World Vision

Australia

ABN 28 004 778 081

Annual Financial Statements

for the year ended 30 September 2016

I certify that this is a true copy of all accounts required to be laid before the Company at its Annual General Meeting held on 25th November 2016, together with a copy of every other document required by to be laid before the Annual General Meeting.

Company Secretary
P Goffin

Annual Statements & Accounts
30 September 2016

Contents

These reports are presented in Australian dollars, except where denoted otherwise. World Vision Australia is a public corporation limited by guarantee, incorporated and domiciled in Australia. It is also a charity registered with the Australian Charities and Not-for-Profits Commission.

Principal Registered Office in Australia:
1 Vision Drive
East Burwood, Victoria 3151
(03) 9287 2233

Directors:
G Savvides (Chairman), J Harrower (Deputy Chairman), S Adams, J Barraclough, L Baur, C Carter, R Goudswaard, T McCormack , F Pearse, D Shepherd, W Simpson, B Wurzbacher and D Gardiner.

Chief Executive Officer:
C Rogers (appointed 2 November 2016)
T Costello (1 October 2015 to 24 October 2016)

Company Secretary:
P Goffin (appointed 2 November 2016)
L Cameron (appointed 1 September 2016 to 1 November 2016)
S Huang (1 October 2015 to resigned 31 August 2016)

Independent Auditor:
Grant Thornton Audit Pty Ltd
525 Collins Street
Melbourne, Victoria 3000

Banker:
Australia and New Zealand Banking Group Limited
833 Collins Street
Docklands, Victoria 3008

Website address:
www.worldvision.com.au

World Vision Australia
A.B.N. 28 004 778 081

Directors' Report

The Directors present their report with respect to the results of World Vision Australia (the Company) for the financial year ended 30 September 2016 and the state of the Company's affairs at that date. The Directors in office at the date of this report are:

GEORGE SAVVIDES (BOARD CHAIR) BE (Hons) (UNSW), MBA (UTS), FAICD

George Savvides was appointed Chairman of the World Vision Australia Board (our Board) in July 2012. George Savvides retired from the role of Managing Director Medibank in March 2016. He is a non-Executive Director of Ryman Healthcare NZX, Chairman of Kings Group Ltd. George was previously Managing Director of Sigma Co Ltd and Smith & Nephew Aust/NZ. George has an Honours degree in Industrial Engineering from UNSW and an MBA from UTS and is a Fellow of the Australian Institute of Company Directors. George's first term on the WVA board covered 12 years from 1998 to 2010. During this period he also served as a non-executive Director on the WVI Board between 2001 and 2010. Having retired from World Vision board membership, after two years he was invited to take up the Chairmanship of WVA which he has held since 2014.
Special Responsibilities: Board (Chairman)

JOHN HARROWER (DEPUTY CHAIR) OAM, BE, BA, CENG CEI; MICHEME. THL, ADV DIP MISSL STUD. MA (THEOL), FAICD

Bishop John Harrower joined our Board in 2006. John graduated with honours in Chemical Engineering from Melbourne University in 1970 and worked as a petroleum engineer with Mobil Oil. During these years he pursued studies in economics and political science, completing a Bachelor of Arts. A change of direction stemming from an invitation to work as a university lay chaplain took him to the Anglican Missionary training college in Melbourne in 1977. John lived and worked in Argentina for nine years in university chaplaincy, book publishing and distribution. He was ordained a priest in 1986, returned to Melbourne 1988-2000, Bishop of Tasmania 2000-2015 and is currently Bishop Assisting the Primate of the Anglican Church of Australia. In 2000 he was awarded a Medal of The Order of Australia "for service to the community through the Anglican Church and as a missionary".
Special Responsibilities: Board (Deputy Chairman); People, Culture & Remuneration Committee (Chairman)

SHANNON ADAMS LL.B, FAICD

Shannon Adams joined our Board in 2005 and the World Vision International Board in 2013. Shannon is a lawyer who has advised financial institutions and other financial services providers since the early 1980s. He has been the managing partner of several legal firms and is now a partner at Piper Alderman. He specialises in financial services law and corporate governance, with a strong emphasis on the mutual banking sector.
Special Responsibilities: Audit & Risk Committee

ROB GOUDSWAARD B.EC, GRAD DIP CORP FIN, F FIN, FAICD

Rob Goudswaard joined our Board in 2008. Rob is the CEO of Credit Union Australia (CUA), Australia's largest customer-owned financial institution, and a Director of Cuscal Ltd. Prior to CUA, Rob was the CEO and a Director of Rural Finance Corporation and Chairman of the Young Farmers Council for four years based in Bendigo. Prior to this, Rob had 30 years' experience with Australia and New Zealand Banking Group Limited in various roles including Chief Risk Officer Institutional, Managing Director Regional, Rural & Small Business Banking, General Manager of Personal Banking Asia and Pacific and Chief Operating Officer with ANZ Small to Medium Business. He is a Fellow of the Williamson Leadership Community Program and an Alumni of Melbourne Business School, London Business School and Wharton/RAM University of Pennsylvania.
Special Responsibilities: Audit & Risk Committee (Chairman)

JUDY BARRACLOUGH B.AgEc, MBA, GAICD

Judy Barraclough joined our Board in February 2013. Judy is an experienced corporate executive, with a background in strategy development, corporate planning, corporate affairs, research, and mergers and acquisitions. Judy has consulted in strategy and governance to a range of 'for purpose' and commercial organisations and is presently Head of Strategy with a large, education-based charity. In her executive career, Judy held senior positions in large corporates in the property, financial services and agribusiness sectors, including Head of Strategy and Corporate Affairs with the top-50 ASX listed property trust, The GPT Group, and senior strategy roles with Rabobank and Wesfarmers Limited. Judy is a founding member of the board of a social purpose start-up and is actively involved in the leadership and governance of her local church. She is also involved in a variety of volunteer activities.
Special responsibilities: Audit & Risk Committee

LOUISE BAUR AM, BSc(Med), MBBS(Hons), PhD, FRACP, GAICD, FAHMS
Louise Baur joined our Board in 2007. Louise holds the Chair of Child and Adolescent Health at the University of Sydney and is a senior paediatrician at The Children's Hospital at Westmead, the main paediatric institution in Sydney. She has long-standing expertise in various aspects of child and adolescent health, nutrition and public health. In 2010, Louise was made a Member of the Order of Australia "for service to medicine, particularly in the field of paediatric obesity as a researcher and academic and to the community through support for a range of children's charities". In 2014, Louise became a Founding Fellow of the Australian Academy of Health and Medical Sciences.
Special Responsibilities: Audit & Risk Committee

COLIN CARTER AM B.COM, MBA
Colin Carter joined our Board in 2008 having had many years of consulting experience with The Boston Consulting Group advising on strategy, governance and organisational issues. He retired from full time consulting in 2001 and is still an Adviser to that firm. Colin currently serves on the boards of two public companies - Seek and Lend Lease. He is chairman of the Geelong Football Club and an Adviser to Jawun, an organisation that organises corporate support for Indigenous leaders and their organisations.
Special Responsibilities: People, Culture & Remuneration Committee

TIM McCORMACK LL.B (Hons), PhD, FAAL MAICD
Tim McCormack joined our Board in September 2013. He is a Professor of Law at the Melbourne Law School and Adjunct Professor of Law at the University of Tasmania Law School. Tim is the Special Adviser on International Humanitarian Law to the Prosecutor of the International Criminal Court in The Hague and has recently returned from a year in the US as a Fulbright Senior Fellow, Charles H Stockton Distinguished Scholar-in-Residence at the US Naval War College in Newport, Rhode Island and James Barr Ames Visiting Professor at Harvard Law School in Cambridge, Massachusetts. Tim has held a number of other globally significant positions. He was a member of the International Group of Experts to draft the Tallinn Manual on the International Law Applicable to Cyber Operations (Tallinn 2014-2016); he served as one of two international observers (with Lord David Trimble, former First Minister of Northern Ireland) for Phase II of the Turkel Commission of Enquiry into Israel's Processes for Investigating Allegations of War Crimes (Jerusalem 2011-2013); he provided expert Law of War advice to Major Dan Mori in the Defence of David Hicks before the US Military Commission (Guantanamo Bay 2003-2007); and he was Amicus Curiae on International Law Issues for the trial of Slobodan Milosevic (The Hague 2002-2006). Tim has participated in multilateral treaty negotiations with Australian Government Delegations in Geneva, New York, Rome and The Hague and serves on the international advisory boards of a number of academic institutions in the US, Sweden, the Netherlands, Germany, Israel, Indonesia and New Zealand.
Special Responsibilities: Audit & Risk Committee

FIONA PEARSE B.EC, FCPA, FAICD
Fiona Pearse joined our Board in 2011. She brings much experience in commercial, finance, audit and risk matters. Her executive career included almost two decades at leading ASX-listed global companies, mainly in Finance and Tax at BHP Billiton, the world's largest diversified resources company, and also at BlueScope Steel, a global steel manufacturer. She has experience in diverse industries including petroleum, transport, utilities, investments, insurance, steel and software, in senior financial roles at the coalface; in corporate financial and tax oversight, advisory, and planning roles; and as a Non-Executive Director and Advisory Board member. She was a non-executive director at City West Water, a $2 billion water utility; and she is currently a non-executive director of Scotch College, one of Australia's leading independent schools; and is an Advisory Board member of a state-of-the-art Governance, Risk and Compliance software company. She is a Fellow of the Australian Institute of Company Directors and is also a Fellow of CPA Australia. She is currently completing a Senior Executive MBA at Melbourne Business School.
Special Responsibilities: Audit & Risk Committee

