2,271	(2,271)	-	-	-	-
At 31 March 2017	10,469	3,007	23	8,184	-	21,683
Deficit for the year	(2,987)	-	-	-	-	(2,987)
Net unrealised losses on available-for-sale investments	-	-	(11)	-	-	(11)
Gain on revaluation of property	-	-	-	2,844	-	2,844
Total comprehensive income for the year	(2,987)	-	(11)	2,844	-	(154)
Transfer to / (from) reserves	727	(1,010)	-	-	283	-
At 31 March 2018	8,209	1,997	12	11,028	283	21,529

Notes to the Financial Statements

YEAR ENDED 31 MARCH 2018

1. Corporate information

The consolidated financial report of Oxfam Australia and its subsidiary, Oxfam Australia Trading Pty Ltd (collectively, the Group) for the year ended 31 March 2018 was authorised for issue in accordance with a resolution of the directors on 10th August 2018.

Oxfam Australia is a public company limited by guarantee. It is an income tax exempt charitable (non-for-profit) organisation, incorporated and domiciled in Australia. The registered office of Oxfam Australia is 132 Leicester Street, Carlton, Victoria, 3053.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Summary of significant accounting policies

Basis of preparation

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared in accordance with the historical cost convention with the exception of the available for sale investments and derivatives which have been measured at fair value. The report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

(a) Statement of compliance

The financial report complies with the Australian Accounting Standards - Reduced Disclosure Requirements.

New Accounting Standards and Interpretations

Changes in accounting policy and disclosures.

The accounting policies adopted are consistent with those of previous financial year. New accounting standards and interpretations effective for the year ended 31 March 2018 have not had a material impact on the financial statements.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Oxfam Australia (the parent company) and its controlled entity (the Group) as at 31 March 2018 and 31 March 2017.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the group.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and unrealised profits from transactions between Group companies have been eliminated on consolidation.

Investments in subsidiaries are accounted for at cost less any impairment losses in the separate financial statements of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. All acquisition costs are expensed.

(c) Significant accounting judgments, estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statement:

Notes (continued)

YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (cont.)

Impairment of available for sale investments

The group holds a portfolio of available for sale investments which are subject to market fluctuations and which are recorded at fair value (market value) at year end. In determining whether the specific investments within the portfolio have been permanently impaired and the decline in value should therefore be written off in the Statement of Comprehensive Income the group has exercised judgement on the nature of the investment, its market segment, its liquidity / tradability in the market, and whether the decline is prolonged and / or significant.

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include market values, asset performance, technological obsolescence, economic, political and legal environment and future usage expectations. If an impairment trigger exists the recoverable amount of the asset is determined and compared to the carrying amount.

Make good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased retail premises. The provision includes future cost estimates associated with restoring the premises to a condition as required by the landlords. The calculation of this provision requires assumptions around costs for these restorations. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision for each location is reviewed at each reporting date and updated based on facts and circumstances available at the time. Changes to the estimated future costs are recognised in the Statement of Financial Position by adjusting the asset and provision, and adjusting any movement through the Statement of Comprehensive Income.

Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience as well as manufacturer's warranties and lease terms. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Valuation of investment property and land and buildings carried as property, plant and equipment

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The Group also carries its office and warehouse properties in-use at revalued amounts, with changes in fair value being recognised in Other Comprehensive Income. The Group engaged an independent valuation specialist to assess the fair value of its properties as at 31 March 2018. The independent valuation specialist utilised different methodologies including a capitalisation of net leasing income approach in conjunction with the direct comparison approach with reference to transactions involving properties of a similar nature, location and condition as well those involving similar sized and located land parcels for development purposes. Each methodology was given consideration in determining the highest and best use of the property.

(d) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Grant Income

Grants received from government and non-government organisations are recognised as income as they are expended on the program to which they relate. Unexpended grants are recognised as liabilities to reflect the obligation to repay any unspent portion of grants at the completion of the program.

(ii) Community Support Income

Community Support Income is recognised when control over that income has been obtained.

Notes (continued)

YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (cont.)

