SAWARD DAWSON
chartered accountants

Children's Ground Limited

ABN: 74 154 403 086

Financial Statements
For the Year Ended
31 December 2017

Children's Ground Limited

ABN 74 154 403 086

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For the Year Ended 31 December 2017

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Directors' Report

For the Year Ended 31 December 2017

The directors present their report on Children's Ground Limited for the financial year ended 31 December 2017.

1. General information

Directors

The names of the directors in office at any time during, or since the end of the year are:

Names	Position
William Roy Tilmouth	Chair
Kon Karapanagiotidis	Non-Executive Director
Clive William Ringler	Non-Executive Director
Adrian John Appo	Non-Executive Director (leave of absence January - October 2017)
Josie Rizza	Non-Executive Director
Robert Griew	Non-Executive Director (leave of absence October - December 2017)
Jane Shanthini Vadiveloo	Chief Executive Officer
Amy Poynton	Non-Executive Director (commenced October 2017)

All other directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Amy Poynton commenced 31 October 2017.

Principal activities

The principal activities of Children's Ground Limited during the financial year were to relieve poverty and disadvantage to First Nations children and young people living in communities of extreme poverty in Australia through the provision of child and family support services to children and young people (from 0 to 24 years) and their families. Such activities include early years learning and care, family health, community development, cultural development and economic development services and activities.

The Financial Statements record a $2.39M loss. This loss is predominantly attributable to the ceasing of operations in Kakadu West Arnhem (KWA) and the loss of associated income dedicated to KWA operations. (For further details refer to Significant Developments Note 1(n).

During the reporting period Children’s Ground extended operations in Central Australia in the areas of early years and family related services and evaluation.

Community Engagement and Planning was undertaken and enterprise development continued in West Arnhem Land in the Northern Territory.

No other significant changes in the nature of the Company's activities occurred during the financial year.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

William Roy Tilmouth	Chair
Experience	William was born in Alice Springs, is of Arrernte descent and a member of the Stolen Generation. William has worked in various Government and Aboriginal organisations and was elected the Central Australian ATSIC Regional Chair in the 1980s. From 1988 to 2010 he was the Executive Director of Tangentyere Council.
Special responsibilities	Board Chair and Co-Chair of Research Advisory Group
Kon Karapanagiotidis	Non-Executive Director
Qualifications	LLB, BSW, BBSc, Med, M.Dev Studies
Experience	Kon is CEO and Founder of the Asylum Seeker Resource Centre.
Special responsibilities	Member of the Investment Sub-Committee.
Clive William Ringler	Non-Executive Director
Qualifications	Bachelor of Economics (University of New England, Armidale, NSW), Masters of Commerce (University of New South Wales), ASX Accredited Adviser, Level 1 & 2
Experience	Clive Ringler is a Portfolio Manager and Financial Adviser with Morgan Stanley. He has over 25 years' experience in the financial markets and covers both global and Australian investments across all asset classes including fixed interest and currencies.
Special responsibilities	Board Deputy Chair, Chair of Finance, Audit and Risk Sub-Committee, Member of the Investment Sub-Committee.
Adrian John Appo	Non-Executive Director
Qualifications	Bachelor of Teaching
Experience	Adrian is a Gureng Gureng man from south-east Queensland. Adrian is CEO of Gambina and is a recognised "social entrepreneur".
Josie Rizza	Non-Executive Director
Qualifications	B.Ec, CA, Grad Dip Applied Finance & Investment, GAICD
Experience	Josie is a chartered accountant with extensive experience in accounting and strategic financial management.
Special responsibilities	Member of the Finance, Audit and Risk Sub-Committee, Member of the Investment Sub-Committee.

Information on directors

Robert Griew	Non-Executive Director
Qualifications	Bachelor of Applied Science; Master of Public Health; Grad Cert in Economic Policy.
Experience	Robert brings a depth of experience at senior levels in health, education, Indigenous policy and in public administration generally. He has worked in Commonwealth, state and territory public services, in the community sector and has run his own consulting business. Robert is a Principal of Nous Group. He was previously Associate Secretary in the Commonwealth Department of Education and Training, responsible for higher education, research and international education.
Special responsibilities	Member of the Investment Sub-Committee.

