

Society for Promoting Christian Knowledge Australia Inc.

ABN: 98 680 584 250

Financial Report

For the Year Ended 31 December 2020

Society for Promoting Christian Knowledge Australia Inc.

ABN: 98 680 584 250

For the Year Ended 31 December 2020

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Society for Promoting Christian Knowledge Australia Incorporated trading as SparkLit - Ethos and Strategy

Where the Gospel is preached, books are needed

SparkLit advances God's kingdom by empowering Christian writers, publishers and distributors around the world. We make Christian books available, accessible and affordable where commitment is strong but support and resources are scarce. We enable Christian writing that helps people discover and follow Jesus in a way that's authentic and culturally meaningful. We direct funds, expertise and encouragement to publishers working where indigenous Christian writing is needed most.

We realise our objectives in three ways

1. **Supply books.** In 2020 we supplied theological texts and essential reference works to students, church leaders and Bible college libraries in countries including Cambodia, China, Kenya, Myanmar, the Philippines and Tanzania. Where possible we use local distributors and supply books in the local language. The provision of digital libraries means students who are confined to home can continue to study.
2. **Nurture emerging publishers.** We encourage local initiative and kindle sustainable enterprises. In 2020 grants made possible the publication of Christian literature in local languages by local authors in countries including Cambodia, Central Asia, Pakistan, Timor Leste and Turkey.
3. **Equip publishing professionals.** We invest in promising writers, editors and designers. We embrace strategic opportunities and love discovering hidden talent. In 2020 we provided online training, tutoring and encouragement for publishing professionals in Africa, Asia, the Middle East and Latin America.

A primary benefit provided to our project partners is the training, advice and mentoring delivered by our staff. Salaries and travel expenses are counted as employee expenses and other expenses.

Financial assets are held for three purposes. (1) A fund is maintained to provide interest-free loans to emerging publishers. (2) Cash prizes for the Australian Christian Literature Awards are funded by investment income. This enables the awards to be independent and free from any conflict of interest. (3) Investment income is also paying an increasing proportion of our administrative costs. Donations are not retained as financial assets. Money in our investment portfolio and loans fund has come from bequests and revenue.

Society for Promoting Christian Knowledge Australia Inc.

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Statement of Income and Expenditure and Other Comprehensive Income

For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Revenue	3	804,923	456,266
Grant expense		(131,260)	(207,073)
Employee benefits expense		(104,827)	(97,521)
Administration expense		(33,010)	(28,773)
Book awards expense		(14,476)	(22,154)
Promotions expense		(10,028)	(11,600)
Investment expense		(11,285)	(10,870)
Depreciation and amortisation expense		(443)	(443)
Decrease in fair value of financial assets		(16,314)	-
Surplus/(Deficit) for the year		483,280	77,832
Other comprehensive income:			
Total comprehensive income for the year		483,280	77,832

The accompanying notes form part of these financial statements.

Society for Promoting Christian Knowledge Australia Inc.

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Statement of Financial Position

As at 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	252,782	26,590
Trade and other receivables	6	6,208	7,125
Financial assets	7	164,000	160,832
Other assets	8	2,122	2,476
Total current assets		425,112	197,023
Non-current assets			
Financial assets	7	1,143,497	886,371
Property, plant and equipment	9	205	648
Total non-current assets		1,143,702	887,019
TOTAL ASSETS		1,568,814	1,084,042
LIABILITIES			
Current liabilities			
Trade and other payables	10	15,853	15,829
Provisions	11	13,833	12,745
Total current liabilities		29,686	28,574
Non-current liabilities			
Provisions	11	380	-
Total non-current liabilities		380	-
TOTAL LIABILITIES		30,066	28,574
NET ASSETS		1,538,748	1,055,468
EQUITY			
Accumulated surplus		1,538,748	1,055,468
TOTAL EQUITY		1,538,748	1,055,468

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 31 December 2020

2020

	Accumulated surplus	Total
	\$	\$
Balance at 1 January 2020	1,055,468	1,055,468
Surplus for the year	483,280	483,280
Balance at 31 December 2020	<u>1,538,748</u>	<u>1,538,748</u>

2019

	Accumulated surplus	Total
	\$	\$
Balance at 1 January 2019	977,636	977,636
Surplus for the year	77,832	77,832
Balance at 31 December 2019	<u>1,055,468</u>	<u>1,055,468</u>