(iii) Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the costs incurred or to be incurred in respect of the transaction can be measured reliably, no further work or processing is required and the quantity and quality of the goods has been determined. Risks and rewards of ownership are considered passed to the buyer at the time of delivery to the customer for retail sales. Revenue for mail order and wholesale sales is recognised on issue of dispatch advice making stock unavailable to others, given stock is on hand.

(iv) Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(v) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(vi) Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and included in revenue due to its operating nature.

(e) Program expenditure

Expenditure on program related activities in Australia is recognised when incurred. Expenditure on overseas program related activities is recognised when the funds are remitted to the overseas partner for partner implemented programs, or when the funds are spent by the overseas field office, for programs implemented by the field offices.

(f) Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the group incurs in connection with borrowing funds. Borrowing costs are recognised as an expense using the effective interest method.

(g) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Group as a Lessee

Operating Leases

Leases in which the lessor retains substantially all the risks and benefits incidental to ownership of a leased item are classified as operating leases. Operating lease payments, where the lease agreement contains a fixed incremental increase, are recognised as an expense in the income statement on a straight-line basis over the lease term. All other lease payments are recognised in line with cash flows.

(ii) Group as a Lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

(h) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Notes (continued)

YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (cont.)

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any impairment.

Other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment.

(j) Inventories

Inventories are valued at the lower of cost and current replacement cost. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Finished goods – cost of direct materials, conversion and delivery but excluding borrowing costs.

Raw materials – purchase cost on a first in first out basis

Current replacement cost is the cost that the entity would incur to acquire the asset on the reporting date.

Inventory is regularly checked for obsolescence and values at the lower of cost and current replacement cost.

(k) Foreign currency transactions and balances

Both the functional and presentation currency of Oxfam Australia and its subsidiaries are Australian dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated report are taken to profit or loss.

Advance payments are made to overseas suppliers upon placement of an order by the group. Orders are mostly placed in a foreign currency and the advance payments are made in this same currency. Upon transit of the stock the balance of the payment is made. The stock is costed at the weighted average of the cost in Australian dollars of the advance and the final payment.

(l) Income taxes

Oxfam Australia and its subsidiary Oxfam Australia Trading Pty Ltd, being charitable organisations have applied for and gained exemption from Income Tax. This exemption will remain in force unless there is any change to the legislation, ownership of the companies or their constituent documents or activities.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- (i) when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes (continued)

YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (cont.)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, Plant & Equipment

Plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement cost only if it is eligible for capitalisation.

Land and buildings are stated at fair value less accumulated depreciation on buildings. Valuations are performed with sufficient frequency to ensure that the carrying amount of revalued asset does not differ materially from its fair value. Valuation increments are recognised in the Other Comprehensive Income and accumulated in a reserve within the Equity. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	40 years
Leasehold improvements	5 years
Plant and equipment	3 - 10 years
Make good (within Plant and equipment)	Over life of lease term

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate at each financial year end.

(i) Impairments

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the surplus or deficit. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

For property, plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

Notes (continued)

YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (cont.)

(o) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on evaluations performed by accredited external independent valuers.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, or commencement of an operating lease to another party. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

(p) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transactions costs.

Recognition and Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired or have been transferred. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within a period established generally by regulation or convention in the market place.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loan and receivables are derecognised or impaired, as well as through the amortisation process. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of profit or loss.

(iii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are neither classified as held for trading nor designated at fair value through profit or loss. After initial recognition available-for-sale investments are measured at fair value with unrealised gains or losses being recognised as a separate component of equity until the investment is derecognised or until investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in surplus or deficit.

The fair value investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on reporting date. Investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured shall be measured at cost.

Notes (continued)

YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (cont.)

(q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These are normally settled on 30 day terms and are unsecured.

(r) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received less directly attributable borrowing costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

(t) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to reporting date. These benefits include wages, salaries, annual leave and long service leave.

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables or provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave 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 reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions are made by the Group to an employee superannuation fund and are charged as expenses when incurred. The Group has no legal obligation to cover any shortfall in the fund's obligation to provide benefits to employees upon retirement.

