

HAGAR

The whole journey

HAGAR AUSTRALIA LTD & CONTROLLED ENTITIES

ABN 20 159 198 535

Financial report

for the year ended 31 December 2017

HAGAR AUSTRALIA LTD
ABN 20 159 198 535
237 Cecil Street, South Melbourne VIC 3205

Website: www.hagar.org.au

Email: donations@hagar.org.au

DIRECTORS' REPORT

The directors present this report on the company and controlled entities (Group) for the financial year ended 31 December 2017.

Directors

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

- William J. Hurditch (Chairman)
- Susie Condron (resigned 23 August 2017)
- Simon Creek
- Rod Dring
- Melanie Gow
- Bryce Houghton (resigned 28 April 2017)
- Catherine Jacob (appointed 27 April 2017)
- Marianne Roux (appointed 21 September 2017)

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

Principal Activities

The principal activities of the company during the financial year were to:

Generate charitable giving from Australian donors and partners to support Hagar's work with survivors of trafficking, slavery and abuse in Cambodia, Vietnam and Afghanistan.

Advocate for the Australian community – through its governments, companies, civil society and citizens – to play a leading role in combatting human trafficking and slavery within the region and around the world.

There were no significant changes in the nature of these activities during the year.

Short-term and Long-term Objectives

The company's objectives are to ensure the communities we work with are free and healed from the trauma of human trafficking, slavery and abuse through achieving the following goals:

Transform lives
Advocate for change
Grow
Nurture excellence

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

Ensure our programs are effective and well-managed and collaborate with our partners at all stages of the program cycle ensuring the people we support, and the communities they live in, are able to participate in the design of our programs.

Play an active leadership role in the global Hagar network to help ensure it is equipped with the expertise, evidence and understanding of emerging needs required to design and deliver innovative and effective programs.

Undertake research and collaborate with other organisations to identify the most significant changes required by the Australian community to combat human trafficking and slavery and advocate for these changes, including through the Australian Government's Roundtable on Human Trafficking and Slavery.

Build awareness of our brand in the Australian community and raise awareness of human trafficking and slavery and the shifts needed to eliminate these human rights abuses.

Secure and nurture long-term partnerships with foundations, companies, churches and community groups.

Build a cohesive, motivated, values-driven team of staff and volunteers with the right skills and experience.

Prioritise the engagement of volunteers, more accurately measure their contribution to Hagar Australia and consistently show that we value them.

Invest in tools and technology that reduce manual procedures and improve our cost-effectiveness.

Financial Performance

For the year ended 31 December 2017, the company recorded total revenues and other income of \$1,367,618 (2016: \$1,117,031). 2017 was a year of investment in fundraising to establish a solid foundation for future growth in Hagar Australia's income. However, the organisation worked hard to decrease expenditure on administration, reducing this by 4% as a percentage of total expenditure.

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. These benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

| | 2017 Actual | 2016 Actual |
|---|------------------------|------------------------|
| Income per full time staff member | \$427,381 | \$444,879 |
| Fundraising as a % of Total Income | 21% | 20% |
| International Programs as a % of Total Expenditure | 66% | 67% |
| Fundraising as a % of Total Expenditure | 22% | 15% |
| Administration & Accountability as a % of Total Expenditure | 11% | 15% |
| Volunteer time contributed per annum | 942 hours | 897 hours |

Information on Directors

William Hurditch - Chairman

Bill is a Principal at Sydney-based business strategy and advocacy group, The Fifth Estate. He advises Australian and international firms on natural resource management, environmental technology and government policy, and has postgraduate qualifications in ecology. Bill has taught in Masters and undergraduate programs at Oxford University, he serves as a director of Moore Theological College, and is an ambassador for Business for Millennium Development.