Jane Shanthini Vadiveloo	Non-Executive Director
Qualifications	BSc.(Hons); MPsych (Forensic)
Experience	Jane Vadiveloo has a Masters in Forensic Psychology and a 20 year history leading reform and service provision in communities experiencing extreme disadvantage and trauma.
Special responsibilities	CEO, Member of the Finance, Audit and Risk Sub-committee, Member of the Investment Sub-committee and Co-Chair of Research Advisory Group.

Amy Poynton	Non-Executive Director
Qualifications	Bachelor of Arts (Anthropology/Psychology) Masters of Business Administration
Experience	Amy Poynton is an experienced Corporate Executive, Senior Partner and Non-Executive Director of major companies in the professional services. Amy has international experience in business management, customer relationship management and advisory services across ASX and Global top 10 companies and partnerships. Amy is a director of Jaen Corp Pty Ltd, a family business, and serves as a Non-Executive Director for Project Respect. Currently, Amy provides independent consulting, mentoring and business management to a balance of individual executives, international and not-for-profit organisations. Amy's success has led to her being sought after across opportunities to work with top team and board levels to improve the decision-making and ultimately the results of the business.

Meetings of directors

During the financial year, 8 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
William Roy Tilmouth	8	7
Kon Karapanagiotidis	8	5
Clive William Ringler	8	7
Adrian John Appo	8	1*
Josie Rizza	8	8
Robert Griew	8	6**
Jane Shanthini Vadiveloo	8	8
Amy Poynton	2	2

* Adrian John Appo was on a leave of absence from January 2017 to October 2017
** Robert Griew was on a leave of absence from October 2017 to December 2017

Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2017 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: ....

Director: WR Tilmouth

Dated: 16 March 2018

Children's Ground Limited

ABN 74 154 403 086

Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017, there have been:

(i) no contraventions of the auditor independence requirements as set out in Division 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit, and;

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Saward Dawson

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner

Blackburn

Dated: 16 March 2018

Children's Ground Limited

ABN 74 154 403 086

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2017

	Note	31 December 2017 (12 months) $	31 December 2016 (6 months) $
Revenue	2	**1,893,598**	2,046,846
Employee benefits expense		**(2,828,426)**	(1,564,040)
Depreciation and amortisation expense		**(197,328)**	(76,768)
Travel and accommodation		**(151,111)**	(73,480)
Motor Vehicle Expenses		**(113,790)**	(68,115)
Client Support Consumables		**(88,564)**	(58,747)
Rent		**(81,329)**	(26,147)
Professional fees		**(72,782)**	(83,160)
Utilities and cleaning		**(56,469)**	(48,318)
Computer expenses		**(34,206)**	(20,492)
Children's Service Support		**(32,772)**	(37,943)
Printing and stationery		**(29,725)**	(29,499)
Repairs and maintenance		**(29,029)**	(7,320)
Asset Purchases < $1,000		**(18,973)**	(36,976)
Insurance		**(8,648)**	(4,213)
Training and development		**(12,678)**	(3,456)
Advertising and Promotion		**(9,364)**	-
Program asset purchases		**(2,402)**	(5,925)
Other expenses		**(104,277)**	(72,328)
KWA site closure expense	1(n)	**(406,993)**	-
Surplus/(Deficit) for the period/year		**(2,385,268)**	(170,081)
Other comprehensive income			
Total comprehensive income for the period/year		**(2,385,268)**	(170,081)

The accompanying notes form part of these financial statements.

Children's Ground Limited

ABN 74 154 403 086

Statement of Financial Position

As at 31 December 2017

	Note	31 December 2017 (12 months) $	31 December 2016 (6 months) $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	**1,607,616**	821,809
Trade and other receivables	4	**71,789**	67,370
Other financial assets	5	**30,613**	2,925,286
Other assets	6	**31,305**	74,772
TOTAL CURRENT ASSETS		**1,741,323**	3,889,237
NON-CURRENT ASSETS			
Plant and equipment	7	**208,868**	330,488
Intangible assets	8	**33,292**	59,925
TOTAL NON-CURRENT ASSETS		**242,160**	390,413
TOTAL ASSETS		**1,983,483**	4,279,650
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**214,252**	204,477
Other liabilities	10	**50,000**	-
Employee benefits	11	**159,021**	130,499
TOTAL CURRENT LIABILITIES		**423,273**	334,976
NON-CURRENT LIABILITIES			
Employee benefits	11	**50,776**	49,972
TOTAL NON-CURRENT LIABILITIES		**50,776**	49,972
TOTAL LIABILITIES		**474,049**	384,948
NET ASSETS		**1,509,434**	3,894,702
EQUITY			
Retained surpluses		**1,450,610**	3,831,458
Reserves	20	**58,824**	63,244
TOTAL EQUITY		**1,509,434**	3,894,702