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 31 December 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipt from customers, donors and others	801,256	334,879
Payment to suppliers and employees	(325,212)	(383,997)
Distribution and interest income	3,316	9,338
Net cash provided by/(used in) operating activities	12 <u>479,360</u>	<u>(39,780)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption (Placement) of Term Deposits	(3,168)	(3,702)
Payment for investments	<u>(250,000)</u>	-
Net cash used by investing activities	<u>(253,168)</u>	<u>(3,702)</u>
Net increase/(decrease) in cash and cash equivalents held	226,192	(43,482)
Cash and cash equivalents at beginning of year	<u>26,590</u>	<u>70,072</u>
Cash and cash equivalents at end of financial year	5 <u><u>252,782</u></u>	<u><u>26,590</u></u>

The accompanying notes form part of these financial statements.

Society for Promoting Christian Knowledge Australia Inc.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

Financial Reporting Framework

The members of the committee have prepared the financial statements on the basis that Society for Promoting Christian Knowledge Australia Inc. is a non-reporting entity because there are no users dependent on its general purpose financial statements. These financial statements are special purpose financial report prepared in accordance with the financial reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulations 2013.

The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Statement of Compliance

The financial statement have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012*, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101: *Presentation of Financial Statements*, AASB 107: *Cash Flow Statements*, AASB 108: *Accounting Policies*, and AASB 1054: *Australian Additional Disclosures*.

The entity has not assessed whether it has relationships with other entities which, for financial reporting purposes, might be considered subsidiaries, associates or joint ventures as it is not required by the Australian Charities and Not-for-profits Commission Act 2012 to do so. These special purpose financial statements do not comply with all the recognition and measurement requirements in Australian Accounting Standards. The recognition and measurement requirements that have not been complied with are those specified in AASB 119 Employee Benefits. The material accounting policies adopted in the special purpose financial statements are set out in note 1(f) indicate how the recognition and measurement requirements in Australian Accounting Standards have not been complied with.

Basis of Preparation

The financial report, except for the cash flow information, has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

The accounting policies that have been adopted in the preparation of the statements are as follows:

(a) Income taxes

No current or deferred income tax assets or liabilities have been raised by the association as it is exempt from income tax under Division 50 of the Income Tax Assessment Act.

The entity is a registered charity with the Australian Charities and Not-for-profits Commission.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(b) Financial instruments

Financial assets and liabilities are recognised initially on the date that the association becomes party to the contractual provisions of the instrument.

Financial asset

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the association classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the association changes its business model for managing financial assets.

Financial assets through profit or loss consist of shares and managed funds that are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

(c) Grant expenses

Grant expenses are recognised when the monies are transferred out of the association.

(d) Impairment of assets

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

(e) Plant and equipment

Each class of plant and equipment is carried at cost, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by committee members to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Society for Promoting Christian Knowledge Australia Inc.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(e) Plant and equipment

Depreciation

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in the statement of profit or loss and other comprehensive income.

(f) Employee Benefits

Provision has been made for the entity's liability for employees entitlements arising from services rendered by employees to balance date. Long service leave has been accrued by calculating the pro-rata balance of all staff members since their employment date.

The entity does not comply with AASB 119: Employee Benefits because the entity does not apply probability and discounting effects on the long service leave values.

(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 on 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.

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

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.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(i) Revenue

Revenue recognition relating to grant funding is recognised on the basis that the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods and services. Each agreement is analysed to determine the revenue recognition in accordance AASB 15. Where performance obligations have not been met, it will result in unearned income at year end.

Donations are recognised as revenue when received.

The organisation receives donation and other gifts by way of bank transfer and trust distributions. Cash receipts collected by the organisation are recognised on a cash basis when banked by the organisation. There is a residual risk in relation to cash receipts that it may not be complete. The committee have established controls over the receipting procedures, and is satisfied that the residual risk is low.

Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised when the right to receive the revenue has been established.