(u) Derivative financial instruments and hedging

The Group uses derivative financial instruments (including forward currency contracts) to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss for the year.

Notes (continued)

YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (cont.)

(v) Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the estimated useful life of the asset. The estimated useful life varies and as a result the amortisation method is reviewed at the end of each annual reporting period. The amortisation has been recognised in the Statement of Comprehensive Income in the line item "Administration costs". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Intangible assets depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Computer software costs	2-3 years
Development costs	5 years

(w) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in this financial report

(x) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes (continued)

YEAR ENDED 31 MARCH 2018

3. Revenue and expenses

	CONSOLIDATED	
	2018	2017
	(\$000)	(\$000)
(a) Community Support Income		
Donations and gifts	49,091	47,724
Legacies and bequests	2,272	2,566
	<u>51,363</u>	<u>50,290</u>
(b) Grants		
Australian government grants (DFAT)	20,578	19,077
Non government Australian grants	5,747	2,647
Non government overseas grants	6,815	5,566
Overseas government grants	100	436
	<u>33,240</u>	<u>27,726</u>
(c) Investment Income		
Rental Income	30	26
Interest received or receivable	128	287
Investment interest and dividends received	32	3
	<u>190</u>	<u>316</u>
(d) Other Operating Income		
Other income	163	258
	<u>163</u>	<u>258</u>
(e) Program Costs		
Funds to overseas programs	42,163	38,133
Domestic programs	979	1,305
Program support costs	8,279	9,794
Public policy and education programs	4,454	4,913
Development and effectiveness	1,472	753
	<u>57,347</u>	<u>54,898</u>

Notes (continued)

YEAR ENDED 31 MARCH 2018

3. Revenue and expenses (cont)

	CONSOLIDATED	
	2018	2017
	(\$000)	(\$000)
(f) Administration and other operating costs		
Depreciation of:		
Buildings	144	205
Plant and equipment	503	260
Amortisation of intangible assets	72	48
Lease payments - operating leases	2,817	2,512
Administration staff costs		
Salaries	7,162	6,581
Superannuation	715	630
Retail staff costs		
Salaries	1,784	1,727
Superannuation	170	161
Bank charges	141	150
Insurance	342	327
Other operating costs (including IT)	1,754	2,548
Other operating costs - indirect tax exposures	350	-
Subsidiary operating costs	1,749	1,630
	17,703	16,779
(g) Foreign exchange movements		
Foreign currency transactions (gains)/losses	(678)	(121)
	(678)	(121)

4. Cash and cash equivalents

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and four months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

	CONSOLIDATED	
	2018	2017
	\$	\$
Cash at bank and in hand	14,141	9,598
Short-term deposits	-	2,003
	14,141	11,601

Notes (continued)

YEAR ENDED 31 MARCH 2018

4. Cash and cash equivalents (cont)

	CONSOLIDATED	
	2018	2017
	(\$000)	(\$000)
(a) Reconciliation of net surplus to net cash flows from operations		
Surplus	(2,987)	(4,722)
Adjustments for:		
Depreciation and amortisation	782	554
Interest / dividend income classified as investing cash flow	(32)	(3)
Payment of trade finance facility classified as financing cash flow	1,007	1,428
Changes in assets and liabilities:		
(Increase) / decrease in current receivables	3,631	(5,321)
(Increase) / decrease in other current assets	493	(329)
(Increase) in inventories	(146)	(659)
Increase in trade and other payables	1,076	1,223
Increase in unexpended grant income	616	7,152
(Decrease) in provisions	(596)	(129)
Increase / (decrease) in trade finance facility	(63)	71
Net cash from operating activities	3,781	(735)

5. Trade and other receivables

	CONSOLIDATED	
	2018	2017
	(\$000)	(\$000)
Current		
Trade receivables	307	577
Other receivables (i)	2,931	6,392
Foreign currency receivables (ii)	98	-
	3,336	6,969

(i): Included in Other Receivables as at 31 March 2018 is a total due from the Department of Foreign Affairs and Trade of \$348,188 (2017: \$4,545,708)

(ii) Foreign currency receivable on forward exchange contracts is categorised as Level 2 in the fair value hierarchy (note 2(x))

Impairment losses

Trade receivables are non-interest bearing and are on 60 day terms. A provision for doubtful debt is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment losses have been recognised by the Group in the current and previous year.