Bryce Houghton – Deputy Chairman until 28 April 2017

Bryce is the Group Chief Financial Officer of Slater and Gordon Limited. Prior to this he has had CFO and finance roles with Navitas Limited, Evans and Tate Limited, Fonterra Co-operative Limited, National Bank of New Zealand Limited and Price Waterhouse.

Susie Condron - Company Secretary until 23 August 2017

Susie is a Director and Principal of Sterling Group, an engineering based Infrastructure Management and Project Delivery firm. She has 20 years' experience within senior management leading change projects both in private and government organisations encompassing business strategy, operational design and supply chain. She has utilised this experience with great success to assist small to medium size businesses transform their outcomes.

Rod Dring

Rod is a partner in the Sydney office of PwC, delivering assurance and advisory services to listed entities, multinationals and private equity based businesses. He has extensive experience working with companies in the Technology, Media and Telecoms sector and has held industry leadership roles covering Asia Pacific. He is an Executive Committee Member of the Australia Korea Business Council, and has served as a non-executive director of Camp Quality Limited.

Melanie Gow

Before commencing a year of sabbatical in February 2017, Melanie was Chief Supporter Officer at World Vision Australia, Melanie began work at World Vision Australia in 1995 in the policy and research division. She holds a Masters in Development Studies and a Masters in Public and International Law. In 2000, Melanie left World Vision Australia to join the World Vision International office. Based in Geneva, she was co-chair of the UN's Expert NGO Panel for the UN Study on Violence Against Children and President of the NGO Group for the Convention on the Rights of the Child. Melanie rejoined World Vision Australia in 2004 and has held various senior roles since that time including Director of Policy and Programs, Deputy CEO and Chief of Staff and Strategy. She has previously held a number of not for profit Board positions including ACFID and Business for Development

Simon Creek

Simon is Managing Director of Perth based law firm HHG Legal Group and leads its multi award winning Family & De Facto law team. He is a founding member of Collaborative Professionals (WA), a Nationally Accredited Mediator and a Fellow of the Australian and New Zealand College of Notaries. He has been published in numerous professional publications and presents regularly at professional conferences and on TV and radio. He has served as a Director of the Albany branch of the Bendigo Bank, the Legal Practice Board and other private companies. Finally, Simon is the Chairman of HHG Giving Back, the charitable arm of HHG Legal Group.

Catherine Jacob (Company Secretary from 20 September 2017)

Catherine is the Founder and Director of Footprint Consulting, specialising in business diagnostics, vision setting, strategy development and business improvement. Prior this, Catherine established and was the General Manager for Façade Solutions, a business for BlueScope Steel. Catherine has also worked as a Senior Management Consultant for the Renault-Nissan Group. In her early career, Catherine worked as a structural engineer across Europe and the Middle East.

Marianne Roux

Marianne is the Head of Consulting for Asia Pacific at Cirrus, an international leadership, talent and engagement consulting firm. She is also a Professor of Practice in Executive Development at Monash Business School. She has 25 years' experience as a Leadership and Organisational Development expert with global experience in management consulting and senior human resource executive roles. She has worked across a wide range of sectors including Mining, Oil & Gas, Energy, Pharmaceuticals, Construction, Financial Services, ICT, Retail, Education, Health, Aged Care and Sport.

Meetings of Directors

During the financial year, 8 meetings of directors (7 full Board and 1 Finance Committee) were held.

Attendances by each director were as follows:

| Name | No. of meetings eligible to attend | No. of meetings attended | No. of Finance Committee Meetings eligible to attend | No. of Finance Committee Meetings attended |
|------------------|---|---------------------------------|---|---|
| William Hurditch | 7 | 7 | 1 | 1 |
| Susie Condron | 3 | 2 | 1 | 1 |
| Simon Creek | 7 | 2 | 1 | 0 |
| Rod Dring | 7 | 7 | 1 | 1 |
| Melanie Gow | 7 | 3 | 1 | 1 |
| Bryce Houghton | 2 | 1 | 1 | 0 |
| Catherine Jacob | 6 | 6 | 0 | 0 |
| Marianne Roux | 2 | 1 | 0 | 0 |

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 \$100 each towards meeting any outstanding obligations of the entity. At 31 December 2017, the total amount that members of the company are liable to contribute if the company is wound up is \$600 (2016: \$600).

