World Vision

Australia

ABN 28 004 778 081

Annual Statements & Accounts

for the year ended 30 September 2014

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 20 November 2014, together with a copy of every other document required by to be laid before the Annual General Meeting.

Company Secretary
(S K Huang)

Annual Statements & Accounts
30 September 2014

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 Profit Commission.

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

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

Chief Executive Officer:
T Costello

Company Secretary:
S K Huang

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

Directors' Report

The Directors present their report with respect to the results of World Vison Australia (the Company) for the financial year ended 30 September 2014 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 is the Managing Director of Medibank, Australia's largest health insurer. Since 2002 he has held the position of a non-Executive Director of Ryman Healthcare and was previously Managing Director of Sigma Co Ltd. 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. He is also Vice President of the Council of the IFHP (International Federation of Health Plans). He previously served for 12 years on our Board and served on the World Vision International Board.

SHANNON ADAMS (DEPUTY CHAIR) 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 insurers since the early 1980s. He has been the managing partner of several legal firms and is now a partner at Hunt & Hunt. He specialises in financial services law, insurance law and corporate governance, with a strong emphasis on the mutual banking sector.
Special Responsibilities: Deputy Chairman, Audit Committee.

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

Rob Goudswaard joined our Board in 2008. He was the CEO and a Director of Rural Finance Corporation and Chairman of the Young Farmers Council for 4 years based in Bendigo and stepped down in September 2014 after sale of the business to Bendigo Bank. 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 Committee (Chairman)

JOHN HARROWER 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 9 years in university chaplaincy, book publishing and distribution. He was ordained a priest in 1986 and was installed as the 11th Bishop of Tasmania in 2000. In that same year he was awarded a Medal of The Order of Australia "for service to the community through the Anglican Church and as a missionary". John holds senior positions on mission boards and national committees of the Anglican Church.
Special Responsibilities: People, Culture & Remuneration 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 now consults in strategy and governance to a range of 'For Purpose' and commercial organisations. 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 also involved in the leadership of her church, has led strategy development in church environments, and is involved in a variety of volunteer activities.
Special responsibility: Audit Committee.

LOUISE BAUR AM B.SC (MED), MB.BS (HONS), PHD, FRACP, GAICD
Louise Baur joined our Board in 2007. Louise is Professor of Paediatrics & Child Health at the University of Sydney, and also has an appointment in the University's School of Public Health. She 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 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 several public companies - Wesfarmers, Seek and Lend Lease. He is chairman of the Geelong Football Club, a director of Ladder (the AFL Players' project on youth homelessness) and has been appointed by the Federal Government as an Adviser to the Indigenous Empowered Communities project.
Special Responsibilities: People, Culture & Remuneration Committee

TIM McCORMACK LL.B (Hons), PhD, FAAL
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 held a number of other globally significant positions. 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 Committee

FIONA PEARSE B.EC, FCPA, FAICD
Fiona Pearse joined our Board in 2011. She has extensive financial and commercial experience gained from a large variety of executive and non-executive director roles. Her executive career includes almost two decades at large global companies, mainly in Finance and Tax at BHP Billiton, the world's largest diversified resources company, and also at BlueScope Steel, one of Australia's largest manufacturers. She has worked in industries as diverse as Petroleum, Transport, Utilities, Insurance and Steel; both in senior financial roles at the coalface, as well as in financial and tax oversight, advisory, and planning roles at Corporate Head Office. Fiona was the key person responsible for the tax due diligence and tax integration of multiple business acquisitions. She is currently an independent non-executive director at City West Water, the utility that supplies drinking water, sewage, and other services to business and residential customers throughout Melbourne's Central Business District, and inner and western suburbs. It has a turnover of $610 million p.a. and assets of $2 billion. She is also a current or past director of two of Australia's leading independent schools, Presbyterian Ladies' College and Scotch College.
Special Responsibilities: Audit Committee

BARRY PIPELLA FAICD
Barry Pipella joined our Board in 2005. Barry was appointed to the role of Executive Director, Strategic Sales, and Telstra Enterprise & Government in October 2010. In this role Barry has accountability for sales of services and products to Telstra's top 150 enterprise customers. Prior to joining Telstra in 2010, Barry worked at IBM for 14 years holding many senior leadership roles including Vice President for Asia Pacific Financial Services Sector and Vice President for Sectors and Sales, IBM Global Technology Services (GTS) ANZ. Before IBM, Barry had 9 years in sales leadership in the financial services sector with Digital Equipment Corporation. Barry is an Ambassador for Business for Millennium Development (B4MD) and also a board member of Vision Developments International.
Special Responsibilities: People, Culture & Remuneration Committee

DONNA SHEPHERD BA, MIIM, GAICD

Donna Shepherd joined our Board in 2008 and is currently the Vice Chairman 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 Administration from the School for International Training in Vermont USA. She has worked in the USA, Tunisia, Ecuador and Australia and has extensive experience in social planning, strategic planning, community engagement, communications and training. Donna has previously served on the boards of University of Western Australia Extension, Southern Arc, Ausdance WA, Chrissie Parrot Dance Collective and the Independent Filmmakers Association.
Special Responsibilities: People, Culture & Remuneration Committee

WENDY SIMPSON OAM, B. SOC SCI, GRAD. DIP. ED., B. LITT, MBA, FRMIT, FAICD

Wendy Simpson joined the Board of World Vision Australia 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.
Special Responsibilities: People, Culture & Remuneration Committee

BONNIE WURZBACHER BA, MBA

Bonnie Wurzbacher joined World Vision International in July of 2013 as their Chief Resource Development Officer, reporting to their President & CEO, Kevin Jenkins, and is based at their executive offices in London. She and her team are responsible for accelerating revenue growth and strategic engagement with all twenty fundraising offices, globally. Bonnie joined our Board in August 2014, as Mr. Jenkins' representative and also serves on the boards of World Vision US, Canada and New Zealand in this capacity. Prior to joining WVI, Bonnie had a 32 year business career with 28 years at The Coca-Cola Company, serving in various sales, marketing and general management leadership roles. She rose to Sr. Vice President, Global Customer Leadership with responsibility for global customer revenue growth and marketing strategies, in partnership with franchised bottling partners worldwide. Bonnie holds a bachelor's degree in education from Wheaton College, Wheaton, Illinois, and a master's of Business Administration from Emory University, Atlanta, Georgia. She has served on a wide range of non-profit and for profit boards and has been an active member of Peachtree Presbyterian Church for 25 years.