Notes (continued)

YEAR ENDED 31 MARCH 2018

6. Inventories (current)

	CONSOLIDATED	
	2018 (\$000)	2017 (\$000)
Inventory held for sale		
Raw materials	48	43
Finished goods	3,375	3,234
	<u>3,423</u>	<u>3,277</u>

Inventory expense

Inventories recognised as an expense for the year ended 31 March 2018 totalled \$6,848,596 (2017: \$6,214,857) for the Group. Inventories written-off or provided for during the year ended 31 March 2018 gave rise to a total expense of \$103,641 (2017: \$48,657) for the Group. This expense has been included in the cost of goods sold line item.

7. Other Current Assets

	CONSOLIDATED	
	2018 (\$000)	2017 (\$000)
Advances to trade suppliers	109	499
Prepayments - Insurance	413	371
Prepayments - Others	213	358
	<u>735</u>	<u>1,228</u>

8. Available-for-sale financial assets

	CONSOLIDATED	
	2018 (\$000)	2017 (\$000)
Current		
Investments held by Crestone at fair value (i)	463	500
	<u>463</u>	<u>500</u>
Non-current		
Shares (other) - listed (ii)	-	3
Shares - unlisted (iii)	20	20
	<u>20</u>	<u>23</u>

(i) Investments held by Crestone represent restricted funds for program work in future years. As at 31 March 2018, includes \$195,773 (2017: \$401,914) in liquid positions and \$267,388 (2017: \$98,161) in listed shares. These investments are categorised as Level 1 in the fair value hierarchy (note 2(x))

(ii) Listed shares (other) are carried at market value and are classed as other non-current assets as they are held for advocacy purposes in order to attend Annual General Meetings rather than for trading or investment purposes. Listed shares are categorised as Level 1 in the fair value hierarchy (note 2 (x))

(iii) Unlisted shares are carried at cost and are classed as other non-current assets as they are held for long-term investment purposes.

Notes (continued)

YEAR ENDED 31 MARCH 2018

9. Property, plant and equipment

	CONSOLIDATED		
	Freehold, land and buildings	Plant and equipment	Total
	(\$000)	(\$000)	(\$000)
Year ended 31 March 2018			
At 31 March 2017, net of accumulated depreciation	16,950	961	17,911
Additions	-	49	49
Additions (capital works in progress)	-	8	8
Disposals			
Accumulated depreciation on disposals			
Reduction in capital work in progress			
Depreciation charge for the year	(144)	(503)	(647)
Revaluations	2,844	-	2,844
At 31 March 2018, net of accumulated depreciation	19,650	514	20,165
At 1 April 2017			
At cost or fair value (i)	16,950	4,925	21,875
Accumulated depreciation	-	(3,964)	(3,964)
Net carrying amount	16,950	961	17,911
At 31 March 2018			
At cost or fair value (i)	19,650	4,980	24,631
Accumulated depreciation	-	(4,465)	(4,465)
Net carrying amount	19,650	515	20,165
Year ended 31 March 2017			
At 31 March 2016, net of accumulated depreciation	8,897	755	9,652
Additions	74	558	632
Additions (capital works in progress)	-	14	14
Disposals	-	(25)	(25)
Accumulated depreciation on disposals	-	25	25
Reduction in capital work in progress	-	(106)	(106)
Depreciation charge for the year	(205)	(260)	(465)
Revaluations	8,184	-	8,184
At 31 March 2017, net of accumulated depreciation	16,950	961	17,911
At 1 April 2016			
At cost	12,095	4,389	16,484
Accumulated depreciation	(3,103)	(3,729)	(6,832)
Net carrying amount	8,992	660	9,652
At 31 March 2017			
At cost or fair value (i)	16,950	4,925	21,875
Accumulated depreciation	-	(3,964)	(3,964)
Net carrying amount	16,950	961	17,911

Revaluation

(i): The Group has adopted the revaluation model to measure its freehold land and buildings. These assets are categorised as Level 3 in the fair value hierarchy (note 2 (x))

The Group has three titles to freehold land and buildings, which have been recorded at an aggregate market value basis of \$19,650,000. The properties were valued at 31 March 2018 by an independent valuation specialist (Herron Todd White (Melbourne) Pty Ltd).

