

# FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

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## CORPORATE INFORMATION

ABN 76 604 592 013

### **DIRECTORS**

The following directors were in office at the date of this report:

A Coleman (Chair)  
S Davies  
J Jones  
N Popelianski  
J Berriman  
A Tait  
C Radford

### **COMPANY SECRETARY**

J Swift

### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Level 1, 53 Burnley St  
Richmond VIC 3121

### **BANKERS**

Bank of Melbourne  
Collins St  
Melbourne VIC 3000

### **AUDITORS**

Pitcher Partners  
15 William Street  
Melbourne VIC 3001

# DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

The directors present their report with the financial statements to the members of Kids Under Cover (the company) for the year ended 30 June 2014 and auditors report thereon.

## DIRECTORS

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

	Date appointed	Date of cessation	Board A	Board B
S Davies	20 Dec 07	-	5	6
P Dorrington	20 Dec 07	12 Dec 13	3	3
J Jones	18 Nov 10	-	5	6
L Dewar	19 Apr 12	12 Jun 14	3	6
N Popelianski	16 Aug 12	-	6	6
A Coleman	18 Oct 12	-	6	6
J Berriman	18 Apr 13	-	4	6
A Tait	12 Jun 14	-	-	-
C Radford	12 Jun 14	-	-	-

A – number of meetings attended

B – number of meetings held during the time the director held office during the year

Details of directors' qualifications, experience and special responsibilities can be found on page 35 of this report.

## COMPANY SECRETARY

Ms J Swift has been the company secretary since 20 December 2007.

## SHORT AND LONG TERM OBJECTIVES AND STRATEGY

The company's short and long term objective is to prevent youth homelessness.

The company's strategies to achieve this objective include:

- constructing purpose built demountable studios for homeless and at-risk young people
- providing scholarships for education or job training
- offering mentors to empower young people to achieve their goals

In doing this we seek to keep families together, keep young people engaged in education and connected with their community.

## PRINCIPAL ACTIVITIES

The company's principal activities during the year were:

- Fundraising through gifts, donations, government and philanthropic grants, appeals, events and regular giving programs.
- Construction of one and two bedroom studios
- Provision of scholarships
- Provision of mentors
- Providing studio monitoring support

## PERFORMANCE MEASURES

To help evaluate whether the activities of the company are achieving it's short and long term objectives the company uses an Annual Impact Survey to measure, analyse and monitor performance. A detailed review of our most recent survey can be found in the annual report which accompanies this financial report.

## 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 to a maximum of \$1 each towards meeting any outstandings and obligations of the entity.

At 30 June 2014 the number of members was 57. The combined total amount that members of the company are liable to contribute if the company is wound up is \$57.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's declaration under section 307C of the Corporations Act 2001 in relation to the audit appears on page 6 and forms part of the Directors' report for the year ended 30 June 2014.

Signed in accordance with a resolution of the board of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the directors:



Andrew Coleman  
Director, Chair



Jeff Jones  
Director, Treasurer

Melbourne, 16 October 2014

# AUDITOR'S DECLARATION OF INDEPENDENCE

**KIDS UNDER COVER**  
**ACN 129 005 269**



## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF KIDS UNDER COVER

In relation to the independent audit for the year ended 30 June 2014, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.