DONNA SHEPHERD BA, MIIM, GAICD
Donna Shepherd joined our Board in 2008 and is currently the Chair of World Vision International Board. Donna is a director of Creating Communities Australia, a community and economic development consultancy. Donna holds a Masters in International Management from the School for International Training in Vermont USA. She has worked in the USA, Tunisia, Ecuador and Australia and has extensive experience in international development, social planning, shared value, strategic planning, communications, media and governance. Donna has also been on the boards of LandCorp, Urban Development Institute Envirodevelopment, the University of Western Australia Extension, Southern Arc, Ausdance WA, Chrissie Parrot Dance Collective and the Independent Filmmakers Association. Donna serves on the World Vision New Zealand Board.
Special Responsibilities: People, Culture & Remuneration Committee

WENDY SIMPSON OAM, B. SOC SCI, GRAD. DIP. ED., B. LITT, MBA, FRMIT, FAICD
Wendy Simpson joined our Board in February 2013. Wendy is an experienced, versatile global business leader and entrepreneur. She is the Chairman of Wengeo Group, an innovative diversified investment group. She is also Chairman of City to City Australia and was the Founding Chairman of Springboard Enterprises Australia, Australia's only internationally focussed business accelerator for women entrepreneurs seeking investment capital. Previously, Wendy was a Senior Vice President of Alcatel Asia Pacific and was responsible for a sales budget of 4.2 billion Euros. She implemented the sales of major mobile and broadband services to 17 countries and was on the team that negotiated with the Chinese Government to bring the internet to China. She has also held global leadership roles with QBE Insurance, Alcatel and TNT International. Wendy is on the organising committee of the annual Sydney Prayer Breakfast. In February 2013, Wendy was honoured in the Australia Day 2013 Honours with an OAM for service to the community through a range of women's and youth organisations. On International Women's Day 2013 she was inducted into the Australian Businesswomen's Hall of Fame. Wendy was appointed to the Board of General Sir John Monash Foundation in January 2015.
Special Responsibilities: People, Culture & Remuneration Committee

BONNIE WURZBACHER BA, MBA
Bonnie Wurzbacher joined our Board in 2013 as the representative for the WVI President and CEO, Kevin Jenkins. She also serves on the boards of WV US, WV Canada and WV New Zealand in this capacity. Bonnie has a bachelor's degree in education from Wheaton College, Wheaton, Illinois, and a Masters of Business Administration from Emory University, Atlanta, Georgia. Prior to joining World Vision International in 2013, Bonnie had a 28-year career with The Coca-Cola Company, serving in various senior leadership roles and rising to Sr. Vice President, Global Customer and Channel Leadership, working in markets around the world to grow their business with large customers and bottlers worldwide. From 1977-1982, she was a teacher in Chicago public schools. Bonnie holds the position of Chief Resource Development Officer for World Vision International, based in their Executive Offices in London, England, reporting to WVI President and CEO. She is responsible for accelerating global revenue growth and strategic engagement with all 20 fundraising offices. Bonnie has been a member of Peachtree Presbyterian Church since 1988 and is currently serving as an Elder.

DARRYL GARDINER
Darryl Gardiner joined our Board on 13 May 2016. He is a regular speaker and trainer in New Zealand and internationally. He joined the World Vision New Zealand Board in June 2010 and is Chair of its Remuneration Committee. WVNZ and WVA both have a Board member on the other Board. He is an Anglican priest and has been involved in Youth and Community work for more than 35 years. He sits on a number of NFP Boards.

COMPANY SECRETARY (appointed 2 November 2016): PETER GOFFIN LLB B.Com
Peter Goffin is an experienced Company Secretary and Legal Counsel, currently working part time with Bendigo and Adelaide Bank Group Legal department and previously as General Counsel with the former Rural Finance Corporation of Victoria and State Trustees in Melbourne. In private practice he was a Senior Associate with Hunt & Hunt Lawyers. He has experience as a Chair and Board member on local NFP Boards in Bendigo in the social welfare area. Peter recently completed six months on a volunteer assignment with Australian Volunteers International at the Public Trustee of Fiji in Suva. He holds a Bachelor of Laws and a Bachelor of Commerce from Melbourne University.

COMPANY SECRETARY (appointed 1 September 2016 to 1 November 2016): LEIGH CAMERON
Leigh Cameron is the Chief of People, Strategy & Governance at World Vision Australia. Prior to that, Leigh served as Chief of Staff to WVA CEO, Tim Costello, for 3 years. Leigh has been with World Vision for 9 years leading fundraising and advocacy functions. Before joining World Vision, Leigh worked as the General Secretary of the Church Missionary Society (SA & NT), where he had end to end accountability for this charity, from fundraising through to supporting staff and projects in the field. Leigh has previously served on the Board of The Micah Challenge and is actively involved as a volunteer in his local church.

COMPANY SECRETARY (resigned 31 August 2016): SEAK-KING HUANG. B.A., LL.B (HONS), GAICD
Seak-King Huang joined World Vision Australia in June 2006. Prior to this, Seak-King was a partner with Clayton Utz and has over 20 years experience as a lawyer. She was also Executive Counsel of World Vision Australia. She is on the boards of Light Melbourne Inc and the Charity Lawyers' Association of Australia and New Zealand and a member of the Synod of the Anglican Diocese of Melbourne and of the General Synod of the Anglican Church of Australia.

World Vision Australia
A.B.N. 28 004 778 081

Directors' attendance in full Board and Board Committee meetings held between 1 October 2015 and 30 September 2016:

Attendance at Meetings	Full Board		People Culture & Remuneration Committee		Audit & Risk Committee		Australia Program Committee[4] [6]	
	A	B	A	B	A	B	A	B
G Savvides – Chairman[1]	5	5	7	7	7	0	-	-
S Adams	5	5	-	-	7	7	-	-
J Barraclough	5	5	-	-	7	7	1	1
L Baur	5	5	-	-	7	7	2	2
R Goudswaard	5	4	-	-	7	6	-	-
T McCormack[2]	5	1	-	-	7	2	-	-
F Pearse	5	5	-	-	7	7	-	-
J Harrower	5	5	7	7	-	-	-	-
C Carter	5	5	7	6	-	-	2	1
D Shepherd	5	5	7	6	-	-	-	-
W Simpson	5	5	7	7	-	-	-	-
B Wurzbacher [3]	5	2	-	-	-	-	-	-
D Gardiner [3] [5]	3	3	-	-	-	-	-	-

Column A indicates the number of meetings which the director was eligible to attend.
Column B indicates the number of meetings which a director attended.

Meetings held:
- Full Board meetings took place in November 2015 and in February, May, July and September 2016.
- People Culture & Remuneration Committee meetings and Audit & Risk Committee meetings took place in November 2015 and in February, April, July and September 2016.

(1) The Chairman is an ex-officio member of each of the People Culture & Remuneration Committee and the Audit Committee.
(2) T McCormack was on a leave of absence from July 2015 to July 2016.
(3) Not a member of any Board Committee.
(4) The Australia Program Committee ceased to be a Board Committee June 2016.
(5) D Gardiner commenced as a Board member May 2016.
(6) A Robinson is also a member of the Australia Program Committee.

Principal Activities
The principal activities of the Company during the year were international development, relief and advocacy. No significant change in these activities has occurred during this period.

Objectives
The Company's strategy over the financial year ended 30 September 2016 was adopted in 2012 and centres on achieving three long–term goals by 2021:

- We aspire to contribute to the sustained wellbeing of 20 million children.
- We aim to grow our income base to $1 billion.
- We seek to actively engage 1 million supporters.

These three long-term goals are aligned to the long-term goals of the World Vision International Partnership.

To work effectively towards these goals, the Company has set itself the following objectives:

- Impact perspective: contribute to children's wellbeing globally in the world's poorest and most fragile contexts.
- Supporter perspective: deliver to our supporters' experiences that inspire and engage them more deeply in our purpose.
- Resources perspective: grow financial and non-financial resources.
- Organisation perspective: retain, engage and develop our people.
- Organisation perspective: consistently demonstrate effective stewardship.

Results
Total revenue for the year was $435.1m (2015: $424.4m). Total disbursements to international and domestic programs was $342.9m (2015 reclassified: $343.0m), made up of:

- Monetary funds to international programs $212.6m (2015: $251.5m)
- Monetary funds to domestic programs $5.3m (2015: $4.8m)
- Non-monetary expenditure $125.0m (2015: $86.6m)

With the remaining expenditure of $86.9m (2015 reclassified: $100.1m) the Company achieved a surplus of $5.2m (2015: deficit $18.7m). The 2015 deficit was the result of payment timing variations, with the 2014 surplus of $21m prepositioned by the Company for field projects occurring in the following year. Consequently, the Company remitted an additional field payment of $20.1m during 2015 resulting in an overall deficit in that year but funded by retained earnings.

The following factors contributed to the result in the current year:

- 3.9% increase in grants.
- 32.7% decrease in fundraising costs.
- Minimal net movement in total disbursements to international and domestic programs, consisting of:
  - 12.2% increase in funds to domestic programs.
  - 44.3% increase in non-monetary donations including donated goods, assets and food.
  - 15.5% decrease in funds to international programs.
- 5.0% decrease in pledge programs (including Child Sponsorship).
- 27.4% decrease in appeals, donations and gifts.

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

Review of Operations
The Company has experienced growth of 2.5% from the prior year to achieve revenue of $435.1m. The growth in revenue needs to be considered in the context of the continued change to the mix of revenue streams achieved.