COMPANY SECRETARY: 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 is also Executive Counsel of World Vision Australia. She is on the board of Light Melbourne Inc and a member of the Synod of the Anglican Diocese of Melbourne and of the General Synod of the Anglican Church of Australia.

Directors' attendance in full Board and Board Committee meetings held between 1 October 2013 and 30 September 2014:

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

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 2013 and in February, April, July and September 2014.
- People Culture & Remuneration Committee meetings and Audit Committee meetings took place in November 2013 and in February, May, August and September 2014.

(1) The Chairman is an ex-officio member of each of the People Culture & Remuneration Committee and the Audit Committee.
(2) B Wurzbacher joined our Board in August 2014 and is not a member of either Board Committees.

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 2014 was adopted in 2012 and it 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 goal of the World Vision International Partnership.

To work effectively towards these goals, the Company has set itself four priorities:

- Transform children's lives
- Partner with Australians to champion the child poverty agenda
- Grow our income for greater field commitment
- Build a sustainable organisation

Results

Total revenue for the year was $380m (2013: $370.3m), total funds to international and domestic programs was $217m (2013: $221m) and other expenditure was $142m (2013: $150.6m) resulting in a surplus of $21m (2013: deficit $1.4m). This was affected by:

- 1.5% increase in pledge programs (including Child Sponsorship).
- 13.4% increase in appeals, donations and gifts.
- 15.4% decrease in non-monetary donations including donated goods, assets and food.
- 16.6% increase in grants.
- 2.3% decrease in funds to international programs.
- 12.5% increase in fundraising costs.

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

Thanks to the ongoing commitment of World Vision Australia's supporters, monetary donations and gifts from the public grew in 2014 to a total of $251.4m.

Revenue from Child Sponsorship grew 1.6% to $191.9m and benefited from the full year effect of a rate rise that was introduced in FY2013, which was necessary given the increasing cost of maintaining the quality and impact of our work in communities around the world. In 2014, the number of children sponsored through World Vision's child sponsorship program was 346,610, enabling these children, their families and their communities to benefit.

Donated goods and assets fell by $34.7m, a decrease of 78%, as no shipments of pharmaceutical goods were received this year. Pharmaceutical donors and shipment agreements have been secured for additional shipments to take place in 2015.

Grant income grew by 16.6% due to additional funding from Department of Foreign Affairs and Trade (DFAT), together with an increased focus on securing grants from outside Australia.

Through the generosity of our supporters, in 2014 World Vision Australia was able to maintain our commitment to the field. Monetary contributions to our mission through overseas and domestic projects fell only slightly by 2.3% to $211.9m and a further $21m held by WVA is prepositioned for field projects occurring next year.

Review of Operations (Continued)

Fundraising costs increased during the year from 13.7% of revenue to 15% as deeper investment was made into building supporter relationships and tailor giving solutions for them that are relevant, meaningful and transformational.

Tight control of accountability and administration costs ensured a slight, well under CPI, increase of 0.3% when compared to 2013.

The net assets position of the Company as at 30 September 2014 was affected by the movement in the USD/AUD exchange rate. In line with its hedging policy, the Company currently takes out forward contracts to hedge future commitments in US dollars. As at 30 September 2014, the change in fair value of hedging contracts resulted in a decrease of $1.2m of net assets compared to the prior year ($7.0m assets at 30 September 2013 to $5.8m assets at 30 September 2014).

Significant Changes in the State of Affairs
No significant changes occurred in the state of affairs of the Company during the financial year.

Matters Subsequent to the End of the Financial Year
Apart from the ongoing uncertainty being experienced in the global economy and its impact on the Company, since the year end 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 continues to focus on international development, relief and advocacy. No change to this principal activity is likely.

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 21 to the accounts.

Insurance of Officers
The Company has paid premiums to insure its Directors and 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 $22,878 (2013: $21,728). This premium has not been included in the notes on Remuneration of Directors and Key Management Personnel (Notes 21 and 22).

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 10.

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 2014 the number of members was 13 (2013: 12).

Rounding of amounts
The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise stated.

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

Chairman

Director

Melbourne, 20 November 2014

Grant Thornton

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2014, 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, 20 November 2014

Annual Financial Report
30 September 2014

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 a 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 20 November 2014. WVA has the power to amend and reissue the financial report.