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

(j) Comparative Figures

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

2 Critical Accounting Estimates and Judgments

The committee members make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - estimation of useful lives of assets

The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have not been abandoned or sold will be written off or written down.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

3 Revenue

	2020	2019
Note	\$	\$
Book Sales	71	51
Book awards income	3,027	5,052
Operating grants & trust income	577,333	176,544
Donation income	136,791	135,832
Investment income	38,601	49,009
Increase in fair value of financial assets	-	89,778
Government stimulus package	49,100	-
	<u>804,923</u>	<u>456,266</u>

4 Remuneration of the auditor

Audit of the financial statements	3,850	3,750
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5 Cash and Cash Equivalents

Cash in bank	<u>252,782</u>	26,590
	<u>252,782</u>	<u>26,590</u>

6 Trade and other receivables

CURRENT

Loan to Partners - Primalogue	4,833	5,370
Other receivables	<u>1,375</u>	1,755
	<u>6,208</u>	<u>7,125</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2020

7 Financial assets

	2020	2019
	\$	\$
CURRENT		
Term deposit	164,000	160,832
	<u>164,000</u>	<u>160,832</u>
NON-CURRENT		
Managed Funds Investments - at fair value	1,143,497	886,371
	<u>1,143,497</u>	<u>886,371</u>

8 Other Assets

CURRENT		
Prepaid expenses	2,122	2,476
	<u>2,122</u>	<u>2,476</u>

9 Plant and equipment

Office equipment	8,040	8,040
Accumulated Depreciation	(7,835)	(7,392)
Total office equipment	<u>205</u>	<u>648</u>
Total plant and equipment	<u>205</u>	<u>648</u>

10 Trade and other payables

CURRENT		
Other payables	15,853	15,829
	<u>15,853</u>	<u>15,829</u>

Society for Promoting Christian Knowledge Australia Inc.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

11 Provisions

	2020	2019
	\$	\$
CURRENT		
Long service leave provision	13,833	12,745
Total current provisions	13,833	12,745
NON-CURRENT		
Long service leave provision	380	-
Total non-current provisions	380	-

12 Cash Flow Information

Reconciliation of cashflow from operations with (deficit)/surplus for the year		
(Deficit)/Surplus for the year	483,280	77,832
Non-cash flows in (deficit)/surplus		
Depreciation	443	443
(Increase)/decrease in market value of investments	16,314	(89,778)
Income reinvested in investments	(23,440)	(33,188)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	917	5,205
(Increase)/decrease in prepayments	354	(298)
Increase/(decrease) in trade payables and accruals	24	(800)
Increase/(decrease) in provisions	1,468	804
Cashflow from operations	479,360	(39,780)

13 Association Details

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

Suite 16 Level 2
79 Mahoneys Road
Forest Hill, VIC 3131

Society for Promoting Christian Knowledge Australia Inc.

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Responsible Entities' Declaration

The committee members have determined that the entity is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The members of the committee declare that:

1. The financial statements and notes for the year ended 31 December 2020 give a true and fair view of the financial position and performance and satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.
2. At the date of this statement, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

Committee Member



Committee Member



Dated

27 May 2021

27 May 2021

Society for Promoting Christian Knowledge Australia Inc.

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Auditor's Independence Declaration

For the Year Ended 31 December 2020

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in Section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Saward Dawson

Saward Dawson

Peter Shields

Peter Shields
Partner

Blackburn

Dated: 31 May 2021

Society for Promoting Christian Knowledge Australia Inc.

ABN: 98 680 584 250

Independent Audit Report to the members of Society for Promoting Christian Knowledge Australia Inc.

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Society for Promoting Christian Knowledge Australia Inc. (the entity), which comprises the statement of financial position as at 31 December 2020, the statement of income and expenditure and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion, the accompanying financial report of the entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the entity's financial position as at 31 December 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements 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 entity in accordance with the auditor independence requirements of Section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* 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.

Society for Promoting Christian Knowledge Australia Inc.

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Independent Audit Report to the members of Society for Promoting Christian Knowledge Australia Inc.

Emphasis of Matter

a. Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the committee members' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. We note that the entity has not complied with all accounting standards including AASB 110 Events after the Reporting Period. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Committee Members for the Financial Report

The committee members of the entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The committee members' responsibility also includes such internal control as the committee members determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Independent Audit Report to the members of Society for Promoting Christian Knowledge Australia Inc.

- 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the committee members' 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committee members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saward Dawson

Saward Dawson

Peter Shields

Peter Shields
Partner

Blackburn

Dated: 31 May 2021