Directors Remuneration

The board of directors give their services to the organisation without charge and the organisation does not pay directors for services rendered in capacity of director.

Matters subsequent to the end of the financial year

There is, at the date of this report, no matter or circumstance which has arisen since 31 December 2017 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years; or
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future financial years.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Dividends

The company's constitution does not permit dividends and therefore no dividends have been recommended or paid for the year under review.

Indemnification of Office Holders

During or since the financial year the company has not indemnified an office holder against a liability incurred as a result of acting as a director of the company.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2017 has been received and can be found on page 8 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director:



William J. Hurditch
Chairman

Dated this ~~xx~~ day of ~~xx~~ 2018

28th March



Moore Stephens Audit (Vic)

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SUBDIVISION 60-40 OF *THE AUSTRALIAN CHARITIES
AND NOT-FOR-PROFITS COMMISSION ACT 2012*
TO THE DIRECTORS OF HAGAR AUSTRALIA LIMITED AND CONTROLLED ENTITY**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017, there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257



RYAN LEEMON
Partner
Audit & Assurance Services

Melbourne, Victoria

28 March 2018

CONSOLIDATED statement of SURPLUS or DEFICIT & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2017

| | Note | 2017 \$ | 2016 \$ |
|---|------|------------------|------------------|
| Continuing Operations and gifts | | | |
| Donations | 2 | 1,242,332 | 941,274 |
| Events | 2 | 115,064 | 175,352 |
| Other income | 2 | 10,222 | 405 |
| Total Revenue and Other Income | | 1,367,618 | 1,117,031 |
| International Programs | 3 | 873,361 | 914,482 |
| Fundraising | 3 | 288,660 | 219,058 |
| Accountability & Administration | 3 | 147,641 | 205,790 |
| Community Education | 3 | 18,836 | 20,208 |
| Total Expenditure | | 1,328,498 | 1,359,538 |
| Net Surplus / (Deficit) & Total Comprehensive Income | | 39,120 | (242,507) |
| Surplus / (Deficit) & Total Comprehensive Income attributable to members of the entity | | 39,120 | (242,507) |

The accompanying notes form part of these financial statements.

CONCOLIDATED STATEMENT OF FINANCIAL POSITION AS
AT 31 December 2017

| | Note | 2017 \$ | 2016 \$ |
|----------------------------------|------|----------------|----------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 377,376 | 336,479 |
| Trade and other receivables | 5 | - | - |
| Other assets | 6 | 8,616 | 8,621 |
| TOTAL CURRENT ASSETS | | 385,992 | 345,100 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 7 | 2,683 | 3,643 |
| Intangible assets | 8 | 2 | 266 |
| TOTAL NON-CURRENT ASSETS | | 2,685 | 3,909 |
| TOTAL ASSETS | | 388,677 | 349,009 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 18,754 | 15,841 |
| Provisions | 10 | 6,265 | 8,630 |
| TOTAL CURRENT LIABILITIES | | 25,019 | 24,471 |
| TOTAL LIABILITIES | | 25,019 | 24,471 |
| NET ASSETS | | 363,658 | 324,538 |
| EQUITY | | | |
| Retained earnings | | 363,658 | 324,538 |
| TOTAL EQUITY | | 363,658 | 324,538 |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 December 2017

| | Retained Earnings |
|--|-------------------|
| | \$ |
| Balance at 1 January 2016 | 567,045 |
| Comprehensive income | |
| Deficit for the year | (242,507) |
| Total comprehensive income attributable to members of the entity for the year | (242,507) |
| Balance at 31 December 2016 | 324,538 |
| | |
| Balance at 1 January 2017 | 324,538 |
| Comprehensive income | |
| Surplus for the year | 39,120 |
| Total comprehensive income attributable to members of the entity for the year | 39,120 |
| Balance at 31 December 2017 | 363,658 |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 December 2017