M J HARRISON  
Partner



PITCHER PARTNERS  
Melbourne

16 October 2014

## DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

	Qualifications and experience	Special responsibilities
Andrew Coleman	Retail and Supply Chain Director at Coles. Is a Chartered Management Accountant and holds a Bachelor of Economics.	Chair Finance Committee Remuneration Committee
Linda Dewar	Experienced senior executive with a career encompassing a broad range of companies. Extensive business, finance and general management experience in the finance sector. Currently Director Client Services at the Greater Metropolitan Cemeteries Trust, Trustee for the Melbourne Exhibition and Convention Centre Trust and Board Member for Lodden Mallee Housing Service.	Vice Chair Governance Committee
Sarah Davies	Current Chief Executive Officer of Reach and a Board Member of the Centre for Social Impact. Has an extensive background in the tertiary education sector. Is a graduate of the Australian Institute of Company Directors and a Williamson Fellow.	Remuneration Committee Chair
Petrina Dorrington	Previous Executive Director of Kids Under Cover and has a background in Hospitality and Tourism. Former General Manager of Melbourne International Film Festival. Currently working with Lord Mayor's Charitable Foundation, Youth in Philanthropy Program Mentor and Homeless Australia Take Action Toolkit project.	Previous Remuneration Committee Chair
Jeff Jones	Chief Executive Officer of Total Construction Pty Ltd. Holds a Bachelor of Commerce and a Masters in Business Administration. Is a member of the Institute of Chartered Accountants in Australia and has over 20 years experience in accounting and finance.	Treasurer Finance Committee Chair Audit & Risk Committee Chair
Nathaniel Popelianski	Partner at Corrs Chambers Westgarth where he specialises in property law. Has over 15 years experience and holds a Bachelor of Commerce and a Bachelor of Laws.	Governance Committee Chair
Jan Berriman	20 years experience in executive positions within not for profit companies in both urban and rural contexts within Australia. Is a graduate of the Australian Institute of Company Directors.	Governance Committee
Alison Tait	Partner at PricewaterhouseCoopers and has over 15 years experience working with ASX listed companies and large multinationals. Is a member of the Institute of Chartered Accountants in Australia and holds a Bachelor of Commerce	
Colin Radford	Victorian Government Leader for Deloitte Touche Tohmatsu and also Deloitte's National Government Leader for Financial Advisory Services. Prior to joining Deloitte he held a number of senior roles in a variety of agencies and ministerial offices. He is a Director of Tigers in the Community Foundation, a Council Member of Defence Reserves Support Council (VIC) and Committee for Economic Development Australia (VIC & TAS) and is a Williamson Fellow.	

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Revenue from continuing operations</b>			
Government funding		2,336,199	1,954,442
Fundraising			
Donations and gifts	3(a)	2,684,045	1,857,574
Bequests	3(a)	3,090	53,974
Events	3(a)	426,928	484,782
<b>Other income</b>			
Membership fees		21,721	15,150
Sales of goods		-	795
Net gain on disposal of fixed assets		26,464	500
Investment income	4(b)	111,483	149,842
<b>Revenue and other income</b>		<b>5,609,930</b>	<b>4,517,059</b>
Fundraising costs			
Fundraising costs	2(c)	1,366,287	1,265,256
Scholarship program costs	2(c)	332,091	233,342
Housing program costs	2(c)	2,138,309	2,324,349
Mentor program costs	2(c)	92,401	87,976
Finance costs	2(c)	144,428	15,417
Management and administration	2(c)	504,990	527,871
<b>Expenditure</b>		<b>4,578,506</b>	<b>4,454,211</b>
<b>Total comprehensive income for the year</b>		<b>1,031,424</b>	<b>62,848</b>

The statement of comprehensive income is to be read in conjunction with the attached notes.

# STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Assets</b>			
Current assets			
Cash and cash equivalents	4	4,361,720	4,661,454
Trade and other receivables	5	268,940	233,039
Inventories	6	3,420	3,420
Other assets	7	135,478	138,758
<b>Total current assets</b>		<b>4,769,558</b>	<b>5,036,671</b>
Non-current assets			
Property, plant and equipment	8	9,768,172	9,704,294
<b>Total non-current assets</b>		<b>9,768,172</b>	<b>9,704,294</b>
<b>Total assets</b>		<b>14,537,730</b>	<b>14,740,965</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	9	886,563	2,161,300
Provisions	10	173,576	158,211
<b>Total current liabilities</b>		<b>1,060,139</b>	<b>2,319,511</b>
Non-current liabilities			
Provisions	10	46,813	22,100
<b>Total non-current liabilities</b>		<b>46,813</b>	<b>22,100</b>
<b>Total liabilities</b>		<b>1,106,952</b>	<b>2,341,611</b>
<b>Net assets</b>		<b>13,430,778</b>	<b>12,399,354</b>
<b>Funds</b>			
General funds		12,283,901	11,382,502
Designated funds reserve		938,342	809,372
Restricted funds reserve		208,535	207,480
<b>Total funds</b>	11	<b>13,430,778</b>	<b>12,399,354</b>

The statement of comprehensive income is to be read in conjunction with the attached notes.

## STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 30 JUNE 2014

	General funds \$	Designated funds \$	Restricted funds \$	Asset revaluation reserve \$	Total \$
<b>Balance at 1 July 2012</b>	8,962,727	1,036,583	206,090	2,131,106	12,336,506
Surplus attributable to the entity	62,848	-	-	-	62,848
Transfers to reserves	2,356,927	(227,211)	1,390	(2,131,106)	-
<b>Balance at 30 June 2013</b>	11,382,502	809,372	207,480	-	12,399,354
Surplus attributable to the entity	1,031,424	-	-	-	1,031,424
Transfers to reserves	(130,025)	128,970	1,055	-	-
<b>Balance at 30 June 2014</b>	12,283,901	938,342	208,535	-	13,430,778

Details of the purpose of each reserve and fund are included in Note 11(c).  
The statement of comprehensive income is to be read in conjunction with the attached notes.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Cash flow from operating activities</b>			
Receipts from grants and fundraising		4,671,515	4,395,965
Interest income		111,483	149,842
Payments to suppliers & employees		(2,631,342)	(2,404,942)
Scholarships paid		(296,604)	(152,934)
Interest paid		-	(13)
<b>Net cash flows from operating activities</b>		<b>1,855,052</b>	<b>1,987,918</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of property plant and equipment		80,873	200
Purchase of property plant and equipment		(2,235,659)	(1,361,121)
<b>Net cash flows used in investing activities</b>		<b>(2,154,786)</b>	<b>(1,360,921)</b>
Net increase (decrease) in cash and cash equivalents		(299,734)	626,997
Cash and cash equivalents at beginning of year		4,661,454	4,034,457
<b>Cash and cash equivalents at end of year</b>	2(d),4	<b>4,361,720</b>	<b>4,661,454</b>

The statement of comprehensive income is to be read in conjunction with the attached notes.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 1. INFORMATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commissions Act 2012.

The financial report was approved by the directors as at the date of the directors' report.

The financial report is for Kids Under Cover as an individual entity. Kids Under Cover is a company limited by guarantee, incorporated and domiciled in Australia. Kids Under Cover is a not-for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

## 2. SUMMARY OF ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards, Board and the Australian Charities and Not-for-profits Commissions Act 2012.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

### (b) Revenue recognition

Revenue is recognised when the company obtains control of the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

## DONATIONS

Donations are recognised when received.

## GOVERNMENT GRANTS

The company's studio building activity is supported by grants received from state governments. Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability, and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when received.

## SALES OF GOODS

Revenue from sales of goods comprises revenue earned from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer.

## INVESTMENT INCOME

Investment income comprises interest revenue and is recognised as it accrues.

## IN-KIND DONATIONS

Goods and services donated to the company are included at the fair value to the company where this can be quantified.

No amounts are included in the financial statements for services donated by volunteers.

Goods donated for resale, raffle and auction are included as income when they are sold.

## ASSET SALES

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

### (c) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis of headcount.

Fundraising costs are those incurred in seeking voluntary contributions by donations and includes the costs of fundraising events.

Scholarship program costs are those costs incurred in managing the scholarship programs and include the payment of scholarships, study aids and education related research.

Mentor program costs are those costs incurred in managing the mentoring program including training of potential mentors and matching mentors with mentees.

Housing program costs are those costs incurred in managing the housing program including processing of applications, arranging installations and non-capital costs incurred in maintaining the company's housing stock. Depreciation and amortisation of the housing stock is included in these costs.

Finance costs include interest, bank charges and credit card fees.

Management and administration costs are those incurred in connection with the administration of the company, support of programs and fundraising, and compliance with constitutional and statutory requirements.

#### (d) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### (e) Trade and other receivables

Trade receivables, which comprise amounts due from sales of merchandise, membership fees and from services provided to government for the construction and relocation of studios, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Normal terms of settlement vary from seven to ninety days. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

#### (f) Inventories

Inventories of goods purchased for resale are valued at the lower of cost and net realisable value.