Income Statement

for the year ended 30 September 2014

	Notes	2014 $'000	(Revised)* 2013 $'000
REVENUE			
Donations and Gifts			
Monetary			
Pledge programs	4a	201,182	198,143
Appeals, donations & gifts	4a	50,238	44,293
Non-Monetary			
Donated goods & assets	4b,c	9,790	44,480
Grants (Multilateral)	4d	44,615	19,884
		305,825	306,800
Bequests and Legacies	4e	4,107	3,066
Grants			
DFAT		42,340	37,569
Other Australian		688	1,804
Other Overseas		24,900	18,877
		67,928	58,250
Investment Income		1,417	1,275
Other Income		728	879
TOTAL REVENUE		**380,005**	**370,270**
EXPENDITURE			
International Aid and Development Programs Expenditure			
International Programs			
- Funds to international programs	5	211,895	216,775
- Program support costs		7,191	8,314
		219,086	225,089
Community Education		1,348	3,260
Fundraising Costs			
- Public		55,609	47,479
- Government, multilateral and private		1,404	3,181
Accountability and Administration		25,421	25,341
Non-Monetary Expenditure	5,6b	51,063	63,035
Total International Aid and Development Programs Expenditure		**353,931**	**367,385**
Domestic Programs Expenditure		5,071	4,257
TOTAL EXPENDITURE	6a	**359,002**	**371,642**
Excess/(Shortfall) of Revenue over Expenditure		**21,003**	**(1,372)**

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

*The 'ACFID' Code of Conduct (Section F.2.1) allows donation-related bank fees to be included in the 'Fundraising costs - public' expense line item in the Statement of Income. In 2013 $919,000 of donation-related bank fees havebeen appropriately reclassified from 'Accountability and Administration' to 'Fundraising costs - public'.

Statement of Comprehensive Income

for the year ended 30 September 2014

	Notes	2014 $'000	2013 $'000
Excess/(Shortfall) of Revenue over Expenditure		21,003	(1,372)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to the income statement:			
Changes in the fair value of cash flow hedges	16	(1,186)	9,755
Other comprehensive income/(loss) for the year		(1,186)	9,755
Total comprehensive income/(loss) for the year		19,817	8,383

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

Statement of Financial Position
as at 30 September 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Current Assets			
Cash & Investments	7, 18b	47,973	30,623
Receivables	8	2,310	1,692
Financial Assets	9	62	59
Inventories	10	16	22
Donated Goods	11	3,672	2,324
Unrealised Currency Hedge Receivable	16	5,810	6,996
Total Current Assets		**59,843**	**41,716**
Non-Current Assets			
Property, Computer Hardware & Equipment	12	21,505	22,652
Intangibles	13	3,419	788
Total Non-Current Assets		**24,924**	**23,440**
TOTAL ASSETS		**84,767**	**65,156**
LIABILITIES			
Current Liabilities			
Accounts Payable	14	6,888	7,923
Provisions	15	6,260	5,549
Total Current Liabilities		**13,148**	**13,472**
Non-Current Liabilities			
Provisions	17	1,206	1,088
Total Non-Current Liabilities		**1,206**	**1,088**
TOTAL LIABILITIES		**14,354**	**14,560**
NET ASSETS		**70,413**	**50,596**
Equity			
Reserves	16	5,810	6,996
Retained Earnings		64,603	43,600
TOTAL EQUITY		**70,413**	**50,596**

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

Statement of Changes in Equity
for the year ended 30 September 2014

	Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 October 2012	**(2,759)**	**44,972**	**42,213**
Shortfall of Revenue over Expenditure	-	(1,372)	(1,372)
Other comprehensive income for the year	9,755	-	9,755
Balance at 30 September 2013	**6,996**	**43,600**	**50,596**
Excess of Revenue over Expenditure	-	21,003	21,003
Other comprehensive loss for the year	(1,186)	-	(1,186)
Balance at 30 September 2014	**5,810**	**64,603**	**70,413**

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

Cash Flow Statement

for the year ended 30 September 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from donors and merchandising (inc. GST)		324,972	305,525
Interest received		1,337	1,215
Payments to field offices, suppliers and employees (inc. GST)		(305,832)	(309,719)
Net cash provided by / (used in) operating activities	**18a**	**20,477**	**(2,979)**
Cash flows from investing activities			
Purchases of property, computer hardware and equipment		(456)	(1,107)
Purchases of software		(2,672)	.(753)
Proceeds from sale of property, computer hardware and equipment		1	268
Net cash used in investing activities		**(3,127)**	**(1,592)**
Net increase / (decrease) in cash held		**17,350**	**(4,571)**
Cash at beginning of financial year		30,623	35,194
Cash at end of the financial year	**7, 18b**	**47,973**	**30,623**

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

Notes to the Financial Statements
as at 30 September 2014

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 18(c).

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 and amended standards adopted by the Company
None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 October 2013 materially affected any of the amounts recognised in the current period or any prior period and are not likely to materially affect future periods.

Amendments to AASB 119 Employee Benefits
The 2011 amendments to AASB 119 made a change to the accounting for employee benefits. Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Company does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefits' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

This amendment has had no significant impact on the Company.

Early adoption of standards
The Company elected to apply AASB 13 before its operative date in the annual reporting period beginning 1 October 2012.

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.

Notes to the Financial Statements as at 30 September 2014 (continued)

a) Basis of preparation (continued)

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

These are accepted on the basis they will provide a future benefit. Revenue is brought to account when the goods are received by WVA and is recorded at fair value, which is represented by either wholesale value or an independent valuation.

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 provides the fair value of the pharmaceutical goods every twelve months.

(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.

Notes to the Financial Statements
as at 30 September 2014 (continued)

c) Revenue recognition (continued)

(iv) Donations and Bequests

World Vision Australia 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 World Vision Australia.

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) Property, computer hardware and equipment

Land is recorded at cost. All other property, computer hardware and equipment is stated at historical cost less depreciation. 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 1g).

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.

f) 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 WVA intends to and has sufficient resources to complete development and to use or sell the asset.

Notes to the Financial Statements as at 30 September 2014 (continued)

f) Intangible assets (continued)

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 WVA and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

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	5

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

g) 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.

h) 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.

Notes to the Financial Statements
as at 30 September 2014 (continued)

h) Goods and Services Tax (GST) (continued)

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.

i) 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.

