FINANCIAL REPORT

CORPORATE INFORMATION
KIDS UNDER COVER ABN 76 604 592 013

DIRECTORS

The following directors were in office at the date of this report:
C. Radford
N. Popelianski
A. Tait
S. Davies
G. Liacos
D. Tsorbaris
R. Kimber

COMPANY SECRETARY

J. Swift

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

383 Swan Street Richmond VIC 3121

BANKERS

Bank of Melbourne
530 Collins Street
Melbourne VIC 3000

AUDITORS

Pitcher Partners
Level 13
604 Collins Street
Docklands VIC 3008

DIRECTORS' REPORT

The directors present their report together with the financial report of the group, being the company and its controlled entity, for the year ended 30 June 2019 and auditor's report thereon.

DIRECTORS' NAMES

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

Colin Radford
Nathaniel Popelianski
Alison Tait
Sarah Davies
George Liacos
Deb Tsorbaris
Renuka Kimber (appointed February 2019)

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

RESULTS

The operating deficiency of the group for the year amounted to $868,608.

REVIEW OF OPERATIONS

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

PRINCIPAL ACTIVITIES

The principal activities of the group during the year were:
- Provision of one and two bedroom studios
- Provision of scholarships; and
- Fundraising through gifts, donations, government and philanthropic grants, appeals, events and regular giving programs.

No other significant change in the nature of these activities occurred during the year.

SHORT-TERM AND LONG-TERM OBJECTIVES AND STRATEGIES

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 for young people.

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

PERFORMANCE MEASURES

To evaluate the efficiency and effectiveness of the organisation's programs, a monitoring and evaluation framework is in place. The annual evaluation report can be found in the annual report.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

MEETINGS OF DIRECTORS

DIRECTORS	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Colin Radford	6	5
Nathaniel Popelianski	6	6
Alison Tait	6	4
Sarah Davies	6	5
George Liacos	6	4
Deb Tsorbaris	6	3
Renuka Kimber	3	3

MEMBERS GUARANTEE

The group is incorporated under the Corporations Act 2001 and is a group limited by guarantee. If the group 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 group. At 30 June 2019 the number of members was 7. The combined total amount that members of the group are liable to contribute if the group is wound up is $7.

Signed on behalf of the board of directors.

Colin Radford
Director
Dated this 21st day of October 2019

Alison Tait
Director, Treasurer

AUDITOR'S DECLARATION

KIDS UNDER COVER AND CONTROLLED ENTITY
ABN: 76 604 592 013

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

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Kids Under Cover and the entities it controlled during the year.