Notes (continued)

YEAR ENDED 31 MARCH 2018

10. Intangible Assets

	Computer Software (\$000)	CONSOLIDATED Product Design & Development (\$000)	Total (\$000)
Year ended 31 March 2018			
At 31 March 2017, net of accumulated depreciation	460	27	487
Additions	-	32	32
Additions (capital works in progress)	23	-	23
Amortisation charge for the year	(124)	(10)	(134)
At 31 March 2018, net of accumulated depreciation	359	49	408
At 1 April 2017			
At cost	2,887	65	2,952
Accumulated amortisation	(2,427)	(38)	(2,465)
Net carrying amount	460	27	487
At 31 March 2018			
At cost	2,910	96	3,006
Accumulated amortisation	(2,551)	(47)	(2,598)
Net carrying amount	359	49	408
Year ended 31 March 2017			
At 31 March 2016, net of accumulated depreciation	72	10	82
Additions	468	26	494
Amortisation charge for the year	(80)	(9)	(89)
At 31 March 2017, net of accumulated depreciation	460	27	487
At 1 April 2016			
At cost	2,419	39	2,458
Accumulated amortisation	(2,347)	(29)	(2,376)
Net carrying amount	72	10	82
At 31 March 2017			
At cost	2,887	65	2,952
Accumulated amortisation	(2,427)	(38)	(2,465)
Net carrying amount	460	27	487

Notes (continued)

YEAR ENDED 31 MARCH 2018

11. Investment property

	CONSOLIDATED	
	2018 (\$000)	2017 (\$000)
Investment property	475	475
	<u>475</u>	<u>475</u>

The Group has title to one investment property located at 272 Grand Junction Road, Athol Park, South Australia. The property was valued at 31 March 2018 by an independent valuation specialist (Herron Todd White (Melbourne) Pty Ltd).

The Group has adopted the fair value model to measure its investment property. This asset is categorised as Level 3 in the fair value hierarchy (note 2(x)).

The investment property is leased on a month by month basis.

12. Other non-current assets

	CONSOLIDATED	
	2018 (\$000)	2017 (\$000)
Inter-affiliate security deposit	1,441	1,257
	<u>1,441</u>	<u>1,257</u>

The inter-affiliate deposit above consists of a deposit with Oxfam Solidarite ASBL, an independent affiliate of Oxfam International, which provides a guarantee to a contract between the European Union and Oxfam in the Pacific, an executing affiliate country office of Oxfam Australia.

13. Trade and other payables

	CONSOLIDATED	
	2018 (\$000)	2017 (\$000)
Payables (current)		
Trade payables (i)	165	287
Other payables and accrued expenses (ii)	4,662	3,269
Foreign currency liability (iii)	-	195
	<u>4,827</u>	<u>3,751</u>

(i) Trade payables are non-interest bearing and are normally settled on 60 day terms.

(ii) Other payables are non-interest bearing and have average terms ranging from 30 days to 6 months.

(iii) Foreign currency liability on forward exchange contracts is categorised as Level 2 in the fair value hierarchy (note 2(x)).

Notes (continued)

YEAR ENDED 31 MARCH 2018

14. Interest-bearing loans and borrowings

	CONSOLIDATED	
	2018 (\$000)	2017 (\$000)
Current		
Unsecured trade finance	103	166
	103	166

Borrowing facilities**Trade finance**

The trade finance facility is a \$327,000 (USD 250,000) unsecured facility with Shared Interest Society with terms of one (1) month. It is used for purchases of inventory for sale and also acts as a clearing house, assisting fair trade producers and retailers.