The accompanying notes form part of these financial statements.

Children's Ground Limited

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Statement of Changes in Equity

For the Year Ended 31 December 2017

31 December 2017

	Retained Surpluses	General Reserve	Total
	$	$	$
Balance at 1 January 2017	**3,831,458**	**63,244**	**3,894,702**
Surplus/(Deficit) for the year	**(2,385,268)**	**-**	**(2,385,268)**
Transfers to reserve	**4,420**	**(4,420)**	**-**
Balance at 31 December 2017	**1,450,610**	**58,824**	**1,509,434**

31 December 2016

	Retained Surpluses	General Reserve	Total
	$	$	$
Balance at 1 July 2016	4,064,783	-	4,064,783
Surplus/(Deficit) for the period	(170,081)	-	(170,081)
Transfers to reserve	(63,244)	63,244	-
Balance at 31 December 2016	3,831,458	63,244	3,894,702

The accompanying notes form part of these financial statements.

Children's Ground Limited

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Statement of Cash Flows

For the Year Ended 31 December 2017

	Note	31 December 2017 (12 months)	31 December 2016 (6 months)
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Donations, grants and other income received		**1,937,506**	2,079,549
Interest received		**62,373**	53,354
Payments to suppliers and employees		**(4,059,671)**	(2,458,764)
Net cash provided by/(used in) operating activities	14	**(2,059,792)**	(325,861)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment		**(49,074)**	(17,617)
Proceeds from sale of plant and equipment		**-**	24,223
Redemption (Placement) of term deposits		**2,894,673**	459,587
Net cash used by investing activities		**2,845,599**	466,193
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase/(decrease) in cash and cash equivalents held		**785,807**	140,332
Cash and cash equivalents at beginning of year		**821,809**	681,477
Cash and cash equivalents at end of financial year	3	**1,607,616**	821,809

1. Basis of Preparation

The financial statements cover Children's Ground Limited (Children's Ground) as an individual entity, incorporated and domiciled in Australia. Children's Ground Limited is a company limited by guarantee.

These general purpose financial statements have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar. Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

(a) Comparative figures

In 2016, the financial year end of the company was changed from 30 June to 31 December. Accordingly, prior year comparatives comprise of 6 months from 1 July 2016 to 31 December 2016. The current financial statements issued are prepared for a period of 12 months from 1 January 2017 to 31 December 2017.

(b) Revenue and Other Income

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant that must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue in the statement of profit or loss will be recognised as income received in advance in the statement of financial position until such time where the conditions or contracted services are satisfied and delivered.

Donations and bequests are recognised as revenue when received.

Interest income is recognised on an accruals basis using the effective interest method.

Rent income is recognised when the company is entitled to receive it.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits held at-call with banks and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

1. Basis of Preparation

(d) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting year are classified as current assets. All other receivables are classified as non-current assets.

(e) Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of the recoverable amount is made when impairment indicators are present.

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 recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation/Amortisation

Plant and equipment and intangible assets are depreciated/amortised on a straight-line basis over the asset's useful life to the Company, commencing when the asset is deemed ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed/intangible asset class	Useful life (years)
Plant and Equipment	3 - 5
Motor Vehicles	5 - 6
Website	3

At the end of each annual reporting period, the depreciation/amortisation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(f) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1. Basis of Preparation

(g) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(h) Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

(j) Provisions

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

1. Basis of Preparation

(k) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Children's Ground Limited is registered as a Public Benevolent Institution with the Australian Charities and Not-for-profits Commission and is endorsed as a Deductible Gift Recipient.