M J HARRISON — PITCHER PARTNERS

Partner — MELBOURNE

Date: 21 October 2019

DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

NAME	QUALIFICATIONS AND EXPERIENCE	SPECIAL RESPONSIBILITIES
Colin Radford	Chief Executive Officer at Victorian Managed Insurance Authority. Colin is a public-sector specialist with more than 25 years working in and with government.	Board Chair
Nathaniel Popelianski	Partner at Corrs Chambers Westgarth. Nathaniel specialises in property law, has a Bachelor of Commerce, a Bachelor of Laws, has been in practice since 1997 and is national practice group leader of the Property & Infrastructure Practice.	Vice Chair
Alison Tait	Partner at PwC. Alison holds a Bachelor of Commerce, is a member of the Institute of Chartered Accountants and has over 15 years' experience working with ASX listed companies and large multinationals.	Finance, Audit and Risk Committee Chair & Treasurer
Sarah Davies	Chief Executive Officer of Philanthropy Australia and Board Member of the Centre for Social Impact. Sarah has an extensive background in the tertiary education sector.	Remuneration Committee Chair
George Liacos	Managing Director at Spark Strategy, George is a strategic advisor to the social sector, corporate entities and government bodies. An entrepreneur with strong start-up and digital background, he holds a MBA from Melbourne University, BEc from Sydney University and GAICD from the AICD.	
Deb Tsorbaris	Chief Executive Officer at Centre for Excellence in Child and Family Welfare. In her previous roles, Deb had worked as Director at Department of Health & Human Service and Chief Executive Officer at Council to Homeless Persons.	
Renuka Kimber (Appointed February 2019)	Senior Manager at KPMG in technology and innovation. Renuka has more than a decade of experience in brand transformation, digital strategy and stakeholder relations.	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 $	2018 $
REVENUE AND OTHER INCOME			
Government funding	2	3,169,565	2,129,019
FUNDRAISING			
Donations and gifts	2	5,587,961	5,385,286
Bequests	2	-	57,664
Other	2	-	142,698
OTHER INCOME			
Sundry income	3	12,711	93,228
Investment income	3	161,222	119,608
Gain on disposal of current assets	3	224,118	61,479
		9,155,577	**7,988,982**
LESS: EXPENSES			
Social enterprise		(328,068)	(119,485)
General Marketing and fundraising		(1,464,285)	(1,329,621)
Donate Your Car®		(718,226)	(822,862)
Scholarship program costs		(873,815)	(381,468)
Studio program costs		(5,269,822)	(4,503,137)
Management and administration costs		(1,369,969)	(1,100,526)
		(10,024,185)	**(8,257,099)**
DEFICIT BEFORE INCOME TAX EXPENSE		**(868,608)**	**(268,117)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit and loss			
Unrealised gain on restatement of financial assets to fair value		-	33,389
OTHER COMPREHENSIVE (DEFICIT) / INCOME FOR THE YEAR		**-**	**33,389**
TOTAL COMPREHENSIVE DEFICIT		**(868,608)**	**(234,728)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	NOTE	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	5	5,198,097	5,067,378
Receivables	6	798,328	403,407
Other financial assets	7	2,516,331	2,489,169
Other assets	8	202,584	339,665
TOTAL CURRENT ASSETS		**8,715,340**	**8,299,619**
NON-CURRENT ASSETS			
Intangible assets	9	223,236	32,755
Property, plant and equipment	10	7,386,187	6,554,369
TOTAL NON-CURRENT ASSETS		**7,609,423**	**6,587,124**
TOTAL ASSETS		**16,324,763**	**14,886,743**
CURRENT LIABILITIES			
Payables	11	873,684	672,909
Provisions	12	534,901	270,220
Other liabilities	13	2,059,000	242,720
TOTAL CURRENT LIABILITIES		**3,467,585**	**1,185,849**
NON-CURRENT LIABILITIES			
Provisions	12	107,236	82,344
TOTAL NON-CURRENT LIABILITIES		**107,236**	**82,344**
TOTAL LIABILITIES		**3,574,821**	**1,268,193**
NET ASSETS		**12,749,942**	**13,618,550**
EQUITY			
Reserves	14	2,727,883	2,957,136
Retained earnings		10,022,059	10,661,414
TOTAL EQUITY		**12,749,942**	**13,618,550**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	CONTRIBUTED EQUITY $	RESERVES $	RETAINED EARNINGS $	TOTAL EQUITY $
BALANCE AS AT 1 JULY 2017	-	2,190,030	11,663,248	13,853,278
Deficit for the year	-	-	(268,117)	(268,117)
Unrealised gain on restatement of financial assets to fair value	-	33,389	-	33,389
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**33,389**	**(268,117)**	**(234,728)**
Transfers	-	733,717	(733,717)	-
BALANCE AS AT 30 JUNE 2018	**-**	**2,957,136**	**10,661,414**	**13,618,550**
BALANCE AS AT 1 JULY 2018	**-**	**2,957,136**	**10,661,414**	**13,618,550**
Deficit for the year	-	-	(868,608)	(868,608)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**(868,608)**	**(868,608)**
Transfers	-	(229,253)	229,253	-
BALANCE AS AT 30 JUNE 2019	**-**	**2,727,883**	**10,022,059**	**12,749,942**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

NOTE	2019 $	2018 $
CASH FLOW FROM OPERATING ACTIVITIES		
Grants and donations received	10,504,953	7,682,872
Payments to suppliers and employees	(5,257,686)	(5,512,159)
Interest received	161,222	119,608
Scholarships paid	(506,051)	(411,919)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**4,902,438**	**1,878,402**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	45,437	566,805
Proceeds from sale of current assets held for sale	348,876	-
Payment for property, plant and equipment	(4,915,410)	(2,819,186)
Payment for investments	(31,542)	(2,067,680)
Payment for intangible assets	(219,080)	(32,755)
NET CASH USED IN INVESTING ACTIVITIES	**(4,771,719)**	**(4,352,816)**
RECONCILIATION OF CASH		
Cash at beginning of the financial year	5,067,378	7,541,792
Net increase / (decrease) in cash held	130,719	(2,474,414)
CASH AT END OF FINANCIAL YEAR	**5,198,097**	**5,067,378**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers Kids Under Cover and its consolidated 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 financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(A) BASIS OF PREPARATION OF THE FINANCIAL REPORT

Historical Cost Convention

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) INCOME TAX

No provision for income tax has been raised as the group is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997.*

(C) REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from government grants

The group receives government grant funding in advance and allocates the grants to individuals who have applied for scholarships and/or studio housing. Revenue from the provision of scholarships is recognised upon payment of the scholarship to the successful student and revenue from building studios is recognised when the studio has been built and the certificate of completion has been signed-off.