#### (g) Property, plant and equipment

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

Any property, plant or equipment donated to the company or acquired for nominal cost is recognised at fair value at the date the company obtains control of the assets.

### HOUSES

Houses are carried at deemed cost less, where applicable, any accumulated depreciation.

The land on which the houses are situated is utilised under a long term lease from the government and is not owned by the company.

### STUDIOS

Studios are carried at deemed cost less accumulated depreciation.

Studios funded by Department of Human Services – Children Youth & Families (CYF) remain in CYF's possession for 15 years and the company must manage the studios for that time. The company has a duty of stewardship to manage, control and, where necessary, relocate the studios. Title to the studios is transferred over the 15 year period. Despite the legal ownership remaining with CYF, the risk and rewards of ownership effectively lie with the company. These studios are included as assets on the balance sheet.

Studios funded by other sources, including Department of Human Services – Office of Housing (OOH), are property of the company.

## PLANT AND EQUIPMENT

Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

## DEPRECIATION

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the company commencing from when the asset is held ready for use. Depreciation is calculated on a straight line and diminishing value basis over the expected economic lives as follows:

	2014 %pa	2013 %pa
Houses	5	5
Studios	5-25	5-25
Furniture & fittings	5-15	5-15
Office equipment	5-40	5-40
Motor vehicles	25	25

## IMPAIRMENT

The carrying values of property, plant and equipment are reviewed for impairment each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in the income statement. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

## **DERECOGNITION AND DISPOSAL**

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the company or when it has no sale value. 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 profit or loss in the year the asset is derecognised.

Any part of the asset revaluation reserve attributable to the asset disposed of or derecognised is transferred to general funds at the date of disposal.

### **(h) Trade creditors and other payables**

Trade creditors and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid. These amounts are usually settled within 30 days. The carrying amount of the creditors and payables is deemed to reflect fair value.

### **(i) Deferred income**

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions fulfilled and revenue received in advance for fundraising events to be held post balance date.

### **(j) Employee benefits**

Employee benefits comprise wages and salaries, annual, non-accumulating sick and long service leave, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months of balance date are recognised in other payables in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of the employees' services up to the reporting date which are expected to be settled within 12 months of balance date are recognised in the provision for employee benefits. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

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.

### **(k) Lease assets and liabilities**

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

### **(l) Taxation**

#### **Income tax**

The company is a charitable institution for the purposes of the Australian taxation legislation and is therefore exempt from income tax under Div 50 of the Income Tax Assessment Act 1997. This exemption has been confirmed by the Australian Taxation Office. The company holds deductible gift recipient status.

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

Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office, in which case it is recognised as part of the cost of the acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office is included as operating cash flows.

### **(m) Comparative**

Comparative information has been adjusted where appropriate to be in line with current year presentation and disclosures.

### 3. REVENUE, OTHER INCOME AND EXPENSES

	Note	2014 \$	2013 \$
<b>(a) Revenue</b>			
Government grants		2,336,199	1,954,442
Donations and gifts			
Individual donors		1,485,100	628,054
Corporate donors		265,217	284,681
Philanthropic trusts and foundations		923,371	843,777
Gifts in kind		10,357	101,062
Bequests		3,090	53,974
Events			
Sales of tickets		114,725	121,720
Raffles and auctions		249,703	306,562
Sponsorships		62,500	56,500
Membership fees		21,721	15,150
<b>(b) Other income</b>			
Investment income			
Interest received		111,483	149,842
<b>(c) Expenses</b>			
Depreciation		1,204,667	834,218
Interest paid		7,900	8,446
Doubtful debts expense		131,750	2,056
Loss on disposal of property, plant & equipment		26,168	74,348
Loss on relocation of property, plant & equipment		498,661	627,443
Impairment losses	8	-	465,878
<b>(d) Employee benefits expense</b>			
	2(j)		
Wages and salaries		1,246,313	1,135,886
Movement in employee benefits provisions		18,578	11,236
<b>(e) Operating lease expense</b>			
		45,720	44,423

### 4. CASH AND CASH EQUIVALENTS

	Note	2014 \$	2013 \$
Cash on hand		462	120
Cash at bank		4,358,341	4,658,417
Security deposit		2,917	2,917
	2(d)	4,361,720	4,661,454