(l) Employee Benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(m) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(n) Significant developments

During the reporting period, Children's Ground Limited (Children's Ground) ceased its operations in Kakadu West Arnhem.

In January 2017, Children's Ground received correspondence from Gundjeihmi Aboriginal Corporation (GAC) advising Children's Ground that it no longer had support to continue operations in Jabiru beyond 30 June 2017. This was an earlier exit date than the 30 September 2018, advised by GAC in the prior reporting period. As requested, Children's Ground completed a transition plan and exit from it its centre in Jabiru by 30 June 2017. All costs association with the KWA transition and exit are noted in the accounts. (See Statement of Profit or Loss and Other Comprehensive Income). No further costs are expected to be borne in relation to KWA.

Operations in KWA during the reporting period were predominantly funded from grants received from Kakadu West Arnhem Social Trust (KWAST) and philanthropic funding from the prior reporting periods which had been specifically committed to our operations in KWA. This accounts for a significant proportion of the recorded loss of $2.39m (and cash outflow of $2.1m).

1. Basis of Preparation

(n) Significant developments

In addition, Government funding was unexpectedly halved during the year as a result of agreements coming to an end and extended delays in negotiating and finalizing a new contract. Consequently, no Federal Government income was received or due to be received with respect to the second half of the year. Government funding has now been confirmed to renew in the first quarter of 2018.

Children's Ground's operations are continuing in Central Australia and West Arnhem Land in the Northern Territory.

During this reporting period, Children's Ground restructured its operations to work towards aligning annual costs to annual income, without disrupting services to the vulnerable communities the company currently works with. The directors are satisfied that Children's Ground has sufficient reserves and other sources of funding from Commonwealth and NT Government together with philanthropic and corporate investment to enable it to continue its work supporting First Nation's children and families.

(o) Critical Accounting Estimates and Judgements

Employee benefits

Short-term benefits

For the purpose of measurement, short-term employee benefits are classified as obligations expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related services.

Long-term benefits

Provision for long service leave is calculated based on expected future payments incorporating anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on bonds that have maturity dates that approximate the terms of the obligations.

Useful lives of depreciable assets

Management reviews its estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the asset.

1. **Basis of Preparation**

(p) Going concern

For the year ended 31 December 2017, the company incurred a net loss of $2.39m and reported a negative cash flow from operating activities of $2,059,792. During 2017, Children's Ground ceased operations in Kakadu West Arnhem. See Significant Developments Note 1(n) for further information.

Children’s Ground’s operations are continuing in Central Australia and West Arnhem Land in the Northern Territory.

The entity is highly dependent on grants and donations to supports its operations. Due to the nature of grants and donations, the ongoing level of income from this source is inherently uncertain.

In the board’s opinion, the entity remains a going concern on the following considerations:

- As at the date of this statement, there are reasonable grounds for believing that the company will be able to pay its debts as and when they fall due;
- No formal demands for payment have been received from any of the company’s creditors;
- There are no outstanding loans to be paid;
- The company is in the process of negotiating with government departments, philanthropists and corporate investors to secure ongoing funding.
- The company has restructured operations and is moving towards aligning annual costs to annual income.

(q) New accounting standards for application in future periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors do not anticipate the adoption of AASB 9 to have an impact on the company.

1. Basis of Preparation

(q) New accounting standards for application in future periods

AASB 1058: Income for Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations. The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.

- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: Contributions.

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;

- identify the performance obligations in the contract(s);

- determine the transaction price;

1. Basis of Preparation

(q) New accounting standards for application in future periods

- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Statements
For the Year Ended 31 December 2017

2. Revenue and Other Income

	31 December 2017 (12 months) $	31 December 2016 (6 months) $
Grants received	**605,000**	565,455
Rent Income	**17,220**	20,414
Donations received	**1,198,534**	1,387,304
Interest Income	**49,962**	56,102
Other Income	**22,882**	17,571
Total Revenue	**1,893,598**	2,046,846

3. Cash and Cash Equivalents

Cash at bank	**565,435**	821,809
Short-term deposits	**1,042,181**	-
Total Cash and Cash Equivalents	**1,607,616**	821,809

Short-term deposit in the current year includes a term deposit held for a period of one month.