As became evident in the prior year there continues to be rapid change in the market conditions of the charity sector. This is reflected in Company's supporter trends. Whilst there has been a decline in Child Sponsorship revenue, the number of children sponsored through World Vision Australia's Child Sponsorship program during 2016 remains significant at 297,054, enabling these children, their families and their communities to benefit.

Review of Operations (continued)
Other contributing factors to the overall increase in revenue are:

- Donated goods and assets increased by $31.5m, an increase of 35.4%, due mainly to $46.4m (2015: $10.1m) of pharmaceutical goods received during the year deployed to Burundi and Ethiopia.
- Cash Grant income grew by 3.9% to $86.3m due to increased opportunity and success in securing numerous Multilateral Development and Relief Grants for specific projects overseas, offset by a decline in Relief Grants funding secured through the Australian Government. The grants donor mix continues to diversify with opportunities from Multilateral and other organisations being a key source of revenue growth.

Costs decreased by net 3.0% in the year 2016. One of two major components in our cost base, fundraising costs decreased by 32.7%, from 14.2% of revenue to 9.4% reflecting the impact of the streamlining of the operations that were implemented during the year. This pleasing result is also indicative of the focus of the Company to engage in more effective fundraising activities. Accountability and administration costs (excluding the impact of redundancy costs and impairment costs) remained relatively stable with an increase of 0.1% compared to 2015.

The provision of resources to the field has remained consistent year on year with minimal net movement in total disbursements to international and domestic programs. The mix between monetary and non-monetary has shifted in line with the Company's ability to source appropriate resources to support our fieldwork.

The reduction in the net asset position of the Company of $13.4m compared to the prior year is due mainly to an unrealised currency hedge resulting in a payable position in the current year relative to an asset in 2015, as the Australian dollar strengthened at the end of the 2016 financial year.

Significant Changes in the State of Affairs
Streamlining of operations
During the prior year, an announcement was made that the Company would be streamlining its operations in a major transformation aimed at greater supporter engagement and more efficient use of resources in response to changing market conditions. This transformation process has been implemented in the FY16 year with a full-time equivalent staff reduction of 17.4% in its Australian operations. The financial impact of these changes can be seen in the reduction of certain expense categories relative to the prior year, namely employee benefits expense decline of 28.6% and rent and occupancy expenses of 12%.

Appointment of new CEO
On 23 August 2016, the appointment of the Company's new CEO, Claire Rogers was announced. The appointment was effective 2 November 2016. The Board has deliberately sought out in Ms Rogers, a modern and experienced digital change agent with a strong social commitment and proven track record to lead the growth in our engagement with the next generation of supporters. Ms Rogers comes to WVA with an extensive background in growing customer-facing businesses across both physical and digital channels, skills she will bring to our supporter growth agenda.

Tim Costello, the out-going CEO, stepped down as CEO and formally took up the new role of Chief Advocate for WVA, reporting to Ms Rogers.

Allegations against a staff member of World Vision Gaza
Due to the seriousness of the charges laid in August 2016 against a staff member of World Vision (WV) in Gaza, WV has suspended operations in Gaza. As at the date of this report, WV has not seen any evidence to support the allegations. WV is conducting a full review, including an externally conducted forensic audit, and remains fully engaged with the investigation that is underway.

WV condemns any diversion of funds from any humanitarian organisation and strongly condemns any act of terrorism or support for those activities. WV programs in Gaza have been subject to regular internal and independent audits, independent evaluations, and a broad range of internal and external donor controls aimed at ensuring that assets reach their intended beneficiaries and are used in compliance with applicable laws and donor requirements.

If any of these allegations are proven to be true, WV will take swift and decisive action. WV is committed to acting in a way that is transparent, respectful of the ongoing legal process, upholds our values as an organisation, and builds trust in humanitarian organisations working in Gaza and around the world.

The Company has been working with more than 15 communities and has over 7,000 children registered in its programs in the Gaza Strip. This work has benefited more than 90,000 people directly and indirectly. The psychosocial support of children has been a core area of focus in our emergency response program, mostly through the operation of 22 Child Friendly Spaces as well as agricultural programs designed to assist the population rebuild their livelihoods.

Matters Subsequent to the End of the Financial Year
No item, transaction or event of a material or unusual nature has arisen that is likely, in the opinion of the Directors, to affect substantially the results of the Company's operations in the future.

Likely Developments and Expected Results of Operations
The Company implemented a new and leaner way of working during 2016, and the savings made will assist us in maximising the funds we are able to apply to our international development work in support of children and their communities in the countries where we work. We continue working on various initiatives which we expect will generate future growth in income to support our mission.

Directors' Benefits
No Director of the Company has received or has become entitled to receive a benefit, because of a contract made by the Company, other than as described in Note 23 to the accounts.

Insurance of Officers
The Company has paid premiums to insure its Directors and other officers against liabilities incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The total amount of the premium paid for this insurance was $31,613 (2015: $22,869). This premium has not been included in the notes on Remuneration of Directors and Key Management Personnel (Notes 23 and 24).

Environmental Regulations
The Company's operations are not subject to any particular or significant environmental regulations under any law of the Commonwealth or of a State or Territory. Notwithstanding, the Directors are not aware of any breaches of any environmental regulations.

Other Services (Non-Audit Services)
The Company may decide to engage the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company is important and provided each such engagement is in accordance with the Company's Non-Assurance Service Policy. No other services have been provided by the auditors in the current year.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 9.

Members' guarantee
The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member (Director) is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the Company. As at the 30 September 2016 the number of members was 13 (2015: 12).

Rounding of amounts
The Company is of a kind referred to in Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Financial and Directors' report. Amounts in the Financial and Directors' report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, unless otherwise stated.

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

Chairman

Director

Melbourne, 25th November 2016

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525 Collins St
Melbourne Victoria 3000

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Auditor's Independence Declaration
To the Directors of World Vision Australia

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of World Vision Australia for the year ended 30 September 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Eric W Passaris

Eric Passaris
Partner - Audit & Assurance

Melbourne, 25th November 2016

Annual Financial Report
30 September 2016

Contents

This financial report covers World Vision Australia as an individual entity. The financial report is presented in the Australian currency.

World Vision Australia (WVA) is a public Company limited by guarantee, incorporated and domiciled in Australia. It is also registered as a charity with the Australian Charities and Not-for-Profits Commission. Its registered office and principal place of business is:

1 Vision Drive
East Burwood, Victoria 3151

A description of the nature of its principal activities is included on page 6 in the Directors' Report, which is not part of this financial report.

The financial report was authorised for issue by the Directors on 25th November 2016. World Vision Australia has the power to amend and reissue the financial report.

World Vision Australia
A.B.N. 28 004 778 081

Income Statement
for the Year Ended 30 September 2016

	Notes	2016 $'000	2015 $'000
REVENUE			
Donations and Gifts			
Monetary			
- Pledge programs	4a	182,389	191,998
- Appeals, donations and gifts	4a	39,359	54,242
Non Monetary			
- Donated goods and assets	4b,c	49,021	16,544
- Grants (Multilateral)	4d	71,647	72,596
		342,416	335,380
Bequests and Legacies	4e	5,266	3,521
Grants			
- DFAT		38,466	44,483
- Other Australian		587	202
- Other Overseas		47,285	38,394
		86,338	83,079
Investment income		567	1,059
Other income		477	1,328
TOTAL REVENUE		435,064	424,367
EXPENDITURE			
International Aid and Development Programs Expenditure			
International Programs			
- Funds to international programs	5	212,562	251,548
- Program support costs		5,674	7,705
		218,236	259,253
Community education		1,611	832
Fundraising costs			
- Public		38,385	58,277
- Government, multilateral and private		2,289	2,123
Accountability and administration		38,958	31,163
Non-Monetary expenditure	6b	124,984	86,637
Total International Aid and Development Programs Expenditure		424,463	438,285
Domestic programs expenditure		5,349	4,768
TOTAL EXPENDITURE	6a	429,812	443,053
Excess/(shortfall) of Revenue over Expenditure		5,252	(18,686)
Share of loss of associate		(28)	-
Net excess/(shortfall) of Revenue over Expenditure		5,224	(18,686)

The above income statement should be read in conjunction with the accompanying notes.

World Vision Australia
A.B.N. 28 004 778 081

Statement of Comprehensive Income
for the Year Ended 30 September 2016

	Notes	2016 $'000	2015 $'000
Excess/(Shortfall) of Revenue over Expenditure		5,224	(18,686)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to the income statement:			
Changes in the fair value of cash flow hedges	12	(18,640)	8,320
Other comprehensive income/(loss) for the year		(18,640)	8,320
Total comprehensive income/(loss) for the year		(13,416)	(10,366)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Note:
For the purposes of the Australian Council for International Development Code of Conduct, at the end of 30 September 2016, World Vision Australia had no transactions in the following categories; Revenue for International Political or Religious Adherence Promotion Programs and Expenditure for International Political or Religious Adherence Promotion Programs.

World Vision Australia
A.B.N. 28 004 778 081

Statement of Financial Position
as at 30 September 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Current Assets			
Cash & Investments	7, 19b	37,254	25,004
Receivables	8	1,551	2,278
Financial Assets	9	596	60
Inventories	10	203	66
Donated Goods	11	1,117	6,031
Unrealised Currency Hedge Receivable	12	-	14,130
Total Current Assets		40,721	47,569
Non-Current Assets			
Investment in Associate	13	272	-
Property, Computer Hardware & Equipment	14	19,805	20,521
Intangibles	15	2,164	5,086
Total Non-Current Assets		22,241	25,607
TOTAL ASSETS		62,962	73,176
LIABILITIES			
Current Liabilities			
Accounts Payable	16	5,382	4,825
Provisions	17	5,590	7,021
Unrealised Currency Hedge Payable	12	4,510	-
Total Current Liabilities		15,482	11,846
Non-Current Liabilities			
Provisions	18	849	1,283
Total Non-Current Liabilities		849	1,283
TOTAL LIABILITIES		16,331	13,129
NET ASSETS		46,631	60,047
EQUITY			
Reserves	12	(4,510)	14,130
Retained Earnings		51,141	45,917
TOTAL EQUITY		46,631	60,047

The above statement of financial position should be read in conjunction with the accompanying notes.