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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

j) Policy on the nature and amount of remuneration of key management personnel

WVA Executives are paid in accordance with the WVA remuneration policy. WVA uses third party methodologies for role grading and annual benchmark reporting. WVA 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.

k) Provisions

Provisions for legal claims, service warranties 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.

World Vision Australia 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.

l) 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.

Notes to the Financial Statements
as at 30 September 2014 (continued)

m) 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.

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

o) 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.

p) 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.

q) 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 World Vision Australia, donated goods are held in inventory until the risks and rewards have passed to the receiving entity.

r) 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.

Notes to the Financial Statements
as at 30 September 2014 (continued)

r) Financial instruments (continued)

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. The Company's cash and investments, 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.

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'.

r) Financial instruments (continued)

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 borrowings and 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.

s) Foreign currency hedging

World Vision Australia 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 WVA and other support offices. WVA enters into a series of forward foreign exchange agreements to provide certainty of the total US dollars available to fund projects.

WVA 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. WVA 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.

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. WVA 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.

t) 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 25). 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.

u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2014 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 2010) (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) 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.

(d) 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.

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.

Consequential amendments arising from AASB 9 are contained in AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010), AASB 2010-10 *Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters*, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures*, AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* and AASB 2014-1 *Amendments to Australian Accounting Standards*.

Notes to the Financial Statements
as at 30 September 2014 (continued)

u) New accounting standards and interpretations (continued)

On 24 July 2014, the IASB issued IFRS 9 Financial Instruments (2014) which marked the completion of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 (2014):

- Added requirements dealing with expected credit losses (impairment);
- Amended the Standard's classification and measurement requirements by adding a new measurement category of fair value through other comprehensive income for particular simple debt instruments and;
- Introduced a new mandatory effective date of accounting periods beginning on or after1January2018.

The AASB has already amended the effective date of AASB 9 to '1 January 2018' through its Amending Standard AASB 2014-1 Amendments to Australian Accounting Standards. It is expected that the AASB will issue the remaining amendments arising from IFRS 9 (2014) in the near future.

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 WVA's financial statements until the year ending 30 September 2019.

AASB 10 *Consolidated Financial Statements (effective 1 January 2014)*

AASB 10 established a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements under *UIG -112 Consolidation – Special Purpose Entities.*

The new control model broadens the situation when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than majority voting rights may give control. The Company has assessed that there are no entities that it controls for which consolidation is required.

AASB 11 *Joint Arrangements (effective 1 January 2014)*

AASB 11 replaces AASB 113 *Interest in Joint Ventures* and *UIG -113 Jointly Controlled Entities – Non-monetary Contributions by Venturers*. AASB 11 uses the principal of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities using proportionate consolidation. Instead, accounting for joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturer a right to the net assets are accounted for using the equity method. The Company has concluded there are no joint arrangements.

AASB 12 - *Disclosure of Interests in Other Entities* (effective 1 January 2014)

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests. As there are no interests in subsidiaries, joint arrangements, associates and structured entities, this is not applicable and no additional disclosures are required.

Notes to the Financial Statements as at 30 September 2014 (continued)

u) New accounting standards and interpretations (continued)

IFRS 15 *Revenue from Contracts with Customers* (effective 1 January 2017)

In the Australian context, the Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian Standard (AASB 15 Revenue from Contracts with Customers), along with a new Exposure Draft (ED) on income from transactions of Not-for-Profit (NFP) entities by the end of 2014.

IFRS 15 focusses on the below:

- Replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related Interpretations;
- Establishes a new control-based 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.

The entity has not yet assessed the full impact of this Standard.

AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures (effective 1 January 2014)*

As a consequence of issuing AASB 10, AASB 11 and AASB 12, revised versions of AASB 127 and AASB 128 have also been issued.

AASB 127 now only deals with separate financial statements. AASB 128 incorporates the requirements in Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, and guidance relating to the equity method for associates and joint ventures.

When these revised standards are adopted for the first time for the financial year ending 30 September 2015, there will be no impact on the financial statements because they introduce no new requirements.

AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2014)*

AASB 2011-7 makes various consequential amendments to Australian Accounting Standards arising from AASB 10, AASB 11, AASB 12, AASB 127 (August 2011) and AASB 128 (August 2011).

When these amendments are first adopted for the year ending 30 September 2015, they are unlikely to have any material impact on the Company given that they are largely of an editorial nature.

AASB 2012-3 *Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)*

In June 2012, the AASB approved amendments to the application guidance in *AASB 132 Financial Instruments: Presentation*, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the Company's current offsetting arrangements. When this becomes applicable, the Company will provide additional disclosures in relation to its offsetting arrangements, but the Company does not expect these changes to be material. The Company intends to apply the new rules for the first time in the financial year commencing 1 October 2014.

Notes to the Financial Statements as at 30 September 2014 (continued)

u) New accounting standards and interpretations (continued)

AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014)*

AASB 2013-4 makes amendments to AASB 139 *Financial Instruments: Recognition & Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

When these amendments are first adopted for the year ending 30 September 2015, they are unlikely to have any significant impact on the Company.

AASB 1031 *Materiality (December 2013) (effective 1 January 2014)*

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn.

When the revised AASB 1031 is first adopted for the year ending 30 September 2015, it is unlikely to have any significant impact on the Company.

AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality) (effective 1 January 2014)*

Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations).

AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments) (effective 1 January 2015)*

These amendments:

- Add a new chapter on hedge accounting to AASB 9 Financial Instruments, substantially overhauling previous accounting requirements in this area; and
- The hedge accounting requirements of AASB 9 have been criticised for not allowing entities to adequately reflect their risk management practices and for not providing sufficient information in the financial statements about those activities.