4. Trade and Other Receivables

CURRENT		
Trade receivables	**49,870**	28,003
Interest receivable	**1,918**	14,329
Other receivables	**4,673**	-
GST receivable	**15,328**	25,038
Total current trade and other receivables	**71,789**	67,370

All amounts are short-term and the net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the company's trade and other receivables have been reviewed for indicators of impairment. No impairment indicators were noted as at 31 December 2017.

(a) Provision for Doubtful Debts

No provision for doubtful debts were raised as at 31 December 2017.

As at 31 December 2017, there are no receivables past their respective due dates.

Credit Risk - Trade Receivables and Other Debtors

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 4.

Notes to the Financial Statements

For the Year Ended 31 December 2017

5. Other Financial Assets

	31 December 2017 (12 months) $	31 December 2016 (6 months) $
CURRENT		
Held to maturity financial assets	**30,613**	2,925,286
Total financial assets	**30,613**	2,925,286

A term deposit is held at an interest rate of 2.05% with a maturity date of 3 months.

6. Other Assets

CURRENT		
Prepayments	**28,320**	74,187
Other assets	**2,985**	585
	31,305	74,772

7. Plant and Equipment

	31 December 2017 (12 months) $	31 December 2016 (6 months) $
PLANT AND EQUIPMENT		
Motor vehicles		
At cost	**434,823**	438,945
Accumulated depreciation	**(254,642)**	(173,992)
Total motor vehicles	**180,181**	264,954
Office equipment		
At cost	**144,142**	159,165
Accumulated depreciation	**(115,455)**	(93,631)
Total office equipment	**28,687**	65,534
Total plant and equipment	**208,868**	330,488

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Motor Vehicles $	Office Equipment $	Total $
Year ended 31 December 2017			
Balance at the beginning of year	264,954	65,534	330,488
Additions at cost	36,000	13,075	49,075
Depreciation expense	(120,773)	(49,922)	(170,695)
Carrying amount at the end of the year	180,181	28,687	208,868
6 Month Period ended 31 December 2016			
Balance at beginning of period	318,365	73,011	391,376
Additions at cost	8,182	9,434	17,616
Disposals	(15,053)	-	(15,053)
Depreciation expense	(46,540)	(16,911)	(63,451)
Carrying amount at the end of the period	264,954	65,534	330,488

All depreciation (and reversals, if any) are included within 'depreciation expense'.

There were no contractual commitments entered into at period end.

8. Intangible Assets

	31 December 2017 (12 months) $	31 December 2016 (6 months) $
Website Development		
Cost	**79,900**	79,900
Accumulated amortisation	**(46,608)**	(19,975)
Total Intangibles	**33,292**	59,925

All amortisation expenses for the period are included within accumulated amortisation.

9. Trade and Other Payables

CURRENT		
Trade payables	**48,467**	32,115
Accrued expenses	**110,916**	152,323
Other payables	**54,869**	20,039
	214,252	204,477

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

10. Other Liabilities

CURRENT		
Income in Advance	**50,000**	-
	50,000	-

11. Employee Benefits

The liabilities recognised for employee benefits consist of the following amounts:

CURRENT		
Provision for annual leave	**159,021**	130,499
NON-CURRENT		
Provision for long service leave	**50,776**	49,972
Total employee benefits	**209,797**	180,471

11. Employee Benefits

Employee provisions represent amounts accrued for annual leave and long service leave for the period.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

12. Capital and Leasing Commitments

Finance Leases

The company did not enter into any finance lease arrangements during the year.

Operating Leases

	31 December 2017 (12 Months)	31 December 2016 (6 months)
	$	$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**28,781**	25,545
- between one year and five years	**1,255**	-
	30,036	25,545

Operating leases includes leases of properties in Victoria and Northern Territory and photocopiers.

13. Contingent liabilities

In the opinion of the Directors, the Company did not have any known or quantifiable contingent liabilities at 31 December 2017 (31 December 2016: nil).