World Vision Australia
A.B.N. 28 004 778 081

Statement of Changes in Equity
for the Year Ended 30 September 2016

	Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 October 2014	5,810	64,603	70,413
Shortfall of Expenditure over Revenue	-	(18,686)	(18,686)
Other comprehensive income/(loss) for the year	8,320	-	8,320
Total comprehensive income/(loss) for the year	8,320	(18,686)	(10,366)
Balance at 30 September 2015	14,130	45,917	60,047
Shortfall of Expenditure over Revenue	-	5,224	5,224
Other comprehensive income/(loss) for the year	(18,640)	-	(18,640)
Total comprehensive income/(loss) for the year	(18,640)	5,224	(13,416)
Balance as at 30 September 2016	(4,510)	51,141	46,631

The above statement of changes in equity should be read in conjunction with the accompanying notes.

World Vision Australia
A.B.N. 28 004 778 081

Cash Flow Statement
for the Year Ended 30 September 2016

	Notes	2016 $'000	2015 $'000
Cash flows provided by / (used in) operating activities			
Receipts from donors and merchandising (inc. GST)		313,096	341,185
Interest received		592	1,106
Payments to field offices, suppliers and employees (inc. GST)		(298,787)	(362,694)
Net cash provided by / (used in) operating activities	**19a**	**14,901**	**(20,403)**
Cash flows utilised in investing activities			
Investment in associate		(300)	-
Purchases of property, computer hardware and equipment		(684)	(445)
Purchases of software		(1,667)	(2,122)
Proceeds from sale of property, computer hardware and equipment		-	1
Net cash utilised in investing activities		**(2,651)**	**(2,566)**
Net increase / (decrease) in cash held		12,250	(22,969)
Cash at beginning of financial year		25,004	47,973
Cash at end of the financial year	**19b**	37,254	25,004

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements as at 30 September 2016

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and the *Australian Charities and Not-for-profits Commission Act 2012*. 'World Vision Australia' or 'the Company' is a not-for-profit entity for the purpose of preparing the financial statements.

Compliance with the Australian Council for International Development Code of Conduct

The Company adheres to the Australian Council for International Development (ACFID) Code of Conduct on Financial Reporting and meets the requirements of Section C.2.2 of the Code. Section C.2.2 prescribes the disclosure requirements of the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and Table of Cash Movements for Designated Purposes disclosed in Note 19c.

Compliance with IFRS

A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the Company applying not-for-profit specific requirements contained in the Australian Accounting Standards.

New standards adopted by the Company

There were no new standards applicable nor adopted by the Company during the current financial year.

Historical cost convention

The financial reports have been prepared in accordance with the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss or through other comprehensive income.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

b) Centralised accounting

The Company's Melbourne office receives all income and is responsible for all expenditure. Branch accounting records have been maintained in accordance with statutory requirements for all State Governments.

c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

(ii) Donated Goods and Assets

These are accepted on the basis they will provide a future benefit. Revenue is brought to account when the goods or assets are received by the Company and is recorded at fair value.

The fair value of pharmaceutical donated goods is determined by way of a consistent methodology which is underpinned by an independent external valuation company which has appropriate, recognised professional qualifications and experience in the products being valued. The valuation company, IMS Health, provides the fair value of the pharmaceutical goods every twelve months.

c) Revenue recognition (continued)

(iii) Grants

A number of the Company's programs are supported by grants received from federal, state and foreign governments.

If conditions are attached to a grant which must be satisfied before the Company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end a liability is recognised until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Company obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where the Company receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

(iv) Donations and Bequests

The Company is a not-for-profit organisation and receives the principal part of its income from donations. Amounts donated can be recognised only when they are received by the Company.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the company becomes legally entitled to the shares or property.

(v) Rendering of Services

Revenue is recognised when the service is rendered.

d) Income tax

No income tax is payable as the Company is exempt under Division 50 of the Income Tax Assessment Act, 1997.

e) Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Company's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

e) Investment in associates (continued)
The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

f) Property, computer hardware and equipment
Land is recorded at cost. All other property, computer hardware and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their useful lives, as follows:

	Years
Buildings	40
Computer Hardware	3-5
Equipment	5-10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 (Note 1h).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement in the period when the disposal occurs.

g) Intangible assets
Expenditure on research activities is recognised in the income statement as incurred. Software development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, software development expenditure is recognised in the income statement as incurred. Subsequent to initial recognition, software development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

g) Intangible assets (continued)
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the income statement.

The estimated useful lives are as follows;

	Years
Software Development	5
Software Purchased and Donated	2 - 5

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

During the prior year the Company entered into a license agreement for the use of a city premises for a nominal fee. The right to use the premises has been recognised as a contribution (income) and an intangible asset (right).

h) Impairment of assets
Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

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

i) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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 taxation authority, are presented as operating cash flow.

j) Employee benefits
Short-term obligations
Short-term employee benefits include liabilities for wages and salaries (including non-monetary benefits), annual leave and annual leave loading expected to be settled wholly within 12 months, and accumulated sick leave. Short-term employee benefits are measured at the undiscounted amount that the Company expects to pay as a result of the unsettled entitlement, including related on-costs.

Notes to the Financial Statements as at 30 September 2016 (continued)

j) Employee benefits (continued)
The liability for annual leave is recognised as a current provision for presentation purposes under AASB 101 *Presentation of Financial Statements*. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related services is recognised as provisions and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

k) Policy on the nature and amount of remuneration of key management personnel
The Company's senior leaders are paid in accordance with the Company remuneration policy. The Company uses third party methodologies for role grading and annual benchmark reporting. The Company benchmarks its remuneration policy to the 'All Industrials' remuneration market and positions Executives' pay at the bottom 10th percentile of the 'Total Annual Reward' amounts. An annual performance review process is undertaken reflecting the individual's annual performance. The amount available for annual performance based salary increases is determined by the annual movement in the remuneration benchmark.

l) Provisions
Provisions for legal claims and make good obligations are recognised when the Company has a present legal or constructive obligation when, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Company has certain operating leases for offices where there is an obligation to return the premises to their original condition when the lease expires or is terminated. A provision for refurbishment costs is recognised over the period of the lease, measured at the expected future cost of refurbishment discounted to a present value at each reporting date.

m) Cash & investments
Cash includes cash on hand and term deposits held with financial institutions that are readily convertible to cash and have an insignificant risk of changes in value.

Funds awaiting remittance to field countries are normally invested in short term deposits and are included as cash and cash equivalents.

n) Foreign currency transactions and balances
Foreign currency is converted into Australian currency at the rate of exchange applicable at the date of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the closing rate at reporting date. Foreign currencies held at balance date are converted to Australian dollars at exchange rates ruling at that date.

o) Comparative figures
Comparative figures have been revised where necessary to conform to changes in presentation for the current financial year.

p) Receivables
All trade debtors and other debtors are recognised at the amounts receivable as they are due for settlement not more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when there is objective evidence that the Company will probably not be able to collect all amounts due according to the original term of the receivable.

q) Trade and other creditors
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually paid 25 days after the end of the month in which the Company receives the invoice.

r) Inventory and donated goods
Inventory is recorded at the lower of cost and cost less any loss in service potential, or at current replacement cost if there is no associated cost of the goods.

Donated goods are recorded at fair value either by wholesale value or an independent valuation. Where physically received by the Company, donated goods are held in inventory until the risks and rewards have passed to the receiving entity.

s) Financial instruments
Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

Loans and receivables;
Financial assets at Fair Value Through Profit or Loss ('FVTPL');
Held-To-Maturity ('HTM') investments;
Available-For-Sale ('AFS') financial assets.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in the income statement are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

s) Financial instruments (continued)

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains or losses recognised in the income statement. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the intention and ability to hold them until maturity.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in the income statement.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in the income statement. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to the income statement and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in the income statement within 'revenue'.

Reversals of impairment losses for AFS debt securities are recognised in the income statement if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in the income statement and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in the income statement.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the income statement are included within finance costs or finance income.

t) Foreign currency hedging

The Company remits cash to fund overseas projects to the Partnership Treasury Office in US dollars. This central function coordinated by the Partnership Treasury Office ensures the efficient disbursement of funds to projects provided by the Company and other support offices. The Company enters into a series of forward foreign exchange agreements to provide certainty of the total US dollars available to fund projects.

The Company documents, at the inception of the hedging transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

t) Foreign currency hedging (continued)
The fair value of these agreements is recognised in the balance sheet and the hedge relationships entered into are subject to an effectiveness test. Effective unrealised gains and losses are deferred in equity until such time as the remittances occur and any ineffectiveness is taken to the income statement as incurred. The Company expects all current hedge relationships to be highly effective going forward.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or expenses.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement within other revenue or other expenses. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

u) Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (Note 27). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

v) New accounting standards and interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2016 reporting periods. The Company's assessment of the impact of the relevant new standards and interpretations is set out below.