The new requirements look to align hedge accounting more closely with entities' risk management activities 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; and
- Defer the mandatory effective date of AASB 9 from '1 January 2015' to '1 January 2017'.

u) New accounting standards and interpretations (continued)

Note that, subsequent to issuing these amendments, the AASB has issued AASB 2014-1 which defers the effective date of AASB 9 to '1 January 2018'.

The Company has not yet assessed the full impact of these amendments, 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 Interpretation 21 *Levies (effective 1 January 2014)*

Interpretation 21 addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy).

Interpretation 21 is an interpretation of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. AASB 137 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

When this interpretation is first adopted for the year ending 30 September 2015, there should be no material impact on the financial statements as the Company is not presently subject to any levies addressed by this interpretation.

Notes to the Financial Statements
as at 30 September 2014 (continued)

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.

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

Approximately 104% (2013: 104%) 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 2014 USD $'000	30 September 2013 USD $'000
Forward Exchange Contracts: Buy foreign currency (cash flow hedges)	130,144	164,817

Organisation Sensitivity

Based on the financial instruments held at 30 September 2014, 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 $15,105,952 higher / $12,359,415 lower (2013: $19,924,873 higher / $16,302,169 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.

Notes to the Financial Statements
as at 30 September 2014 (continued)

a) Market risk (continued)

(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. During 2014 and 2013, 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 2014 $'000	30 September 2013 $'000
Fixed-rate instruments		
Term deposits	6,159	11,550
Cash and bank balances	34,500	19,073
Variable-rate instruments		
Money market mutual fund	7,314	-
Total	**47,973**	**30,623**

Organisation sensitivity

At 30 September 2014, 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 $108,244 higher/lower (2013: $27,291 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 2014 is $47,973,317 (2013: $30,622,541) 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.

Notes to the Financial Statements
as at 30 September 2014 (continued)

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).

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 September 2014 and 30 September 2013:

At 30 September 2014 $'000	Level 1	Level 2	Level 3	Total
Assets				
Financial Assets	62	-	-	62
Derivatives used for hedging	-	5,810	-	5,810
Total Assets	62	5,810	-	5,872

At 30 September 2013 $'000	Level 1	Level 2	Level 3	Total
Assets				
Financial Assets	59	-	-	59
Derivatives used for hedging	-	6,996	-	6,996
Total Assets	7,055	6,996	-	7,055

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 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.

Notes to the Financial Statements
as at 30 September 2014 (continued)

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*

  World Vision Australia 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 2014, there were no pharmaceutical donations (2013: $39,300,315) and no disbursements of pharmaceutical donations (2013: $39,300,315). There was no amount held as pharmaceutical inventory as at 30 September 2014 (2013: $0).

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

  World Vision Australia uses the wholesale value or an independent valuation for valuing donated goods. During 2014, $50,271,731 (2013: $25,063,736) of income and $48,893,198 (2013: $23,733,125) of disbursements were recognised as donated goods. As at 30 September 2014, $3,672,295 (2013: $2,323,934) 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 2014.

b) Critical judgments in applying the entity's accounting policies

Other than that mentioned in Note 2(d), there are no areas that significant judgement has been applied to the Company that have a significant impact upon the financial statements.

Notes to the Financial Statements
as at 30 September 2014 (continued)

		2014 $'000	2013 $'000
4a)	**Monetary Donations & Gifts**		
	Pledge programs		
	- Child Sponsorship	191,984	188,953
	- Other	9,198	9,190
	Total	**201,182**	**198,143**
	Appeals, donations & gifts		
	- Emergency relief appeals	10,964	2,041
	- Other appeals	25,193	28,318
	- Other cash donations & gifts	14,081	13,934
	Total	**50,238**	**44,293**
4b)	**Donated Goods**		
	Goods donated by Australian Corporations	5,657	5,180
	Medicines donated by International Agencies	-	39,300
	Total	**5,657**	**44,480**
4c)	**Donated Assets**		
	Assets donated by International Corporations	4,133	-
	Total	**4,133**	-
4d)	**Grants (Multilateral)**		
	Food donated by International Agencies	44,615	19,884
	Total	**44,615**	**19,884**
4e)	**Bequests and Legacies**		
	Child Sponsorship	265	149
	Other	3,842	2,917
	Total	**4,107**	**3,066**

Notes to the Financial Statements
as at 30 September 2014 (continued)

5. Disbursements to Overseas Projects by Country

Region/Country	2014 $'000	2013 $'000
Burundi	3,397	1,918
Ethiopia	11,916	10,683
Kenya	14,582	10,337
Northern Sudan	7,837	-
Rwanda	4,640	3,935
Somalia	3,448	1,668
South Sudan	-	7,085
Sudan	7,825	5,087
Tanzania	9,287	9,246
Uganda	9,866	8,384
Regional Office (1)	716	1,684
East Africa	**73,514**	**60,027**
Angola	52	226
Congo	4,726	4,005
Lesotho	3,091	2,660
Malawi	4,606	4,865
Mozambique	5,668	5,050
South Africa	2,619	2,398
Swaziland	3,213	3,313
Zambia	9,056	6,845
Zimbabwe	8,914	8,690
Regional Office (1)	1,052	890
Southern Africa	**42,997**	**38,942**
Chad	1,503	1,315
Ghana	2,622	2,153
Mali	4,125	1,219
Niger	458	537
Senegal	4,175	3,712
Sierra Leone	144	41
Regional Office (1)	359	6
West Africa	**13,386**	**8,983**
Afghanistan	2,115	2,293
Albania	47	44
Armenia	44	114
Azerbaijan	931	929

Notes to the Financial Statements as at 30 September 2014 (continued)