For other non-reciprocal grants received, revenue is recognised upon receipt of the funds which is when the entity obtains control of the contribution or grant and it is probable that the economic benefits will flow to the entity.

Revenue from fundraising activities

The group receives fundraising income mainly in the form of donations and gifts. Revenue from fundraising is recognised upon receipt of the funds which is when the entity obtains control of the contribution or grant and it is probable that the economic benefits will flow to the entity.

(D) OTHER REVENUE AND OTHER INCOME

Investment income

Investment income comprises of Interest revenue and dividend income and is recognised when it is received.

In-kind donations

Goods and services donated to the company are included at 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 disposals.

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

(E) FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the group's business model for managing the financial assets; and
(b) the contractual cash flow characteristics of the financial asset.

(F) PROPERTY, PLANT AND EQUIPMENT

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

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 cost and assessed for fair value impairment every year.

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 cost and assessed for fair value impairment every year.

All studios currently held, irrespective of funding source, are the property of the company.

Plant and equipment

Plant and equipment is carried at cost less accumulated depreciation.

Depreciation

The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use. Depreciation is calculated on a straight line and diminishing value basis over the expected economic lives as follows:

CLASS OF FIXED ASSET	DEPRECIATION RATES	DEPRECIATION BASIS
Houses at cost	5%	Straight line
Studios at cost	25%	Straight line
Leasehold improvements at cost	33%	Straight line
Motor vehicles at cost	25%	Diminishing value
Office equipment at cost	5%-40%	Diminishing value

G) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset exceeds the asset's recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the current replacement cost).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same class of asset.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same class of asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

(H) EMPLOYEE BENEFITS

(i) Short term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

(ii) Long term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position..

(I) LEASES

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(J) GOODS AND SERVICES TAX (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows..

(K) COMPARATIVES

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(L) ECONOMIC DEPENDENCY

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 $	2018 $
NOTE 2: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Government funding	3,169,565	2,129,019
Fundraising:		
Donations and gifts	5,587,961	5,385,286
Bequest	-	57,664
Other	-	142,698
	5,587,961	5,585,648
	8,757,526	**7,714,667**
NOTE 3: OTHER REVENUE AND OTHER INCOME		
Other Income		
Sundry Income	12,711	93,228
Investment income	161,222	119,608
Gain on disposal of current assets held for sale	224,118	61,479
	398,051	**274,315**
NOTE 4: OPERATING DEFICIT		
Deficit has been determined after:		
Depreciation		
- houses & studios	3,489,814	3,323,625
- leasehold improvements	244	1,540
- motor vehicles	11,870	14,838
- office furniture and equipment	14,172	13,249
	3,516,100	3,353,252
Amortisation of non-current assets		
- CRM software	58,989	-
Impairment		
- Impairment losses on assets held for sale	188,894	-
Employee benefits	2,145,757	1,773,149
Loss on fair value adjustments		
- Financial assets at fair value through profit and loss	4,380	-
Net loss on disposal of non-current assets		
- Loss on sale of property, plant and equipment and studios	319,537	343,186
- Loss on sale of investments	24,557	-
	344,094	**343,186**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

	2019 $	2018 $
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	111	316
Cash at bank	5,197,986	5,067,062
	5,198,097	**5,067,378**
NOTE 6: RECEIVABLES		
CURRENT		
Receivables from contracts with customers	14,135	117,170
Other receivables		
-Accrued income	726,000	144,000
-GST receivable	58,193	136,757
-Other debtors	-	5,480
	784,193	286,237
	798,328	**403,407**
NOTE 7: OTHER FINANCIAL ASSETS		
CURRENT		
Available-for-sale financial assets		
Investment in managed funds	**2,516,331**	**2,489,169**
NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	52,584	48,139
Assets held for sale	150,000	291,526
	202,584	**339,665**
Prototypes developed for Nestd are expected to be realised within the next 12 months are considered assets held for sale		
NOTE 9: INTANGIBLE ASSETS		
Website at cost	32,755	32,755
Accumulated amortisation and impairment	(32,755)	-
	-	32,755
CRM Software at cost	282,225	
Accumulated amortisation and impairment	(58,989)	-
	223,236	-
TOTAL INTANGIBLE ASSETS	**223,236**	**32,755**