AASB 9 *Financial Instruments (December 2014) (effective 1 January 2018)*
AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of the income statement). Dividends in respect of these investments that are a return on investment can be recognised in the income statement and there is no impairment or recycling on disposal of the instrument.
(c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
(d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
(e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
    - The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
    - The remaining change is presented in the income statement.

If this approach creates or enlarges an accounting mismatch in the income statement, the effect of the changes in credit risk are also presented in the income statement.

v) New accounting standards and interpretations (continued)

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements by:

- Increasing the eligibility of both hedged items and hedging instruments; and
- Introducing a more principles-based approach to assessing hedge effectiveness. In addition, the amendments include additional disclosures which are aimed at improving the information provided about an entity's hedge accounting and risk management strategy.
- Allow the changes to address the so-called 'own credit' issue that were already included in AASB 9 to be applied in isolation without the need to change any other accounting for financial instruments.

The Company has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018 and will not impact the Company's financial statements until the year ending 30 September 2019. However it expects that there will be no significant impact when it is first adopted, but rather will provide more certainty in relation to the Company's accounting for forward foreign exchange contracts.

AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2019)

AASB 15 focusses on the below:

- Replaces AASB 18 Revenue, AASB 11 Construction Contracts and some revenue-related Interpretations;
- Establishes a new revenue recognition model;
- Changes the basis for deciding whether revenue is to be recognised over time or at a point in time;
- Provides new and more detailed guidance on specific topics (e.g., multiple element arrangements variable pricing, rights of return, warranties and licensing); and
- Expands and improves disclosures about revenue.

In September 2016, the AASB issued ED 260 Income of Not-for-Profit Entities as a final draft. The new standard will replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The final Standard will be released in December 2016. It will be effective from 1 January 2019, with early application permitted. The Company has not yet assessed the full impact of these amendments.

AASB 16 Leases (effective 1 January 2019)

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations and:

- Requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- Provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- Largely retains the existing lessor accounting requirements in AASB 117; and
- Requires new and different disclosures about leases.

The Company has not yet assessed the full impact of these amendments.

2. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used as hedging instruments, i.e. not for trading or other speculative purposes. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk and ageing analysis for credit risk.

Risk management is carried out by senior management under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas; such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future transactions, current field program commitments and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. Management's policy is to manage foreign exchange risk against the functional currency. Management are required to hedge foreign exchange risk exposure arising from future transactions and current field program commitments using forward contracts.

The Company adopts a conservative approach to the management of foreign currency risk and hedges at least 80% of the estimated cash field payment for the financial year before the beginning of that financial year.

Approximately 97% (2015: 108%) of projected purchases of foreign currency occur concurrently with anticipated cash flows, which qualifies the transactions as "highly effective" forecast transactions for hedge accounting.

The Company's exposure to foreign currency risk at the reporting date was as follows:

	30 September 2016 USD $'000	30 September 2015 USD $'000
Forward Exchange Contracts: Buy foreign currency (cash flow hedges)	105,899	126,254

Organisation Sensitivity

Based on the financial instruments held at 30 September 2016, had the Australian dollar forward rate weakened/ strengthened by 10% with all other variables held constant, the Company's surplus for the year would have been unchanged. Equity would have been $15,449,075 higher / $12,640,152 lower (2015: $20,236,651 higher / $16,557,260 lower) had the Australian dollar forward rate weakened / strengthened by 10% against the US dollar. The Company's exposure to other foreign exchange movements is not material.

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from short term investments. Term deposits and market mutual fund deposit issued at variable rates expose the Company to cash flow interest rate risk. Term deposits issued at fixed rates expose the organisation to fair value interest rate risk.

a) Market risk (continued)

During 2016 and 2015, the Company's term deposits and investments were at fixed and variable rates and were denominated in Australian dollars. As at the reporting date, the Company had the following term deposits and investments:

	30 September 2016 $'000	30 September 2015 $'000
Fixed-rate instruments		
Cash and bank balances	37,254	20,786
Variable-rate instruments		
Money market mutual fund	-	4,218
Total	**37,254**	**25,004**

Organisation sensitivity

At 30 September 2016, if interest rates had changed by +/-100 basis points from the year-end rates with all other variables held constant, surplus and equity for the year would have been $372,546 higher/lower (2015: $250,038 higher/lower).

b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to other World Vision partnership offices, being outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A+' are accepted. The Company's total credit risk as at 30 September 2016 is $37,254,615 (2015: $25,003,826) and consists mainly of cash and term deposits.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through term deposits and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

d) Determination of fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The table below analyses recurring assets and liabilities carried at fair value. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements
as at 30 September 2016 (continued)

d) Determination of fair value (continued)

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 September 2016 and 30 September 2015:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 September 2016				
Assets				
Financial Assets	596	-	-	596
Total Assets	**596**	-	-	**596**
Liabilities				
Derivatives used for hedging	-	4,510	-	4,510
Total Liabilities	-	**4,510**	-	**4,510**
At 30 September 2015				
Assets				
Financial Assets	60	-	-	60
Derivatives used for hedging	-	14,130	-	14,130
Total Assets	**60**	**14,130**	-	**14,190**

The carrying values less impairment provisions of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes are assumed to approximate their fair values due to their short term nature, as they are settled within 12 months.

The fair value of financial assets through the profit and loss or other comprehensive income is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. The fair value of the unrealised currency hedge payable/receivable is derived using a valuation technique that is based from observable market data. In determining the fair value, the Company applied judgement that the impact of prepayment rates, rates of estimated credit losses and interest rates or discount rates are immaterial as the underlying hedge instrument is expected to be settled within the next 12 months.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The key estimates and assumptions that are recorded in the financial statements are:

- *Pharmaceutical donations*

  The Company uses independent sources for valuing pharmaceutical donations. Exit market data is specifically sourced for the most accurate representation of a fair value for significant donation amounts. The exit market excludes developed countries and includes only those countries where such pharmaceuticals are sold regularly in large volumes.

  For the financial year ended 30 September 2016, there were $46,378,015 pharmaceutical donations (2015: $10,102,381) and $46,378,015 disbursements of pharmaceutical donations (2015: $10,102,381). There was no amount held as pharmaceutical inventory as at 30 September 2016 (2015: nil).

- *Other donated goods (includes food donated by International agencies)*

  The Company uses the wholesale value or an independent valuation for valuing donated goods. During 2016, $73,715,938 (2015: $79,037,927) of income and $78,606,266 (2015: $76,534,240) of disbursements were recognised as donated goods. As at 30 September 2016, $1,117,785 (2015: $6,030,472) was held in inventory.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. No such financial assets or liabilities are recorded on the balance sheet as at 30 September 2016.

b) Significant uncertainty

Potential future obligations to donor

In light of allegations that funds remitted by the Company to a Delivery Organisation in Gaza have not been put to use as intended by the donor, the Company is required to consider and assess the probability of future outcomes and disclose the impact of these accordingly.

Given the level of uncertainty of the situation and based on the information available as at the date of this report, no determination could be made as to the outcome of these allegations and whether there is any possible obligation that will eventuate in the future. As such, no adjustments can be made to the financial statements in this regard.

Capitalised development costs

As required by the accounting standards, the Company has assessed all costs capitalised as part of the development of a new customer relationship management software ("CRM") for potential impairment. The Company has decided to impair the capitalised development costs given the level of uncertainty surrounding the enduring benefit of the asset. The Company will continue to assess the expected economic benefits to be derived from the continued development and planned implementation of the CRM.

Notes to the Financial Statements
as at 30 September 2016 (continued)

		2016 $'000	2015 $'000
4a)	**Monetary Donations & Gifts**		
	Pledge programs		
	- Child Sponsorship	172,301	183,237
	- Other	10,088	8,761
	Total	**182,389**	**191,998**
	Appeals, donations & gifts		
	- Emergency relief appeals	2,864	11,893
	- Other appeals	21,123	24,576
	- Other cash donations & gifts	15,372	17,773
	Total	**39,359**	**54,242**
4b)	**Donated Goods**		
	Goods donated by Australian Corporations	2,069	6,442
	Medicines donated by International Agencies	46,378	10,102
	Total	**48,447**	**16,544**
4c)	**Donated Assets**		
	Assets donated by International Corporations	36	-
	Bequests and Legacies	538	-
	Total	**574**	**-**
4d)	**Grants (Multilateral)**		
	Food and vouchers donated by International Agencies	71,647	72,596
	Total	**71,647**	**72,596**
4e)	**Bequests and Legacies**		
	Child Sponsorship	385	414
	Other	4,881	3,107
	Total	**5,266**	**3,521**

	2016	2015
	$'000	$'000
5 Disbursement to Overseas Projects by Country		
Region/Country		
Burundi	10,018	3,903
Ethiopia	51,279	11,223
Kenya	22,810	17,815
Northern Sudan	509	13,369
Rwanda	8,154	5,345
Somalia	10,849	11,107
Sudan	22,707	14,763
Tanzania	5,285	6,972
Uganda	12,484	12,435
Regional Office (1)	1,058	1,420
East Africa	**145,153**	**98,352**
Congo	4,382	6,117
Lesotho	2,012	2,725
Malawi	4,478	4,045
Mozambique	2,590	4,699
South Africa	1,387	2,043
Swaziland	3,333	2,602
Zambia	5,462	7,224
Zimbabwe	9,629	11,001
Regional Office (1)	113	365
Southern Africa	**33,386**	**40,821**
Chad	1,017	1,070
Ghana	2,009	2,208
Mali	-	1,392
Niger	-	29
Senegal	3,310	3,752
Sierra Leone	151	916
Regional Office (1)	2,330	2,035
West Africa	**8,817**	**11,402**