	2014 $'000	2013 $'000
Bosnia and Herzegovina	1,016	473
Cyprus	669	1,072
Georgia	306	252
Jerusalem/West Bank/Gaza	3,908	4,886
Jordon	2,044	6,990
Lebanon	23,230	6,109
Pakistan	3,828	3,981
Romania	47	45
Regional Office (1)	275	947
Middle East/Eastern Europe Region	**38,460**	**28,135**
Bangladesh	4,660	4,322
Cambodia	5,910	15,268
China	714	1,240
India	7,274	6,302
Indonesia	5,021	4,472
Laos	5,730	3,388
Mongolia	3,080	2,483
Myanmar	6,561	5,518
Nepal	1,430	1,649
North Korea	-	90
Pacific Timor Leste (2)	24,418	23,484
Philippines	7,425	847
Sri Lanka	6,602	5,656
Thailand	1,037	1,219
Vietnam	5,029	30,403
Regional Office (1)	1,605	1,857
Asia Pacific	**86,496**	**108,198**
Bolivia	3,070	2,310
Brazil	4,415	4,331
Chile	-	381
Colombia	2,073	1,887
Ecuador	2,803	2,903
Guatemala	2,622	2,426
Haiti	1,686	2,516

Notes to the Financial Statements as at 30 September 2014 (continued)

	2014	2013
	$'000	$'000
Honduras	3,760	2,865
Nicaragua	3,739	3,538
Peru	3,823	3,704
Regional Office (1)	1,503	1,371
Latin America	**29,494**	**28,232**
Global Operations – Ministry (3)	15,644	13,981
Other International Projects (4)	6,922	6,345
Partnership Treasury Office (5)	(53,825)	(20,298)
Total Cash and Donated Goods Disbursed to International Projects	**253,088**	**272,545**
Global Operations – Administration (6)	7,701	7,265
TOTAL	**260,789**	**279,810**
Analysed as:		
Funds to International Programs	211,895	216,775
Non-Monetary Expenditure Disbursed Overseas	48,894	63,035
	260,789	279,810
Non-Monetary Expenditure Disbursed in Australia	2,169	-
TOTAL	**262,958**	**279,810**

(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 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.

(6) Funding of World Vision International Partnership global administration costs is classified in Funds to International Programs in the Income Statement.

Notes to the Financial Statements
as at 30 September 2014 (continued)

	2014 $'000	2013 $'000
6a) Expenditure		
Disbursements to overseas projects (Note 5)	260,789	279,810
Disbursement to domestic projects	5,071	4,257
Employee benefits expense	52,229	50,204
Advertising, printing & postage	19,294	19,258
Rent and occupancy	1,714	1,221
Depreciation and amortisation	1,638	1,496
Software development expenditure	808	-
Other	17,459	15,396
Total	**359,002**	**371,642**

	2014 $'000	2013 $'000
6b) Non-Monetary Expenditure Reconciliation		
Non-monetary revenue	54,405	64,364
Opening donated goods	2,324	979
Less Closing Donated goods (Note 11)	(3,672)	(2,324)
Total Revenue	**53,057**	**63,019**
Non-monetary expenditure	51,063	63,035
Less purchased inventory disbursed	(6)	(16)
Add donated goods written off	36	
Add donated assets not yet disbursed	1,964	-
Total Expenditure received as a donation	**53,057**	**63,019**

Current Assets

	2014 $'000	2013 $'000
7. Cash & Investments		
Cash at bank and cash on hand	6,159	19,073
Deposits at call (i)	41,814	11,550
Total	**47,973**	**30,623**

(i) Deposits at call
The deposits earned interest at a rate of 2.81% in 2014 (2013: 3.07%).
These deposits have a weighted average investment term of 67 days (2013: 87 days), but remain at call.

	2014 $'000	2013 $'000
8. Receivables		
Australian Taxation Office – GST	570	589
Debtors	27	96
Prepayments	875	856
Other	838	151
Total	2,310	1,692

**Notes to the Financial Statements
as at 30 September 2014 (continued)**

	2014	2013
9. Financial Assets	**$'000**	**$'000**
Opening carrying amount	59	46
Additions	-	-
Disposals	-	-
Net revaluation	3	13
Closing carrying amount	62	59

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 as at 30 September 2014.

10. Inventories		
Other	16	22
Total	16	22

No inventory was written off during the year ended 30 September 2014 (2013: Nil).

11. Donated Goods		
Donated goods - awaiting shipment	458	375
Donated goods - in transit	3,214	1,949
Total	3,672	2,324

Donated goods from Australian and overseas corporations recognised as a disbursement during the year ended 30 September 2014 amounted to $4,278,693 (2013: $43,149,717).

Write-downs of donated goods due to the loss of service potential recognised as an expense during the year ended 30 September 2014 amounted to $36,107 (2013: $190).

Notes to the Financial Statements
as at 30 September 2014 (continued)

Non-Current Assets	2014 $'000	(Revised)* 2013 $'000
12. Property, Computer Hardware & Equipment		
Property		
Land	5,140	5,140
Buildings	18,147	18,006
Accumulated depreciation	(4,363)	(3,915)
Total Property	18,924	19,231
Computer Hardware		
At cost	3,897	3,718
Accumulated depreciation	(3,446)	(3,294)
Total Computer Hardware	451	424
Equipment		
At cost	8,698	8,683
Accumulated depreciation	(6,568)	(5,686)
Total Equipment	2,130	2,997
Total Carrying Amount of Property, Computer Hardware & Equipment	21,505	22,652

Reconciliation of carrying amount

$'000	Land and buildings	Computer Hardware	Equipment	Total
Balance at 1 October 2012	19,678	423	3,023	23,124
Additions	-	253	933	1,186
Work in progress	-	-	(79)	(79)
Disposals	-	(5)	(96)	(101)
Depreciation Expense	(447)	(247)	(784)	(1,478)
Balance at 30 September 2013	19,231	424	2,997	22,652
Additions	141	2	30	173
Work in progress	-	235	48	283
Disposals	-	(1)	-	(1)
Depreciation Expense	(448)	(209)	(945)	(1,602)
Balance at 30 September 2014	18,924	451	2,130	21,505

*In 2013 $788 ,000 of Software Purchased and Software Development has been appropriately reclassified from 'Property, Computer Hardware & Equipment' to 'Intangible assets'.