	2019 $	2018 $
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
At cost	251,675	251,675
Accumulated depreciation	(176,174)	(163,590)
	75,501	**88,085**
Buildings		
At cost	23,307,221	19,845,661
Accumulated depreciation	(16,072,340)	(13,649,448)
	7,234,881	**6,196,213**
Leasehold improvements		
At cost	4,620	4,620
Accumulated depreciation	(4,620)	(4,376)
	-	**244**
TOTAL LAND AND BUILDINGS	**7,310,382**	**6,284,542**
Plant and equipment		
Motor vehicles at cost	68,445	67,489
Accumulated depreciation	(23,935)	(24,820)
	44,510	**42,669**
Office equipment at cost	91,205	136,365
Accumulated depreciation	(59,910)	(48,579)
	31,295	**87,786**
Display Stock	-	139,372
TOTAL PLANT AND EQUIPMENT	**75,805**	**269,827**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**7,386,187**	**6,554,369**

	2019 $	2018 $
NOTE 10: PROPERTY, PLANT AND EQUIPMENT (continued)		
(a) Reconciliations		
Land and buildings		
Opening carrying amount	88,085	100,669
Depreciation expense	(12,584)	(12,584)
Closing carrying amount	**75,501**	**88,085**
Buildings		
Opening carrying amount	6,196,213	7,314,334
Additions	4,861,526	2,610,045
Disposals	(345,628)	(450,568)
Depreciation expense	(3,477,230)	(3,277,598)
Closing carrying amount	**7,234,881**	**6,196,213**
Leasehold improvements		
Opening carrying amount	244	1,784
Depreciation expense	(244)	(1,540)
Closing carrying amount	**-**	**244**
Motor vehicles		
Opening carrying amount	42,669	69,187
Additions	32,003	-
Disposals	(18,292)	(11,680)
Depreciation expense	(11,870)	(14,838)
Closing carrying amount	**44,510**	**42,669**
Office equipment		
Opening carrying amount	87,786	32,133
Additions	21,881	69,769
Disposals	(1,046)	(867)
Depreciation expense	(14,172)	(13,249)
Reclassified to intangible assets	(63,154)	-
Closing carrying amount	**31,295**	**87,786**

		2019 $	2018 $
NOTE 10: PROPERTY, PLANT AND EQUIPMENT (continued)			
(a) Reconciliations (continued)			
Display stock			
Opening carrying amount		139,372	-
Additions		-	139,372
Reclassified as held for sale		(139,372)	-
Closing carrying amount		-	**139,372**
NOTE 11: PAYABLES			
CURRENT			
Unsecured liabilities			
Trade creditors		785,061	611,639
Sundry creditors and accruals		88,623	61,270
		873,684	**672,909**
NOTE 12: PROVISIONS			
CURRENT			
Employee benefits	(a)	181,153	148,820
Scholarships		353,748	121,400
		534,901	**270,220**
NON CURRENT			
Employee benefits	(a)	19,936	16,144
Scholarships		87,300	66,200
		107,236	**82,344**
(a) Aggregate employee benefits liability		201,089	164,964
NOTE 13: OTHER LIABILITIES			
CURRENT			
Grants received in advance		**2,059,000**	**242,720**
NOTE 14: RESERVES			
Studio program reserve		1,968,165	2,284,589
Scholarship program reserve		506,043	418,872
Scholarship endowment reserve		209,994	209,994
Fair value reserve		43,681	43,681
		2,727,883	**2,957,136**

NOTE 14: RESERVES (CONTINUED)

Studio program reserve:

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

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.

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.

Fair value reserve:

The fair value reserve represents unrealised increments in the market value of the share portfolio which is held in a managed fund.

	2019 $	2018 $
NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION		
Compensation received by key management personnel of the group		
- short-term employee benefits	654,013	550,208
- post-employment benefits	59,664	50,326
	713,677	**600,534**

The above remuneration for KMPs relates to 5 full time equivalents (2018: 4 full time equivalents).