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	CONSOLIDATED	
	2018 (\$000)	2017 (\$000)
Total facilities		
Trade Finance	327	492
Credit Facilities	2,050	305
Facilities used at balance date		
Trade Finance	103	166
Credit Facilities	46	8
Facilities unused at balance date		
Trade Finance	224	326
Credit Facilities	2,004	297

15. Provisions

	CONSOLIDATED					
	Long service leave (\$000)	Annual leave (\$000)	Redundancy (\$000)	Make good provision (\$000)	Operating lease provision (\$000)	Total (\$000)
At 1 April 2017	2,994	1,856	198	265	145	5,458
Net changes during the year	(189)	(435)	38	-	(10)	(596)
At 31 March 2018	2,805	1,421	236	265	135	4,862
Current 2018	2,193	1,421	236	110	36	3,996
Non-current 2018	612	-	-	155	99	866
	2,805	1,421	236	265	135	4,862
At 1 April 2016	3,236	1,624	377	234	116	5,587
Net changes during the year	(242)	232	(179)	31	29	(129)
At 31 March 2017	2,994	1,856	198	265	145	5,458
Current 2017	2,431	1,856	198	-	11	4,496
Non-current 2017	563	-	-	265	134	962
	2,994	1,856	198	265	145	5,458

Notes (continued)

YEAR ENDED 31 MARCH 2018

16. Financial risk management objectives and policies

The Group's principal financial instruments comprise a trade finance facility, cash and short term deposits.

The main purpose of the financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group also enters into derivative transactions - predominantly forward exchange contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance. The Group's policy is to hedge 75% of its overseas program expenditure exposure. The Group has elected not to adopt formal hedge accounting relationships under accounting standards due to variability in the timing and nature of program expenditure. The main risks arising from the Group's financial instruments are equity risk, interest rate risk, liquidity risk, foreign currency risk and credit risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

17. Commitments and contingencies

Operating lease commitments - Group as a lessee

The Group has entered into a number of commercial leases. Oxfam Australia (the parent entity) has entered into a number of leases for IT equipment. The leases are for three to four years with no renewal option included in the contracts. Oxfam Australia also has a number of leases for state office premises. These leases range in life from between 12 months and 5 years with renewal terms included in the contracts.

Oxfam Australia Trading Pty Ltd has entered into leases for shop premises. These leases have an average life of between 3 and 6 years with renewal terms included in the contracts. There are no restrictions placed upon the lessee by entering into any of these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	CONSOLIDATED	
	2018 (\$000)	2017 (\$000)
Payable		
Within one year	1,815	2,036
After one year but not more than five years	3,916	4,315
After more than five years	-	-
Total minimum lease repayments	5,731	6,351

Operating lease commitments - Group as lessor

Oxfam Australia Trading Pty Ltd leases its 272 Grand Junction Road, Athol Park property. The lease is on a month by month basis, therefore there is no contingent commitment in relation to the rental of this property.

Guarantees

The Group has the following guarantees at 31 March 2018:

- (i) Bank guarantees of \$97,576 in favour of the lease vendors of state offices as security in case of default.
- (ii) Bank guarantees totalling \$257,419 held by lease vendors of retail sites as security in case of default.

Notes (continued)

YEAR ENDED 31 MARCH 2018

17. Commitments and contingencies (cont)

Program Expenditure

The parent entity has issued approvals to its project partners in developing countries for the funding of core projects, many of which have either not been commenced or are in progress at 31 March 2018. However, there is no legal commitment to fund these projects as all approvals are issued "subject to availability of funds".

Superannuation Commitments

The parent entity contributes to various superannuation funds on behalf of each employee for the provision of benefits to employees of the Consolidated Group on retirement or death. A component of the remuneration for parent entity employees is comprised of superannuation contributions in excess of the statutory minimum. Employees voluntarily contribute various percentages of their gross income and the company contributes at the rate of 2% of the employee's gross income in respect of participating employees. Contributions by the Company of up to 9.5% of employee's gross income are legally enforceable in Australia.