Notes to the Financial Statements
as at 30 September 2016 (continued)

	2016 $'000	2015 $'000
5 Disbursement to Overseas Projects by Country (continued)		
Region/Country		
Afghanistan	4,793	4,158
Albania	-	16
Armenia	-	12
Azerbaijan	92	15
Bosnia and Herzegovina	800	854
Cyprus	-	92
Georgia	880	369
Iraq	8,461	10,931
Jerusalem/West Bank/Gaza	3,768	4,786
Jordon	668	2,270
Lebanon	30,754	31,183
Pakistan	1,722	3,206
Romania	-	12
Regional Office (1)	277	555
Middle East/Eastern Europe Region	52,215	58,459
Bangladesh	5,509	5,286
Cambodia	7,647	6,584
China	107	289
India	5,467	7,479
Indonesia	5,448	4,763
Laos	3,892	3,804
Mongolia	1,950	2,532
Myanmar	10,969	4,872
Nepal	4,201	7,178
Pacific Timor Leste (2)	26,363	31,286
Philippines	2,098	1,357
Sri Lanka	7,195	7,960
Thailand	642	622
Vietnam	4,843	15,811
Regional Office (1)	200	581
Asia Pacific	86,531	100,404

Notes to the Financial Statements
as at 30 September 2016 (continued)

		2016 $'000	2015 $'000
5	**Disbursement to Overseas Projects by Country (continued)**		
	Region/Country		
	Bolivia	2,516	2,559
	Brazil	3,108	3,878
	Colombia	1,613	1,882
	Ecuador	2,824	2,934
	Guatemala	2,298	2,223
	Haiti	1,713	1,825
	Honduras	3,216	2,806
	Nicaragua	2,440	3,025
	Peru	4,031	4,357
	Regional Office (1)	510	1,167
	Latin America	24,269	26,656
	Global Operations – Ministry (3)	21,005	18,920
	Other International Projects (4)	3,515	3,844
	Partnership Treasury Office Reserves (5)	(37,352)	(20,673)
	Total Cash and Donated Goods Disbursed to International Projects	**337,539**	**338,185**
	Analysed as:		
	Funds to international programs	212,562	251,548
	Non-Monetary Expenditure Disbursed Overseas	124,977	86,637
		337,539	338,185
	Non-Monetary Expenditure Disbursed in Australia	7	-
	TOTAL	337,546	338,185

(1) A Regional Office is a centralised communications point that co-ordinates regional projects.

(2) Pacific Timor Leste includes Papua New Guinea, Solomon Islands, Vanuatu and East Timor.

(3) Funding of global management and expertise. World Vision Australia is part of the World Vision International Partnership which operates in over 90 countries. By sharing experiences through the World Vision International Partnership, World Vision Australia improves its efficiency and maximises economies of scale. Programs are implemented via the network of national offices under the oversight of the World Vision International Partnership which co-ordinates activities such as the transfer of funds and strategic operations. World Vision technical experts, strategists and global leaders in the international partnership office help with global strategy and specialty expertise.

(4) The World Vision International Partnership engages in international advocacy activities on issues such as debt relief, HIV and AIDS and child rights.

(5) Represents the excess of disbursements to the partnership office by World Vision Australia. Any disbursements in excess of current year income will be funded from prior year reserves and reduce the amount held in the Partnership Treasury Office. Any disbursements less than the current year income will increase the funds at the Partnership Treasury Office pending future disbursement to projects.

Notes to the Financial Statements
as at 30 September 2016 (continued)

		2016 $'000	2015 $'000
6a)	**Expenditure**		
	Disbursements to overseas projects (Note 5)	337,539	338,185
	Disbursement to domestic projects	5,349	4,768
	Global Operations – Administration	10,345	9,318
	Employee benefits expense	37,721	52,832
	Redundancy expense	4,944	1,235
	Advertising, printing & postage	14,261	19,254
	Rent and occupancy	1,543	1,753
	Depreciation and amortisation	1,793	1,738
	Impairment of intangible asset	4,194	145
	Other	12,123	13,825
	Total	**429,812**	**443,053**
6b)	**Non-Monetary Expenditure Reconciliation**		
	Non-monetary revenue	120,668	89,140
	Opening donated goods	6,031	3,672
	Less Closing Donated goods (Note 11)	(1,117)	(6,031)
	Total Non-Monetary Revenue	**125,582**	**86,781**
	Non-monetary expenditure	124,984	86,637
	Less purchased inventory disbursed	-	-
	Add donated goods written off	24	3
	Add donated assets	574	-
	Add right of use asset amortisation	-	141
	Total Expenditure received as a donation	**125,582**	**86,781**

Current Assets

		2016 $'000	2015 $'000
7	**Cash & Investments**		
	Cash at bank and cash on hand	37,254	20,786
	Deposits at call (i)	-	4,218
	Total	**37,254**	**25,004**

(i) Deposits at call

The deposits earned interest at a rate of 1.98% in 2016 (2015: 2.46%). These deposits have a weighted average investment term of 17 days (2015: 61 days).

		2016 $'000	2015 $'000
8	**Receivables**		
	Australian Taxation Office - GST	424	390
	Debtors	-	1
	Prepayments	867	1,548
	Other	260	339
	Total	**1,551**	**2,278**

		2016 $'000	2015 $'000
9	**Financial Assets**		
	Opening carrying amount	60	62
	Donations	538	-
	Disposals	-	-
	Net revaluation	(2)	(2)
	Closing carrying amount	596	60
	Financial Assets classified as Available for Sale	60	60
	Financial Assets classified as Fair Value through Profit or Loss	536	-
		596	60

The revaluation relates to shares bequeathed to the Company. In line with the Company's accounting policy, these have been re-valued to the quoted market value at 30 September 2016.

		2016 $'000	2015 $'000
10	**Inventories**		
	Other	203	66
	Total	203	66

Inventory to the value of nil was written off during the year ended 30 September 2016 (2015: Nil).

		2016 $'000	2015 $'000
11	**Donated Goods**		
	Donated goods - awaiting shipment	20	380
	Donated goods - in transit	1,097	5,651
	Total	1,117	6,031

Donated goods from Australian and overseas corporations recognised as a disbursement during the year ended 30 September 2016 amounted to $53,337,593 (2015: $14,040,271).

Write-downs of donated goods recognised as an expense during the year ended 30 September 2016 amounted to $24,375 (2015: $3,495).

**Notes to the Financial Statements
as at 30 September 2016 (continued)**

		2016	2015
		$'000	$'000
12	**Hedging Reserve- Cash Flow Hedges**		
	Balance 1 October at start of financial year	14,130	5,810
	Fair value revaluation	(14,962)	29,614
	Charged to income statement on settlement	(3,678)	(21,294)
	Changes in the fair value of cash flow hedges	(18,640)	8,320
	Balance at 30 September	**(4,510)**	**14,130**

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, and described in Note 1t. Amounts are recognised in profit and loss when the associated hedged transactions affect profit and loss. The Company has agreed to sell A$143.6m at an effective exchange rate of 0.7377 over the next 18 months.

During the year, the amount of field payments that had not been hedged against foreign currency risk was $Nil (2015:$22,800,000).

13 **Investment in Associate**

The Company acquired a 30% interest in Get Bennie Pty Ltd ('Get Bennie') during the year, which is involved in software development of a Customer Relationship Management tool for not-for-profit entities and charities. Get Bennie is a private entity. The Company's interest in Get Bennie is accounted for using the equity method in the financial statements. The following table illustrates the summarised financial information of the Company's investment in Get Bennie Proprietary Limited:

Current Assets	212	-
Non-current Assets	-	-
Current Liabilities	4	-
Non-current Liabilities	-	-
Equity	208	-
Revenue	-	-
Administrative Expenses	(92)	-
Profit before tax	(92)	-
Income tax expense	-	-
Profit for the year (continuing operations)	**(92)**	-
Total comprehensive income for the year (continuing operations)	**(92)**	-
Company's share of profit for the year	**(28)**	-
Company's carrying amount of the investment		
At cost	300	-
Share of post-acquisition results	(28)	-
Total carrying amount	272	-

The associate had no contingent liabilities or capital commitments as at 30 September 2016.