NOTE 16: 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.

	2019 $	2018 $
NOTE 17: CAPITAL AND LEASING COMMITMENTS		
(a) Operating lease commitments		
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:		
Payable		
- not later than one year	188,033	180,569
- later than one year and not later than five years	217,159	381,706
	405,192	**562,275**

NOTE 18: CHANGES IN ACCOUNTING POLICIES

(A) FINANCIAL INSTRUMENTS - ADOPTION OF AASB 9

AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement*. The key changes introduced by AASB 9 in relation to the accounting treatment for financial instruments include:

- simplifying the general classifications of financial assets into those measured at amortised cost and those measured at fair value;
- permitting entities to irrevocably elect, on initial recognition, for gains and losses on equity instruments not held for trading to be presented in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirement to separate and measure embedded derivatives at fair value, in relation to embedded derivatives associated with financial assets measured at amortised cost;
- requiring entities that elect to measure financial liabilities at fair value, to present the portion of the change in fair value arising from changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- introducing a new 'expected credit loss' impairment model (replacing the 'incurred loss' impairment model of previous accounting standard).

Previously, unrealised gains and losses on managed funds were presented in OCI, these are now recognised in the profit and loss. Other than this change, the application of AASB 9 has not materially impacted the classification and measurement of the group's financial assets and liabilities.

(B) REVENUE FROM CONTRACTS WITH CUSTOMERS - ADOPTION OF AASB 15

The group adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018.

AASB 15 provides (other than in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the previous accounting standard, AASB 118 Revenue, revenue from the sale of goods was recognised when the significant risks and rewards of ownership of the goods transferred to the buyer, and revenue from the rendering of services was recognised by reference to the stage of completion of the transaction at the end of the reporting period.

The Group's recognition and measurement of revenue from contracts with customers has not changed as a result of the introduction of the new standard. Further details of the group's accounting policies in relation to accounting for revenue from contracts with customers under AASB 15 are contained in note 1.

	2019 $	2018 $
NOTE 19: PARENT ENTITY DETAILS		
Summarised presentation of the parent entity, Kids Under Cover, financial statements:		
(A) Summarised consolidated statement of financial position		
Assets		
Current assets	9,432,467	8,410,436
Non-current assets	7,609,423	6,414,997
TOTAL ASSETS	**17,041,890**	**14,825,433**
Liabilities		
Current liabilities	3,447,025	1,275,188
Non-current liabilities	107,236	82,344
TOTAL LIABILITIES	**3,554,261**	**1,357,532**
NET ASSETS	**13,487,629**	**13,467,901**
Equity		
Accumulated surplus	13,487,629	13,467,901
TOTAL EQUITY	**13,487,629**	**13,467,901**
(B) Summarised consolidated statement of profit or loss and other comprehensive income		
Deficit for the year	(545,330)	(259,237)
Other comprehensive income for the year	-	33,389
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(545,330)**	**(225,848)**

NOTE 20: MEMBERS' GUARANTEE

The parent entity 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 company. At 30 June 2019 the number of members was 7. The combined total amount that members of the company are liable to contribute if the company is wound up is $7.

NOTE 21: COMPANY DETAILS

The registered office of the group is:
Kids Under Cover
383 Swan Street,
RICHMOND VIC 3121

DIRECTORS' DECLARATION

KIDS UNDER COVER AND CONTROLLED ENTITY
ABN: 76 604 592 013

DIRECTORS' DECLARATION

The directors declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of 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-profit Commission Regulation 2013*.

Director: ______________________ Director: ______________________
Colin Radford Alison Tait

Dated this 21st day of October 2019

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

KIDS UNDER COVER AND CONTROLLED ENTITY
ABN: 76 604 592 013

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kids Under Cover ''the company'' and its subsidiaries, "the Group", which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 accompanying financial report of the Group, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 Group in accordance with 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

KIDS UNDER COVER AND CONTROLLED ENTITY
ABN: 76 604 592 013

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

Other Information (Continued)

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the ACNC Act and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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.

KIDS UNDER COVER AND CONTROLLED ENTITY
ABN: 76 604 592 013

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

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- 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.

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.

M J HARRISON — PITCHER PARTNERS

Partner — MELBOURNE

Date 21 October 2019

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