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

## 5. TRADE AND OTHER RECEIVABLES

	Note	2014 \$	2013 \$
<b>Current</b>			
Trade debtors	2(e)	70,812	103,039
Other debtors		198,128	130,000
		268,940	233,039

## 6. INVENTORIES

	Note	2014 \$	2013 \$
Ball auction inventory	2(f)	3,420	3,420

## 7. OTHER ASSETS

	Note	2014 \$	2013 \$
Prepayments		135,478	138,758

## 8. PROPERTY, PLANT AND EQUIPMENT

	Studios \$	Houses \$	Motor Vehicles \$	Office fittings and equipment \$	Total \$
<b>Cost or fair value</b>					
At 1 July 2012	11,097,106	2,146,073	72,628	186,582	13,502,389
Additions	1,862,580	-	-	15,649	1,878,229
Disposals	(919,582)	-	-	-	(919,582)
Impairment losses	(465,878)	-	-	-	(465,878)
<b>At 30 June 2013</b>	<b>11,574,226</b>	<b>2,146,073</b>	<b>72,628</b>	<b>202,231</b>	<b>13,995,158</b>
Additions	1,895,577	-	29,224	3,532	1,928,333
Disposals	(845,353)	(110,000)	(20,078)	(2,191)	(977,622)
<b>At 30 June 2014</b>	<b>12,624,450</b>	<b>2,036,073</b>	<b>81,774</b>	<b>203,572</b>	<b>14,945,869</b>
<b>Accumulated depreciation</b>					
At 1 July 2012	2,369,542	1,109,127	35,425	136,679	3,650,773
Charge for the year	701,857	107,303	9,301	15,757	834,218
Disposals	(194,127)	-	-	-	(194,127)
<b>At 30 June 2013</b>	<b>2,877,272</b>	<b>1,216,430</b>	<b>44,726</b>	<b>152,436</b>	<b>4,290,864</b>
Charge for the year	1,081,722	103,024	6,877	13,044	1,204,667
Disposals	(225,454)	(78,220)	(13,376)	(784)	(317,835)
<b>At 30 June 2014</b>	<b>3,733,539</b>	<b>1,241,234</b>	<b>38,227</b>	<b>164,696</b>	<b>5,177,697</b>
<b>Net carrying amount</b>					
<b>At 30 June 2014</b>	<b>8,890,911</b>	<b>794,839</b>	<b>43,548</b>	<b>38,875</b>	<b>9,768,172</b>
<b>At 30 June 2013</b>	<b>8,696,954</b>	<b>929,643</b>	<b>27,902</b>	<b>49,795</b>	<b>9,704,294</b>

### Impairment losses

In 2013 the company has recognised an impairment loss of \$465,878 on studios constructed under pilot program funding from the Queensland State Government. The impairment reflects the constructive obligation to return the ownership of these studios to the Queensland State Government.

## 9. TRADE CREDITORS AND OTHER PAYABLES

	Note	2014 \$	2013 \$
<b>Current</b>			
Trade creditors	2(h)	106,531	533,901
Other creditors		10,084	13,987
Accruals and deferred income	2(i)	337,197	331,074
Government grants in advance	2(i)	432,752	1,282,338
		886,563	2,161,300

## 10. PROVISIONS

	Note	2014 \$	2013 \$
<b>Current</b>			
Employee benefits	2(j)	125,576	116,611
Scholarships		48,000	41,600
		173,576	158,211
<b>Non-current</b>			
Employee benefits	2(j)	9,613	-
Scholarships		37,200	22,100
		46,813	22,100

## 11. FUNDS

(a) Movement in funds - 2014	At 1 July 2013 \$	Net Income \$	Transfers \$	At 30 June 2014 \$
<b>General funds</b>	11,382,502	1,161,424	(130,025)	12,413,901
<b>Designated funds</b>				
Scholarship program reserve	472,909	-	18,045	490,954
Housing program reserve	336,463	-	110,925	447,388
Total designated funds	809,372	-	128,970	938,342
<b>Restricted funds</b>				
Scholarship endowment reserve	207,480	-	1,055	208,535
<b>Total funds</b>	<b>12,399,354</b>	<b>1,161,424</b>	<b>-</b>	<b>13,560,778</b>