| | Note | 2017 | 2016 |
|---|------|----------------|------------------|
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Donations received | | 1,242,332 | 942,264 |
| Other receipts | | 115,064 | 175,350 |
| Payments to suppliers and employees | | (494,566) | (475,591) |
| Distributions to overseas partners | | (828,096) | (890,849) |
| Interest received | | 10,222 | 405 |
| Net cash (used by) / generated from operating activities | | 44,956 | (248,421) |
| | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant and equipment | | - | - |
| Payment for plant & equipment | | (4,059) | (4,687) |
| Net cash used in investing activities | | (4,059) | (4,687) |
| | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net cash generated by/(used in) financing activities | | - | - |
| | | | |
| Net (decrease) / increase in cash held | | 40,897 | (253,108) |
| Cash and cash equivalents at beginning of the financial year | | 336,479 | 589,587 |
| Cash and cash equivalents at end of the financial year | 4 | 377,376 | 336,479 |

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2017

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

Hagar Australia Ltd and controlled entities (Group) applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB). The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. 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.

Hagar Australia Ltd is a not for profit company limited by member guarantee, incorporated on 2 July 2012.

The financial statements were authorised for issue on 28th April 2017 by the directors of the company.

Accounting Policies

The financial reports include statements of Hagar Australia Ltd as a consolidated entity consisting of the company and controlled entities (refer note 15).

a. Revenue

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

b. Consolidation

A controlled entity is any entity over which Hagar Australia Ltd has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activity of the entity. A list of controlled entities is contained in Note 15 to the financial statements.

At 31 December 2017, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the Consolidated Statement of Financial Position and in the Consolidated Statement of Comprehensive Income.

Note 1: Summary of Significant Accounting Policies (Cont'd)

c. Plant and Equipment

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

Office equipment

Office equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount 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 recoverable amount is made when impairment indicators are present (refer to Note 1(d) for details of impairment). **Depreciation**

The depreciable amount of office equipment is depreciated on a diminishing value basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciable amount of software is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are based on the following estimated useful lives:

| Class of Fixed Asset | Estimated useful lives |
|----------------------|------------------------|
| Plant and equipment | 1 - 5 years |
| Software | 2.5 years |

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

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 earnings.

d. Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Note 1: Summary of Significant Accounting Policies (Cont'd)

e. Employee Benefits

Short-term 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 within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position.

f. Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

h. Goods and Services Tax (GST)

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

i. Income Tax

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

j. Intangibles - Software

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of 2.5 years. It is assessed annually for impairment.

k. Provisions

Provisions are recognised when the entity 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.

l. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2017

Note 1: Summary of Significant Accounting Policies (Cont'd)

m. Trade and Other Payables

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

n. Critical Accounting Estimates and Judgements

The Directors have made no significant estimates, assumptions or judgements concerning the future.

o. Economic Dependence

Hagar Australia Ltd is dependent upon the ongoing receipt of donations from the general public to ensure its continuing financial support of Hagar International's operations.

The Directors believe that ongoing public support will be available for the foreseeable future and as such continue to prepare the financial statements on a going concern basis. This means that all financial obligations are expected to be met when they fall due.