	2016 $'000	2015 $'000
Non Current Assets		
14 Property, Computer Hardware & Equipment		
Property		
Land	5,140	5,140
Buildings	18,174	18,156
Accumulated depreciation	(5,264)	(4,814)
Total Property	18,050	18,482
Computer Hardware		
At cost	4,358	3,907
Accumulated depreciation	(3,666)	(3,532)
Total Computer Hardware	692	375
Equipment		
At cost	9,201	9,019
Accumulated depreciation	(8,138)	(7,355)
Total Equipment	1,063	1,664
Total Carrying Amount of Property, Computer Hardware & Equipment	19,805	20,521

Reconciliation of carrying amount

	Land and buildings $'000	Computer Hardware $'000	Equipment $'000	Total $'000
Balance at 1 October 2014	18,924	451	2,130	21,505
Additions	4	110	309	423
Work in progress	5	6	11	22
Disposals	-	(1)	-	(1)
Depreciation Expense	(451)	(191)	(786)	(1,428)
Balance at 30 September 2015	18,482	375	1,664	20,521
Additions	20	10	46	76
Work in progress	-	472	136	608
Disposals	-	(2)	-	(2)
Depreciation Expense	(452)	(163)	(783)	(1,398)
Balance at 30 September 2016	18,050	692	1,063	19,805

		2016 $'000	2015 $'000
15	**Intangible assets**		
	Software Purchased and Donated		
	At cost	2,787	2,616
	Accumulated amortisation	(623)	(228)
	Total Software Purchased and Donated	2,164	2,388
	Software Development		
	At cost	-	2,698
	Accumulated amortisation	-	-
	Total software development	-	2,698
	Right of Use		
	At cost	-	141
	Accumulated amortisation	-	(141)
	Total Right of Use	-	-
	Total carrying amount of Intangible Assets	2,164	5,086

Reconciliation of carrying amount

	Software Purchased & Donated $'000	Software Develop-ment $'000	Right of Use $'000	Total $'000
Balance at 1 October 2014	2,279	1,140	-	3,419
Additions	408	-	141	549
Work in progress	15	1,558	-	1,573
Impairment	(145)	-	-	(145)
Amortisation Expense	(169)	-	(141)	(310)
Balance at 30 September 2015	2,388	2,698	-	5,086
Additions	200	-	-	200
Work in progress	234	1,233	-	1,467
Impairment	(263)	(3,931)	-	(4,194)
Amortisation expense	(395)	-	-	(395)
Balance at 30 September 2016	2,164	-	-	2,164

The impairment loss of $4.2 million represents (i) the write-down of the internally developed Customer Relationship Management (CRM) software of $3.9 million and (ii) donated licenses of $263k no longer required by WVA. As required by the accounting standards, the Company has assessed all costs capitalised as part of the development of a new CRM for potential impairment. The Company has decided to impair the capitalised development costs given the level of uncertainty surrounding the enduring benefit of the asset. The Company will continue to assess the expected economic benefits to be derived from the continued development and planned implementation of the CRM.

Notes to the Financial Statements
as at 30 September 2016 (continued)

		2016 $'000	2015 $'000
Current Liabilities			
16	**Accounts Payable**		
	Trade creditors	1,005	650
	Accrued creditors	3,046	3,441
	Other payable	1,331	734
	Total	**5,382**	**4,825**
17	**Provisions**		
	Annual leave	3,297	4,183
	Long service leave	1,984	2,468
	Other	309	370
	Total	**5,590**	**7,021**
Non Current Liabilities			
18	**Provisions**		
	Long service leave	515	808
	Contractual obligations	334	475
	Total	**849**	**1,283**

19a) Reconciliation of Net cash (used in) / provided by Operating activities to (Shortfall) / Excess of Revenue over Disbursements

	2016 $'000	2015 $'000
Excess / (Shortfall) of Revenue over Disbursements	5,224	(18,686)
Non-Cash Flows in Operating Activities		
Loss on disposal of property, computer hardware & equipment	2	-
Depreciation and amortisation	1,793	1,738
Impairment of software	4,194	145
Revaluation of financial assets	2	2
Donated shares	(538)	-
Share of loss of associate	28	-
Changes in Assets and Liabilities		
Decrease in receivables and prepayments	727	32
Decrease / (Increase) in inventories & donated goods	4,777	(2,409)
Increase / (Decrease) in accounts payable	557	(2,063)
(Decrease) / Increase in provisions	(1,865)	838
Net cash provided by / (used in) Operating Activities	**14,901**	**(20,403)**

19b) Composition of Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and investments in money market instruments, and deposits held on behalf of donors.

	2016 $'000	2015 $'000
Cash and investments (Note 7)	37,254	25,004
	37,254	**25,004**

(i) Cash held on behalf of donors of $27k (2015: $27k) is accrued in Accounts Payable (Note 16).

19c) Table of Cash Movement for Designated Purposes

No single appeal, grant or other form of fundraising for a designated purpose generated 10% or more of the organisation's international aid and development revenue for the financial year.

Notes to the Financial Statements
as at 30 September 2016 (continued)

20 Financial Instruments

20a) Terms, Conditions and Accounting policies

The Company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Policies, Terms and Conditions
Financial Assets			
Cash & Investments	7	Cash is recognised at its face value.	Deposits at call had a weighted average investment term of 17 days during the year.
		Cash in excess of liability requirements is invested in term deposits.	The interest rate is the current market rate applicable at rollover.
Accounts Receivable	8	Trade receivables are carried at the original invoice amounts due.	Debtors outstanding are on 30 day terms.
Financial assets	9	Fair value through profit or loss: These financial assets are shares held for trading and relate to shares held as part of a bequest to be converted to cash at a future date depending on the share price. Gains or losses arising from changes in the fair value are recognised in the Profit and Loss for the year. Income or expenses arising from the shares are presented in the income statement. Available for sale: These financial assets are shares donated for the purposes of earning a return to contribute towards Child Sponsorship. Gains and losses are recognised in other comprehensive income.	Fair value through profit or loss: 'Shares held as part of a bequest to be converted to cash at a future date depending on the share price. Available for sale: Restrictions exist in relation to the sale of these shares and the utilisation of the returns earned on the shares.

Notes to the Financial Statements
as at 30 September 2016 (continued)

20 Financial Instruments (continued)

20a) Terms, Conditions and Accounting policies (continued)

The Company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Policies, Terms and Conditions
Financial Assets			
Unrealised currency hedge receivable / payable	12	The Company adopts a conservative approach to the management of foreign currency risk, and hedges at a minimum 80% of the estimated Cash Field Payment a year in advance of the payment.	The Company has entered into a number of forward exchange currency contracts at reporting date. The contracts were held at standard terms and conditions.
Investment in associate	13	The Company's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date.	The Company has entered into a shareholders agreement with the other relevant parties that sets out the terms and conditions of the arrangement.
Financial Liabilities			
Accounts Payable	16	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.	The Company endeavours to settle trade liabilities 25 days after the end of the month in which it receives the invoice.

Notes to the Financial Statements
as at 30 September 2016 (continued)

20b) Fair values

There is no material variance between an asset or liability's carrying value and fair value.

20c) Credit risk exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

20d) Interest rate risk

WVA is subject to normal commercial interest rate fluctuations on its bank accounts and term deposits. WVA's exposure to interest rate risks and the effective interest rates of financial assets at the year end are as follows:

			Fixed interest rate maturing in:											
Financial Instruments	**Floating interest rate**		**1 year or less**		**Over 1 to 5 years**		**More than 5 years**		**Non-interest bearing**		**Total carrying amount as per the balance sheet**		**Weighted average effective interest rate**	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 %**	2015 %
Financial Assets														
Cash & Investments	37,254	25,004	-	-	-	-	-	-	-	-	37,254	25,004	1.72%	2.46%
Accounts Receivable	-	-	-	-	-	-	-	-	260	340	260	340	N/A	N/A
Financial Assets	-	-	-	-	-	-	-	-	596	60	596	60	N/A	N/A
Currency Hedge	-	-	-	-	-	-	-	-	-	14,130	-	14,130	N/A	N/A
Total	**37,254**	25,004	-	-	-	-	-	-	**856**	14,530	**38,110**	39,534	**N/A**	N/A

There was no assessed interest rate risk for financial liabilities.

Notes to the Financial Statements
as at 30 September 2016 (continued)

20d) Interest rate risk (continued)

Analysis of financial liabilities measured in undiscounted cash flows into relevant maturity grouping as follows:

Financial Instruments	Floating interest rate		1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 %	2015 %
Financial Liabilities														
Accounts Payable	-	-	-	-	-	-	-	-	5,382	4,825	5,382	4,825	N/A	N/A
Currency Hedge	-	-	-	-	-	-	-	-	4,510	-	4,510	-	N/A	N/A
Total	-	-	-	-	-	-	-	-	**9,892**	4,825	**9,892**	4,825	**N/A**	N/A

20e) Foreign currency risk

The Company has entered into a number of forward exchange currency contracts at reporting date designed as a hedge of anticipated field project payments that are denominated in US dollars. Forward contracts are used to manage foreign exchange risk. Under the contracts, the Company has agreed to sell A$143.6m at an effective exchange rate of 0.7377 over the next 18 months.

21 Change in accounting policy

The 'ACFID' Code of Conduct (Section F.2.1) defines International projects Accountability and Administration costs as costs (not able to be allocated to a program activity) associated with the overall operational capability of the organisation. These costs include (but are not limited to) management costs of international secretariat functions. Global Operations – Administration costs fund Global Administration costs and it is therefore deemed more conservative to classify these costs as Accountability and Administration costs. These costs were included in the Funds to International Programs expense line item in 2015 and disclosed as "Global Operations – Administration" in note 5. The impact of this change in accounting policy is detailed below:

	Previously Reported	Reclassified	Adjustment Made
	2015	2015	2015
	$'000	$'000	$'000
Funds to international programs	260,866	251,548	(9,318)
Non-Monetary Expenditure Disbursed Overseas	86,637	86,637	-
Total Cash and Donated Goods Disbursed to International Projects	**347,503**	**338,185**	**(9,318)**
Accountability and administration	21,845	31,163	9,318

22 Superannuation commitments

During the financial year the Company contributed to a number of superannuation funds, as nominated by each employee. The Company has a legally enforceable obligation to contribute to employees' funds.

23 Remuneration of Directors

No amounts were received from or are payable by the Company to Directors of the Company. The Directors give their services to the Company without charge, but the Directors may be reimbursed for certain travel and other expenses incurred in connection with the business of the Company.