Contingent Liabilities

No contingent liabilities exist at 31 March 2018.

18. Related party disclosures

The consolidated financial statements include the financial statements of Oxfam Australia and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest		Investment	
		2018	2017	2018 (\$000)	2017 (\$000)
Oxfam Australia Trading Pty Ltd	Australia	100	100	968	3,626
				<u>968</u>	<u>3,626</u>

Oxfam Australia is the ultimate parent company, incorporated in Australia.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Related Party		Sales to related parties	Purchases from related parties	Amounts owed	
		(\$000)	(\$000)	by related parties (\$000)	to related parties (\$000)
Subsidiary:					
Oxfam Australia Trading Pty Ltd	2018	-	59	4,464	-
Oxfam Australia Trading Pty Ltd	2017	-	43	2,544	-

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding trade balances at year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables

Notes (continued)

YEAR ENDED 31 MARCH 2018

19. Information relating to Oxfam Australia (the Parent)

	2018 (\$000)	2017 (\$000)
Current assets	22,555	21,936
Total assets	43,238	42,466
Current liabilities	21,107	20,234
Total liabilities	21,709	20,784
Retained surplus	9,540	11,799
Restricted reserves	1,997	3,007
Other reserves	283	-
Net unrealised gains reserve	12	23
Revaluation surplus reserve	9,697	6,853
Total equity	<u>21,529</u>	<u>21,682</u>
	2018 (\$000)	2017 (\$000)
Community support income	51,363	50,290
Grants (government & non-government)	33,240	27,726
Investment income	156	286
Other operating income	81	258
Total income	<u>84,840</u>	<u>78,561</u>
Program costs	57,274	54,826
Fundraising expenses	19,706	18,042
Administration costs	8,857	8,797
Foreign exchange gain	(671)	(80)
Participation in Subsidiary	2,661	65
Total expenses	<u>87,827</u>	<u>81,651</u>
Net deficit for the year	<u>(2,987)</u>	<u>(3,090)</u>
Other comprehensive income/(loss)		
Net (loss)/gain on available-for-sale investments	(11)	1
Gain on revaluation of property	2,844	6,853
Total other comprehensive income	<u>2,833</u>	<u>6,854</u>
Total comprehensive (loss)/income of the Parent entity	<u>(154)</u>	<u>3,764</u>

20. Events after balance sheet date

There have been no material events occurring subsequent to the balance sheet date, that require adjustments to or disclosure in this financial report.

21. Auditor's remuneration

The auditor of Oxfam Australia is Ernst & Young (Australia).

	CONSOLIDATED	
	2018 (\$000)	2017 (\$000)
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- Auditing or review of the financial report of the entity and any other entity in the consolidated group	109	117
- Other services in relation to the entity and any other entity in the consolidated group		
- assurance related	-	-
- non-assurance related	7	20
	<u>116</u>	<u>137</u>

Notes (continued)

YEAR ENDED 31 MARCH 2018

22. Director and executive disclosures

(a) Details of Directors and Executives

(i) Non-Executive Directors

Dennis Goldner	Chair
Ann Byrne	Deputy Chair
Selwyn Button	Director
Peter Croft	Director
Melissa Houghton	Director
Fiona Kotvojs	Director
Judi Moylan	Director
Alan Wu	Director
Barbara Rugendyke	Director
Gregory Ridder	Director
Belinda Tallis	Director
Michael Wright	Director (resigned August 2017)
Geoff McClellan	Director (commenced September 2017)

(ii) Executives

Dr Helen Szoke	Chief Executive
Tony McKimmie	Chief Operating Officer
Anthony Alexander	Chief Financial Officer
Alex Mathieson	Director of Programs
Pam Anders	Director of Public Engagement

All of the aforementioned executives are not members of the Oxfam Australia Board.

(b) Compensation of Key Management Personnel

The Non-Executive Directors of the parent entity and its subsidiary serve voluntarily and do not receive any remuneration for their services as Directors.