Notes to the Financial Statements
For the Year Ended 31 December 2017

14. Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	31 December 2017 (12 months)	31 December 2016 (6 months)
	$	$
Surplus/(loss) for the period/year	**(2,385,268)**	(170,081)
Non-cash flows in profit:		
- depreciation and amortisation expense	**197,327**	76,768
- net gain on disposal of plant and equipment	**-**	1,798
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(4,419)**	26,136
- (increase)/decrease in prepayments	**43,467**	(14,096)
- increase/(decrease) in trade and other payables	**59,775**	(257,639)
- increase/(decrease) in employee benefits (current)	**28,522**	5,466
- increase/(decrease) in employee benefits (non-current)	**804**	5,787
Cashflow from operations	**(2,059,792)**	(325,861)

15. Related Parties

Transactions with related parties
The Company's related parties include its key management personnel and related entities as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Short term employee benefits are paid to key management personnel as salaries. No other directors were remunerated during the year. Consultancy fees relate to fees paid to William Tilmouth (Board Chair), for consulting services.

Transactions with key management personnel		
Short-term employee benefits	254,886	161,643
Consultancy fees		
Services provided by William Tilmouth	16,749	7,450

16. Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments. The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Company does not speculate in financial assets.

The main risks Children's Ground Limited is exposed to through its financial instruments are credit risk and liquidity risk. The Company's financial instruments consist mainly of deposits with banks, short-term investments and accounts receivable and payables. The most significant risks are related to bank and term deposit balances, of which are all held with major financial institutions.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		31 December 2017 (12 months)	31 December 2016 (6 months)
		$	$
Financial Assets			
Cash and cash equivalents	3	**1,607,616**	821,809
Trade and other receivables	4	**71,788**	67,370
Other financial assets	5	**30,613**	2,925,286
Total financial assets		**1,710,017**	3,814,465
Financial Liabilities			
Trade and other payables	9	**214,252**	204,477
Total financial liabilities		**214,252**	204,477

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company is exposed to this risk for various financial instruments, such as granting receivables to customer and investments in deposits. The company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, such as those detailed in the table above.

Term deposits are held with Australian banks.

16. Financial Risk Management

Liquidity risk

Liquidity risk arises from the possibility that Children's Ground Limited might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, Children's Ground Limited ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days. The available funds to the Company are discussed in Note 14. All trade and other payables are contractually due and expected to be settled within 60 days of year end.

Interest rate sensitivity analysis

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +0.5% (31 December 2016: +0.5%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit		**Equity**	
	+ 0.5%	**- 0.5%**	**+ 0.5%**	**- 0.5%**
31 December 2017	**10,600**	**(10,600)**	**10,600**	**(10,600)**
31 December 2016	15,775	(15,775)	15,775	(15,775)

17. Events Occurring After the Reporting Date

The directors are not aware of any significant events since the end of the reporting year.

18. Capital Management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The Board and Management ensures that the overall risk management strategy is in line with this objective.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels. There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year.

19. Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $ 50 each towards meeting any outstanding obligations of the Company. At 31 December 2017 the number of members was 8 (31 December 2016: 7).

20. General Reserve

The purpose of the general reserve is to provide future contingencies for the development or assistance in community development programs.

21. Company Details

The registered office and principal place of business of the company is:

3 Stuart Terrace
Alice Springs
Northern Territory 0870

Children's Ground Limited
ABN 74 154 403 086

Directors' Declaration

In the opinion of the directors, the financial report as set out on pages 5 - 26:

(i) there are reasonable grounds to believe that the Company is able to pay all of its debts, as and when they become due and payable, and;

(ii) the financial statements and notes are in accordance with Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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

Director ....

Director ....

Dated: 16 March 2018

SAWARD / DAWSON
chartered accountants

Children's Ground Limited

ABN 74 154 403 086

Independent Audit Report to the members of Children's Ground Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Children's Ground Limited (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the financial report of Children's Ground Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards and Division 60 of 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 Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of 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 and the ACNC Act 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 Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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PRINCIPALS: Bruce Saward FCA, Peter Shields FCA, Joshua Morse CA, Jeff Tulk CA
Directors: Cathy Braun CA, Marie Ickeringill SSA, Matthew Stokes CA, Murray Nicholls CA, Vicki Adams CA CPA CFP®

SAWARD / DAWSON
chartered accountants

Children's Ground Limited

ABN 74 154 403 086

Independent Audit Report to the members of Children's Ground Limited

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 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.

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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entity's 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 registered entity'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 registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Saward Dawson

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner
Blackburn
Dated:16 March 2018

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