Notes to the Financial Statements
as at 30 September 2016 (continued)

24. Remuneration of Key Management Personnel

Name	Job Title	Cash Salary and fees	Short-term employee benefits		Long-term benefits	Post-employment benefits		Total
			Cash Bonus	Non-monetary benefits	Long service leave	Super-Annuation	Termination benefits	
			$	$	$	$	$	$
2016								
N. Callaghan (1)	Acting Executive Officer	14,277	-	-	-	1,143	-	15,420
L. Cameron (2)	Chief of Staff	166,441	-	-	2,992	15,733	-	185,166
T. Costello	Chief Executive Officer	268,518	-	3,600	13,040	25,680	-	310,838
R. de Paiva (3)	Chief Business Development Officer	167,518	-	-	4,068	13,811	-	185,397
M. Gow	Chief Supporter Officer	205,448	-	-	3,580	17,426	-	226,454
R. Glover (nee Lees) (4)	Chief Financial Officer	172,255	-	-	3,109	16,363	-	191,727
R. Piper (5)	Chief Operating Officer	179,365	-	-	454	17,154	-	196,973
Total		**1,173,822**	**-**	**3,600**	**27,243**	**107,310**	**-**	**1,311,975**
2015								
N. Callaghan (1)	Acting Executive Officer	42,700	-	-	711	3,441	-	46,853
L. Cameron (2)	Chief of Staff	168,563	-	-	4,716	16,261	-	189,541
T. Costello	Chief Executive Officer	298,159	-	3,600	(49,036)	28,491	-	281,214
R. de Paiva (3)	Chief Business Development Officer	125,383	-	-	2,787	10,234	-	138,404
M. Gow	Chief Supporter Officer	201,373	-	-	14,870	16,971	-	233,215
R. Glover (nee Lees) (4)	Chief Financial Officer	155,774	-	-	7,235	14,923	-	177,932
H. Morey (6)	Chief Financial Officer	10,679	-	-	(145)	1,775	13,497	25,806
J. Ward (7)	Executive Officer	153,907	-	-	(10,946)	14,628	98,275	255,864
Total		**1,156,539**	**-**	**3,600**	**(29,808)**	**106,724**	**111,772**	**1,348,827**

Staff members included as Key Management Personnel include all core members of the Executive Leadership Group whether or not they report directly to the CEO.

(1) Nathan Callaghan was appointed to the role of Acting Executive Officer on 29 June 2015 to 31 October 2015.

(2) Leigh Cameron was appointed to the role of Chief of Staff on 6 January 2014.

(3) Richard De Paiva was appointed to the role of Chief Business Development Officer on 1 January 2015.

(4) Rebecca Glover was appointed to the role of Acting Chief Financial Officer on 27 October 2014 and then Chief Financial Officer on 23 March 2015.

(5) Ross Piper was appointed to the role of Chief Operating Officer on 6 October 2015.

(6) Howard Morey was Chief Financial Officer from 1 July 2014 to 21 October 2014.

(7) Jenny Ward resigned on 31 August 2015.

	2016	2015
	$	$
25 Remuneration of auditors		
Amounts received or receivable by our auditors for:		
Auditing the financial accounts for the current year	80,000	80,000
	80,000	80,000

26 Contingencies

As at 30 September 2016, the Company has outstanding $309,499 (2015: $295,264) as a current guarantee provided by ANZ bank for the office leases noted in Note 27.

27 Commitments

Lease commitments

The Company leases offices in most states and has one warehouse under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2016	2015
	$'000	$'000
Within one year	596	1,125
Later than one year but not later than five years	162	616
Later than five years	-	-
	758	1,741

28 Related parties disclosures

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence are as follows:

	Transaction values for the year ended 30 September		Balance outstanding as at 30 September	
	2016	2015	2016	2015
KMP	$	$	$	$
Y-GAP (Y-Generation Against Poverty) Ltd (i)	-	-	100,000	-

(i) During 2016, the Company entered into an arrangement with Y-GAP, whereby the Company provided a contribution of $100,000 to the 2016 "Polished Man" campaign. Y-GAP will refund the amount in full to the Company and should certain targets be met, additional funds will be paid to the Company to support its trauma recovery programs. The CEO of Y-GAP, Elliot Costello, is the son of the Company's CEO at 30 September 2016, Tim Costello.

Notes to the Financial Statements
as at 30 September 2016 (continued)

29 Charitable Fundraising Act 1991 (New South Wales)

The following information is provided to comply with relevant provisions of the Charitable Fundraising Act 1991 (New South Wales).

The Income Statement gives a true and fair view with respect to fundraising appeals conducted by the Company. The fundraising provisions of the Act as they apply to the Company's fundraising in New South Wales have been complied with and the internal controls exercised are appropriate and effective in accounting for all income received by the Company from fundraising.

	2016 $'000 Total Income	2016 $'000 Total Fundraising Direct Expenses	2016 $'000 Net Income	2015 $'000 Total Income	2015 $'000 Total Fundraising Direct Expenses	2015 $'000 Net Income
Fundraising Information						
Donations and gifts						
Monetary						
Pledge programs	182,389	26,324	156,065	191,998	34,398	157,600
Appeals, donations and gifts	39,359	8,172	31,187	54,242	12,612	41,630
Non-monetary						
Donated goods and assets	49,021	1,292	47,729	16,544	1,288	15,256
Grants (multilateral)	71,647	1,772	69,875	72,596	2,693	69,903
	342,416	**37,560**	**304,856**	**335,380**	**50,991**	**284,389**

Notes to the Financial Statements
as at 30 September 2016 (continued)

29 Charitable Fundraising Act 1991 (New South Wales) (continued)

	2016 $'000 Total Income	2016 $'000 Total Fundraising Direct Expenses	2016 $'000 Net Income	2015 $'000 Total Income	2015 $'000 Total Fundraising Direct Expenses	2015 $'000 Net Income
Bequests and legacies	5,266	959	4,307	3,521	2,747	774
Grants						
DFAT	38,466	951	37,515	44,483	2,560	41,923
Other Australian	587	15	572	202	8	194
Other Overseas	47,285	1,170	46,115	38,394	1,680	36,714
	86,338	2,136	84,202	83,079	4,248	78,831
Investment Income	567	10	557	1,059	97	962
Other Income	477	9	468	1,328	2,317	(989)
Total Net Income Contribution	435,064	40,674	394,390	424,367	60,400	363,967
		Total Indirect Expenses			**Total Indirect Expenses**	
Program Administration and Other						
International Programs						
Funds to international programs		212,562			251,548	
Program support costs		5,674			7,705	
Community Education		1,611			832	
Accountability and Administration		38,958			31,163	
Non-Monetary Expenditure		124,984			86,637	
Domestic Programs Expenditure		5,349			4,768	
Total Program Administration and Other		389,138			382,653	
Operating Surplus/(Deficit)	435,064	429,812	5,252	424,367	443,053	(18,686)

Notes to the Financial Statements
as at 30 September 2016 (continued)

30 Board Membership

The Directors of the Company holding that office, or who have held that office, at any time during the financial year are G Savvides (Chairman), J Harrower (Deputy Chairman), S Adams, J Barraclough, L Baur, C Carter, R Goudswaard, T McCormack , F Pearse, D Shepherd, W Simpson, B Wurzbacher and D Gardiner.

31 Members' guarantee

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member (Director) is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the Company. As at the 30 September 2016 the number of members was 13 (2015: 12).

32 Matters Subsequent to the End of the Financial Year

No item, transaction or event of a material or unusual nature has arisen that is likely, in the opinion of the Directors, to affect substantially the results of the Company's operations in the future.

World Vision Australia
A.B.N. 28 004 778 081

Declaration by Directors

In accordance with a resolution of the Board of Directors of World Vision Australia, the Directors declare that in their opinion:

(a) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

(b) The financial statements and notes set out on pages 11 to 49 have been prepared in accordance with Subdivision 60-C of the Australian Charities and Not-for-profits Commission Act 2012, including:

  (i) giving a true and fair view of the Company's financial position as at 30 September 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013.

On behalf of the Board

Chairman

Director

Melbourne
25th November 2016

Grant Thornton

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Independent Auditor's Report
To the Members of World Vision Australia

We have audited the accompanying financial report of World Vision Australia (the "Company"), which comprises the statement of financial position as at 30 September 2016, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

Responsibility of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for profits Commission Act 2012*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board and the *Australian Charities and Not-for profits Commission Act 2012.*

Auditor's Opinion

In our opinion, the financial report of World Vision Australia is in accordance with the *Australian Charities and Not-for profits Commission Act 2012*, including:

a. giving a true and fair view of the Company's financial position as at 30 September 2016 and of its performance for the year ended on that date; and

b. complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Report on the Australian Council for International Development ('ACFID') Code of Conduct Summary Financial Report (the 'Report')

We have audited the Report of the Company, which comprises the statement of financial position as at 30 September 2016, and the income statement, statement of comprehensive income, statement of changes in equity and table of cash movement for designated purposes as disclosed in Note 19(c) for the year ended on the date and the directors' declaration. The Directors of the Company are responsible for the preparation and presentation of the Report in accordance with section C.2.2 of the *Australian Council for International Development (ACFID) Code of Conduct.* Our responsibility is to express an opinion on the Report based on our audit conducted in accordance with the Australian Auditing Standards.

Auditor's opinion

In our opinion, the Australian Council for International Development (ACFID) Code of Conduct Summary Financial Report of World Vision Australia for the year ended 30 September 2016 complies with section C.2.2 of the *Australian Council for International Development (ACFID) Code of Conduct.*

I, Eric Passaris, am currently a member of Chartered Accountants Australia and New Zealand and my membership number is 78720.

Grant Thornton Audit Pty Ltd was the audit firm appointed to undertake the audit of World Vision Australia for the year ended 30 September 2016. I was responsible for the execution of the audit and delivery of our firm's audit report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Eric W Passaris

Eric Passaris
Partner - Audit & Assurance

Melbourne, 25th November 2016