(i) Executive Compensation Policy

The performance of the Group depends upon the quality and commitment of its senior management. To prosper, the Group must attract, motivate and retain highly skilled and committed executives but keeping in mind the place of the Group in the not-for-profit sector.

To this end, the Group takes into account the following key considerations:

- satisfactory annual reviews of performance
- relevant comparative remuneration
- independent advice

Executive remuneration is reviewed every three years to coincide with the Enterprise Bargaining Agreement negotiations for staff remunerations. At this time, the Remuneration Committee convenes to advise on remuneration. This group is responsible for reviewing the compensation arrangements of the key executives and bringing proposals regarding the remuneration to the full Board of Directors for consideration.

(ii) Compensation structure

In determining the level of executive remuneration, the Board engaged an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Notes (continued)

YEAR ENDED 31 MARCH 2018

22. Director and executive disclosures (cont)

Remuneration of the key management personnel is tabled below:

	CONSOLIDATED	
	2018 (\$000)	2017 (\$000)
Short-term employee benefits	980	944
Superannuation	95	98
Total compensation	1,075	1,042

23. Governance and accountability

Oxfam Australia is a member agency of the Australian Council For International Development (ACFID) including being an accredited signatory to the Code of Conduct for Non Government Development Organisations (NGDOs). This Code of Conduct defines standards of governance, management, financial control and reporting with which NGDOs should comply and identifies mechanisms to ensure accountability in NGDOs use of public monies.

24. Reserves policy

As determined by the Board, it is Oxfam Australia's policy to retain only sufficient reserves to safeguard the continuity of its operations. The Reserves policy seeks to strike a balance between spending on the organisation's development and humanitarian relief purposes, maintaining appropriate levels of investment in the retail operation and maintaining the minimum level of resources necessary to ensure uninterrupted operations. The Board of Oxfam Australia reviews the level of reserves held periodically.

The reserves at 31 March 2018 fall into five classifications.

* **Retained surplus**, this includes:

- General unrestricted funds: these represent funds which are available for the general purposes of the organisation.
- Designated unrestricted reserves: these are reserves which may be allocated for specific purposes and which are as a result not immediately available for general usage.

The specific purposes are as follows:

- (i) To ensure the continuity of operations in the event of a temporary downturn in income.
- (ii) To recognise that a portion of reserves is invested in the organisation's fixed assets and is not therefore available for other purposes.
- (iii) To ensure that we have sufficient liquidity to cover short term fluctuations in revenue / expenditure.

* **Restricted reserves**: these are tied to a particular purpose as specified by donors or at the time of launching a public appeal. The organisation has committed to spend these funds in accordance with promises made to donors, i.e. they are not available for use in other areas of the agency's work.

* **Collective Resource Allocation reserve**: these are tied to a particular purpose as specified by agreement with Oxfam International. The organisation has committed to spend these funds in Operating Expenses of overseas Country Offices

* **Net unrealised gains reserve**: This comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

* **Revaluation surplus reserve**: This comprises the cumulative net change in the fair value of properties until the properties are derecognised or impaired.

Directors' Declaration

In accordance with a resolution of the Directors of Oxfam Australia, we state that in the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2018 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards – Reduced Disclosure Requirements and *Australian Charities and Not-for-Profits Commission Regulation 2013*; 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.

On behalf of the Board



Dennis Goldner
Chair



Ann Byrne
Director

Melbourne
10 August 2018

Independent Auditor's Report to the Members of Oxfam Australia

Opinion

We have audited the financial report of Oxfam Australia and its subsidiary (collectively the Group), which comprises the consolidated statement of financial position as at 31 March 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 March 2018 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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 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.

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

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 the *Australian Charities and Not-for-Profits Commission 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

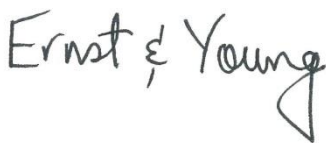
Auditor's Responsibilities for the Audit of the Financial Report

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 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 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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the 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.



Ernst & Young



Paul Gower
Partner
Melbourne
10 August 2018