Note 2: Revenue and Other Income

| | 2017 | 2016 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Continuing Operations and Gifts | | |
| Donations | 1,242,332 | 941,274 |
| Events (monetary) | 115,064 | 175,352 |
| Total Revenue | <u>1,357,396</u> | <u>1,116,626</u> |
| Other Income: | | |
| Interest received | 10,222 | 405 |
| Other income | - | - |
| Total Other Income | <u>10,222</u> | <u>405</u> |
| Total Revenue and Other Income | <u>1,367,618</u> | <u>1,117,031</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2017

Note 3: EXPENDITURE

| | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| International Programs | | |
| Funds to international programs | 803,531 | 748,607 |
| Program support costs | - | 107,082 |
| Employee Benefits Expense: | | |
| Salaries & Wages | 64,720 | 52,280 |
| Contributions to defined contribution superannuation funds | 4,516 | 5,891 |
| Provisions | 594 | 622 |
| | 873,361 | 914,482 |
| Fundraising | | |
| Fundraising costs | 117,115 | 126,721 |
| Employee Benefits Expense: | | |
| Salaries & Wages | 158,478 | 81,220 |
| Contributions to defined contribution superannuation funds | 14,675 | 10,023 |
| Provisions | (1,608) | 1,094 |
| | 288,660 | 219,058 |
| Accountability & Administration | | |
| Administration | 70,557 | 92,010 |
| Consulting Fees | 7,623 | 15,136 |
| Depreciation & Amortisation | 5,283 | 8,131 |
| Rent | 12,669 | |
| Employee Benefits Expense: | | |
| Salaries & Wages | 46,820 | 83,690 |
| Contributions to defined contribution superannuation funds | 6,346 | 3,858 |
| Provisions | (1,657) | 2,965 |
| | 147,641 | 205,790 |
| Community Education | | |
| General Expense | 1,502 | 1,987 |
| Employee Benefits Expense: | | |
| Salaries & Wages | 15,986 | 15,976 |
| Contributions to defined contribution superannuation funds | 1,681 | 2,069 |
| Provisions | (333) | 176 |
| | 18,836 | 20,208 |
| Total Expenditure | 1,328,498 | 1,359,358 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2017

Note 4: Cash and Cash Equivalents

| | 2017 | 2016 |
|---------------------------|---------|---------|
| | \$ | \$ |
| CURRENT | | |
| Cash at bank ¹ | 377,376 | 336,479 |

¹ Cash at bank includes a Term Deposit of \$140,485 (2016: \$260,387) maturing on 15 April 2018.

Note 5: Trade and Other Receivables

| | 2017 | 2016 |
|-------------------|------|------|
| | \$ | \$ |
| CURRENT | | |
| Trade receivables | - | - |

Note 6: Other Assets

| | 2017 | 2016 |
|-------------|-------|-------|
| | \$ | \$ |
| CURRENT | | |
| Prepayments | 8,616 | 8,621 |

Note 7: Plant and Equipment

| | 2017 | 2016 |
|----------------------------------|--------------|--------------|
| | \$ | \$ |
| Office equipment: | | |
| At cost | 15,218 | 11,159 |
| Less accumulated depreciation | (12,535) | (7,516) |
| Total plant and equipment | 2,683 | 3,643 |

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:

| | Office Equipment | Office Equipment |
|--|------------------|------------------|
| | \$ | \$ |
| | 2017 | 2016 |
| Balance at the start of the year | 3,643 | 2,806 |
| Additions at cost | 4,059 | 4,687 |
| Disposals | - | - |
| Depreciation expense | (5,019) | (3,850) |
| Carrying amount at the end of the year | 2,683 | 3,643 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2017

Note 8: Intangible Assets

| | 2017 | 2016 |
|----------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| Computer Software: | | |
| At cost | 32,710 | 32,710 |
| Less accumulated amortisation | (32,708) | (32,444) |
| Net carrying amount | <u>2</u> | <u>266</u> |
| | Computer Software | Computer Software |
| | \$ | \$ |
| | 2017 | 2016 |
| Balance at the start of the year | 266 | 4,547 |
| Additions | - | - |
| Disposals | - | - |
| Amortisation charge | (264) | (4,281) |
| Impairment losses | - | - |
| | <u>2</u> | <u>266</u> |