(b) Movement in funds - 2013	At 1 July 2012 \$	Net Income \$	Transfers \$	At 30 June 2013 \$
<b>General funds</b>	8,962,727	62,848	2,356,927	11,382,502
<b>Asset revaluation reserve</b>	2,131,106	-	(2,131,106)	-
<b>Designated funds</b>				
Scholarship program reserve	454,916	-	17,993	472,909
Housing program reserve	581,667	-	(245,204)	336,463
Total designated funds	1,036,583	-	(227,211)	809,372
<b>Restricted funds</b>				
Scholarship endowment reserve	206,090	-	1,390	207,480
<b>Total funds</b>	<b>12,336,506</b>	<b>62,848</b>	<b>-</b>	<b>12,399,354</b>

### (c) Details of funds

#### General reserve

The general reserve represents the retained earnings of the company and are the funds of the company that are not designated for a particular purpose.

#### Asset revaluation reserve

This reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relate to an increase in the value of that class of assets previously recognised in the reserve.

#### Scholarship program reserve

The scholarship program reserve has been established to record funds raised by donation to the company for use in its scholarship program.

#### Housing program reserve

The housing program reserve has been established to record funds raised by donation to the company for use in its housing program.

#### Scholarship endowment reserve

The scholarship endowment reserve was established from funds received from the Estate of Cecelia Murnane. These funds are held in perpetuity with 80% of the income relating to these funds being used to pay scholarships and the balance retained to increase the fund.

### (d) Members guarantee

The company is limited by guarantee. In the event of the company being wound up, the constitution states that each member is required to contribute a maximum of \$1 towards meeting any outstanding obligations of the company. At 30 June 2014 the number of members was 57 (2013 – 65).

## 12. COMMITMENTS AND CONTINGENCIES

	Note	2014 \$	2013 \$
<b>Operating leases</b>			
The company has entered into a commercial lease for the head office premises. Future minimum rentals payable under non-cancellable operating leases as at the reporting date are:			
Within one year		45,720	34,290
After one year but not more than five years		-	-
Total commitments under operating leases		45,720	34,290

## 13. KEY MANAGEMENT PERSONNEL COMPENSATION

	Note	2014 \$	2013 \$
Short term benefits		515,041	490,725
Post employment benefits		42,122	40,650
Total compensation		557,163	531,375

## 14. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### (a) Directors

Directors of the company in office during the year are disclosed in the directors' report that accompanies these financial statements.

### (b) Directors' compensation

The directors act in an honorary capacity and receive no compensation for their services.

### (c) Transactions with director-related entities

There were no transactions with directors or director related entities during the financial year and no amounts payable or receivable from directors or director related entities at the reporting date.

## 15. ECONOMIC DEPENDENCY

The company is dependent upon the ongoing receipt of grants and donations to ensure the continuance of its housing, scholarship and mentoring programs.

## 16. ADDITIONAL COMPANY INFORMATION

Kids Under Cover is a company limited by guarantee, incorporated and operating in Australia.

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

Level 1, 53 Burnley St  
Richmond VIC 3121



# DIRECTORS' DECLARATION

The directors of Kids Under Cover declare that in their opinion:

- (a) The attached financial statements and notes thereto comply with Accounting Standards
- (b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company
- (c) The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* and the Corporations Regulations 2001
- (d) There are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the directors



ANDREW COLEMAN  
Director, Chair



JEFF JONES  
Director, Treasurer

Melbourne, 16 October 2014

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIDS UNDER COVER

**KIDS UNDER COVER**  
**ACN 129 005 269**



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIDS UNDER COVER

We have audited the accompanying financial report of Kids Under Cover, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

### *Directors' responsibility 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 *Corporations Act 2001* and for such internal control that 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.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

**KIDS UNDER COVER**  
**ACN 129 005 269**



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIDS UNDER COVER**

### *Opinion*

In our opinion, the financial report of Kids Under Cover is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations Act 2001*.



M J HARRISON  
Partner

16 October 2014



PITCHER PARTNERS  
Melbourne