Notes to the Financial Statements
as at 30 September 2014 (continued)

	2014 $'000	2013 $'000
13. Intangible assets		
Software Purchased and Donated		
At cost	2,338	160
Accumulated amortisation	(59)	(23)
Total Software Purchased	2,279	137
Software Development		
At cost	1,140	651
Accumulated amortisation	-	-
Total Software Development	1,140	651
Total Carrying Amount of Intangible Assets	3,419	788

Reconciliation of carrying amount

$'000	Software Purchased & Donated	Software Development	Total
Balance at 1 October 2012	53	-	53
Additions	-	-	-
Work in progress	102	651	753
Disposals	-	-	-
Amortisation Expense	(18)	-	(18)
Balance at 30 September 2013	137	651	788
Additions	183	157	340
Work in progress	2,000	332	2,332
Disposals	(5)	-	(5)
Amortisation expense	(36)	-	(36)
Balance at 30 September 2014	2,279	1,140	3,419

Notes to the Financial Statements as at 30 September 2014 (continued)

	2014 $'000	2013 $'000
Current Liabilities		
14. Accounts Payable		
Trade creditors	1,270	2,341
Accrued creditors	4,937	5,006
Australian Tax Office - GST	-	-
Other payable	681	576
Total	**6,888**	**7,923**
15. Provisions		
Annual leave	4,043	3,797
Long service leave	2,205	1,752
Other	12	-
Total	**6,260**	**5,549**

16. Hedging Reserve – Cash Flow Hedges		
Balance 1 October at start of financial year	6,996	(2,759)
Fair value revaluation	8,842	10,997
Charged to income statement on settlement	(10,028)	(1,242)
Changes in the fair value of cash flow hedges	(1,186)	9,755
Balance as at 30 September	**5,810**	**6,996**

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 1(r). Amounts are recognised in profit and loss when the associated hedged transactions affect profit and loss. The Company has agreed to sell A$130m at an effective exchange rate of 0.89 over the next 12 months.

During the year, the amount of field payments that had not been hedged against foreign currency risk was $10,000,000 (2013:15,000,000).

Non Current Liabilities		
17. Provisions		
Long service leave	988	966
Contractual obligations	218	122
Total	**1,206**	**1,088**

Notes to the Financial Statements
as at 30 September 2014 (continued)

	2014 $'000	2013 $'000
18a) Reconciliation of Net cash provided / (used in) by Operating activities to Excess / (Shortfall) of Revenue over Disbursements		
Excess / (Shortfall) of Revenue over Disbursements	**21,003**	**(1,372)**
Non-Cash Flows in Operating Activities		
Loss on disposal of property, computer hardware & equipment	2	116
Depreciation and amortisation	1,638	1,496
Changes in Assets and Liabilities		
Increase in receivables and prepayments	(618)	(508)
Increase in inventories & donated goods	(1,342)	(1,309)
Decrease in accounts payable	(1,035)	(1,792)
Increase in provisions	829	403
Decrease in financial assets	-	(13)
Net cash provided / (used in) by Operating Activities	**20,477**	**(2,979)**

18b) 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.

	2014	2013
Cash and investments (Note 7)	47,973	30,623
Cash held on behalf of donors (i)	(32)	(27)
	47,941	**30,596**

(i) Cash held on behalf of donors is accrued in Accounts Payable (Note 14).

18c) 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 2014 (continued)

19 Financial Instruments

19a) 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. - Cash in excess of liability requirements is invested in term deposits, bank commercial bills and capital investment funds.	- Deposits at call have a weighted average investment term of 67 days. - The interest rate is the current market rate applicable at rollover.
Accounts Receivable	8	- Trade receivables are carried at the original invoice amounts due.	- Credit sales are on 30 day terms.
Financial assets	9	- Financial assets are shares held for trading in behalf of donors. Gains or losses arising from changes in the fair value are presented in the balance sheet. Income or expenses arising from the shares are presented in the income statement.	- Shares held as part of a bequest to be converted to cash at a future date depending on the share price.
Unrealised currency hedge receivable	16	- WVA adopts a conservative approach to the management of foreign currency risk, and hedges 80% of the estimated Cash Field Payment for the financial year before the beginning of that financial year.	- WVA has entered into a number of forward exchange currency contracts at reporting date. The contracts were held at standard terms and conditions.
Financial Liabilities			
Accounts Payable	14	- 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 2014 (continued)

19b) Fair values

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

19c) 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.

19d) Interest rate risk

WVA is subject to normal commercial interest rate fluctuations on its bank accounts and money market instruments. WVA's exposure to interest rate risks and the effective interest rates of financial assets recognised and unrecognised 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 %	2013 %
Financial Assets														
Cash & Investments	13,473	19,073	34,500	11,550	-	-	-	-	-	-	47,973	30,623	2.8%	3.1%
Accounts Receivable	-	-	-	-	-	-	-	-	27	96	27	96	N/A	N/A
Financial Assets	-	-	-	-	-	-	-	-	62	59	62	59	N/A	N/A
Currency Hedge	-	-	-	-	-	-	-	-	5,810	6,996	5,810	6,996	N/A	N/A
Total	13,473	19,073	34,500	11,550	-	-	-	-	5,899	7,151	53,872	37,774	N/A	N/A

There was no assessed interest rate risk for financial liabilities.