Note 9: Trade and Other Payables

| | 2017 | 2016 |
|------------------------|---------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Other current payables | <u>18,754</u> | <u>15,842</u> |

Note 10: Provisions

| | 2017 | 2016 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| CURRENT | | |
| Provision for employee benefits: annual leave | <u>6,265</u> | <u>8,630</u> |
| | Employee Benefits | Employee Benefits |
| | 2017 | 2016 |
| | \$ | \$ |
| Analysis of total provisions | | |
| Opening balance at 1 January 2017 | 8,630 | 6,325 |
| Additional provisions raised during year | 16,436 | 17,441 |
| Amounts used / reduced | (18,801) | (15,136) |
| Balance at 31 December 2017 | <u>6,265</u> | <u>8,630</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2017

Note 10: Provisions - Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements. Based on past experience, the company expects the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months.

Note 11: Contingent Liabilities and CONTINGENT Assets

The Directors are not aware of any contingent liabilities at the date of this report.

Note 12: Events After the reporting period

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

Note 13: Key Management Personnel Compensation

Any person having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the company during the year are as follows:

| | 2017 | 2016 |
|-------------------------|---------|---------|
| | \$ | \$ |
| KMP compensation: | | |
| J. Pride | 151,096 | 134,683 |
| K. Kennedy | - | - |
| S. Condron ¹ | - | 7,974 |

¹ For services provided as executive director before appointment of new CEO

Note 14: Other Related Party Transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. There have been no other related party transactions.

Note 15: CONTROLLED ENTITIES

Controlled entity

Hagar Australia Ltd operates the fund, Hagar Australia Overseas Aid Fund (HAOAF) (ABN 92 126 318 442). The fund is registered as a charity and as a deductible gift recipient.

Hagar Australia Inc is a controlled entity which is not operational during 2017.

Note 16: OPERATING LEASE COMMITMENTS

| | 2017 | 2016 |
|--|-------|--------|
| | \$ | \$ |
| Not later than 1 year | - | 12,649 |
| Later than 1 year but not later than 5 years | - | - |
| | <hr/> | <hr/> |
| | - | 12,649 |

The lease with MacKillop Family Services has expired in Dec 2017 and we are in the process of renegotiating a new lease with them.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2017

Note 17: Financial risk management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:"

| | Note | 2017 \$ | 2016 \$ |
|------------------------------------|------|----------------|----------------|
| Financial assets | | | |
| Cash and cash equivalents | 4 | 377,376 | 336,479 |
| Trade and other receivables | 5 | - | - |
| Total financial assets | | <u>377,376</u> | <u>336,479</u> |
| Financial liabilities | | | |
| Trade and other payables | 9 | 18,754 | 15,842 |
| Total financial liabilities | | <u>18,754</u> | <u>15,842</u> |

CONCOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Hagar Australia Ltd, the directors of the company declare that:

1. The Financial Statements and notes, as set out on pages 9 to 20, are in accordance with the Australian Charities and Not-For-Profit Commission Act 2012 and:

- a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
- b. give a true and fair view of the financial position of the company as at 31 December 2017 and of its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

A handwritten signature in blue ink, appearing to read 'William J. Hurditch', is written over the printed name.

William J. Hurditch (Chair)

Dated this 28th day of March 2018

Moore Stephens Audit (Vic)

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAGAR AUSTRALIA LIMITED AND CONTROLLED ENTITY

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying consolidated financial report of Hagar Australia Limited and Controlled Entity (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the responsible entities' directors declaration.

In our opinion the financial report of Hagar Australia Limited and Controlled Entity has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (The ACNC Act), including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of their performance for the year ended on that date; 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 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 responsible entities are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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 Directors for the Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The directors 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 Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness 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; and
- 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, 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.

MOORE STEPHENS

MOORE STEPHENS AUDIT (VIC)

ABN 16 847 721 257



RYAN LEEMON

Partner

Audit & Assurance Services

Melbourne, Victoria

28 March 2018