Notes to the Financial Statements
as at 30 September 2014 (continued)

19e) Maturity of financial liabilities
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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 %	2013 %
Financial Liabilities														
Accounts Payable	-	-	-	-	-	-	-	-	6,888	7,923	6,888	7,923	N/A	N/A
Total	-	-	-	-	-	-	-	-	6,888	7,923	6,888	7,923	N/A	N/A

19f) Foreign currency risk

World Vision Australia 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$130m at an effective exchange rate of 0.89 over the next 12 months.

20. 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. Effective from 1 July 2014 the rate increased from 9.25% to 9.50%.

21. 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 2014 (continued)

22. Remuneration of Key Management Personnel

			Short-term employee benefits		Long-term benefits	Post-employment benefits		
Name	Job Title	Cash Salary and fees $	Cash Bonus $	Non-monetary benefits $	Long service leave $	Super-Annuation $	Termination benefits $	Total $
2014								
L..Cameron (1)	Chief of Staff	171,630	-	-	6,736	15,951	-	194,317
T.Costello	Chief Executive Officer	289,934	-	4,602	6,771	27,103	-	328,410
M.Gow	Chief Supporter Officer	189,494	-	-	5,468	12,342	-	207,304
H.Morey (2)	Chief Financial Officer	50,841	-	-	145	4,880	-	55,866
G.Ridder (3)	Acting Chief Development Officer	222,000	-	-	-	-	-	222,000
J.Ward	Executive Officer	181,845	-	-	4,210	16,907	-	202,962
Total		**1,105,744**		**4,602**	**23,330**	**77,183**		**1,210,859**
2013								
T.Costello	Chief Executive Officer	277,526	-	4,896	8,409	25,350	-	316,181
M.Gow	Chief Strategy Officer and Chief of Staff	172,956	-	-	6,762	13,652	-	193,370
S.Hughes (4)	Chief Financial Officer	166,737	-	-	1,758	12,697	-	181,192
J.Ward	Executive Officer	193,905	-	-	2,529	17,588	-	214,022
Total		**811,124**	-	**4,896**	**19,458**	**69,287**	-	**904,765**

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) Leigh Cameron was appointed to the role of Chief of Staff on 06 January 2014.
(2) Howard Morey commenced with WVA on 01 July 2014.
(3) Greg Ridder also held the position of Chief Financial Officer until 01 July 2014 and was remunerated through Ridder Consulting Pty Ltd (see note 26).
(4) Stephen Hughes tendered his resignation on 14 August 2013.

Notes to the Financial Statements
as at 30 September 2014 (continued)

23. Remuneration of auditors

Amounts received or receivable by our auditors for:

	2014	2013
	$	$
Auditing the financial accounts for the current year	80,000	95,000
Other services:		
Assurance of total gross Greenhouse Gas Emissions	-	5,000
Coaching regarding proposal process	-	-
Due diligence procedures	-	-
Other assurance services	-	15,000
Support for development of product strategy	-	188,000
Support for development of culture strategy	-	304,000
Western Australia State Government Review	-	1,000
	80,000	**608,000**

WVA changed their auditors in 2014 to Grant Thornton Audit Pty Ltd. In 2013 the auditors were PricewaterhouseCoopers.

24. Contingencies

As at 30 September 2014, management had assessed that there were no contingent liabilities. (2013: Nil).

25. Commitments

Lease commitments

World Vision Australia leases offices in most States and has one warehouse under a non-cancellable operating lease 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:

	2014	2013
	$'000	$'000
Within one year	1,969	940
Later than one year but not later than five years	1,156	1,784
Later than five years	-	-
	3,125	**2,724**

Notes to the Financial Statements
as at 30 September 2014 (continued)

26. Related parties disclosure

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	
		2014	2013	2014	2013
KMP	Transaction	$	$	$	$
G Ridder	Consultants (i)	222,000	-	-	-

(i) In 2013, WVA entered into an arrangement with Ridder Consulting Pty Ltd, a company controlled by Greg Ridder, to act in the role of the Chief Financial Officer and Chief Development Officer. The contract end date is 31st December 2014. Amounts were billed based on normal market rates for such services and were due and payable under monthly payment terms.

27. Board membership

The Directors of the Company holding that office, or who have held that office, at any time during the financial year are George Savvides, Shannon Adams, Judy Barraclough, Louise Baur, Colin Carter, Robert Goudswaard, Bishop John Harrower, Tim McCormack, Fiona Pearse, Barry Pipella, Donna Shepherd, Wendy Simpson and Bonnie Wurzbacher.

28. 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 2014 the number of members was 13 (2013: 12).

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 become due and payable; and

(b) the financial statements and notes set out on pages 11 to 50 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 2014 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
20 November 2014

Grant Thornton

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2014, 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.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the 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. Those standards 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.

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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 independence requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Auditor's opinion
In our opinion:

a the financial report of World Vision Australia is in accordance with 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 2014 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.

Other matters
Without qualifying our opinion, we draw attention to the following matter. As indicated in Note 1(a) the statement of financial position, income statement, statement of changes in equity and table of cash movements for designated purposes as disclosed in Note 18(c) have been prepared in compliance with the Australian Council for International Development (ACFID) Code of Conduct Section C.2.2.

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 2014, 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 18(c) for the year ended on that 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 Australian Auditing Standards.

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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 2014 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 the Institute of Chartered Accountants in Australia 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 2014. I was responsible for the execution of the audit and delivery of our firm's audit report.

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GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Eric W Passaris

Eric Passaris
Partner - Audit & Assurance

Melbourne, 20 November 2014