



# Transform Aid International Ltd

*A.B.N. 63 430 709 718*

## **FINANCIAL STATEMENTS**

for the year ended

30 June 2014

The accounting statements in this report are prepared in compliance to the format specified by the ACFID Code of Conduct to which Transform Aid International Ltd is a signatory and in accordance with International Financial Reporting Standards on Reduced Disclosure Requirements



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## Responsible Persons' Report

The Responsible Persons of Transform Aid International Ltd ('TAI') present their Report together with the financial statements of the consolidated entity, being Transform Aid International Ltd ('the Company') and its controlled entity ('the Group') for the year ended 30 June 2014 and the Independent Audit Report thereon.

### Director details

The following persons were Responsible Persons of Transform Aid International Ltd during or since the end of the financial year.

**Michael Raymond Turnbull**  
24 March 2011 and continuing  
Chairman

**John Vincent Hickey**  
19 July 2010 and continuing  
CEO and Board Member

**Susan Kate Campbell**  
23 May 2012 and continuing  
Member of Human Resources & Governance Committee

**Raymond Bartell**  
1 June 2013 and continuing  
Member of Programs Performance Committee

**Andrew James Ellis**  
25 November 2009 and continuing  
Vice-Chair  
Chair of Marketing & Communications Committee

**Bradley Charles Entwistle**  
9 August 2008 and continuing  
Member of Marketing & Communications Committee

**Deanne Louise Firth**  
21 November 2012 and continuing  
Member of Finance, Audit & Investment Committee

**Carol Ann Herbert**  
9 February 2008 to 9 February 2014  
Member of Human Resources & Governance Committee

**Heather Joy Coleman**  
27 February 2012 and continuing  
Ex-officio Board Member (Global Interaction)

**Philip Noel Newman**  
14 May 2009 and continuing  
Chair of Human Resources & Governance Committee

**Simon Mark Lynch**  
14 May 2009 and continuing  
Chair of Programs Performance Committee

**David Allan Rowe**  
19 May 2010 and continuing  
Chair of Finance, Audit & Investment Committee

**Paul Antony Oates**  
15 May 2009 to 16 May 2014  
Member of Finance, Audit & Investment Committee

**Daniel Charles Wallis**  
19 May 2010 to 16 May 2014  
Member of Human Resources & Governance Committee

### Company Secretary

Peter Leau is the Director of Business with 10 years of NGO/Not For Profit experience in senior management positions. Peter has been the Company Secretary of Transform Aid International Ltd since its incorporation in 2013.

### Principal activities

During the year, the principal activities of the Group include fundraising, advocacy and community development.

On the 18th April 2013, Australian Baptist World Aid Inc. changed its legal status from an incorporated association to a company structure and subsequently received approval from the Australian Government as a Deductible Gift Recipient (DGR). Transform Aid International Ltd commenced operations under the new company structure from 23rd July 2013.

As Transform Aid International Ltd is the successor of Australian Baptist World Aid Inc and the nature of its business operations and members remain the same, it is appropriate that the financial comparatives to FY2013 are those of Australian Baptist World Aid Inc. as dictated under the accounting for "Business Under Common Control". Additionally, certain comparatives have been reclassified as a result of adopting general purpose financial report.

Additionally, a wholly owned subsidiary of Transform Aid International Ltd namely, Baptist World Aid Australia Ltd, was established as a company and registered as a Charity organisation on the 8th August 2013. This subsidiary will continue and expand the operations of the previous Australian Baptist World Aid Inc.

### Short-term objectives

The Group's short-term objectives are to:

- Develop sustainable income streams to continue investment in community development programs;
- Build effective development programs that will bring about transformational change and improvement to people living in poverty; and
- Invest in organisational development through the introduction and continuous improvement of systems, processes and people.

### Long-term objectives

The Company's long term objectives are to:

- Establish longer-term, enduring fundraising products;
- Provide transformational and sustainable community development programs;
- Develop effective and efficient organisational systems and processes to service and support domestic and international like-minded partners; and
- Become an innovative learning organisation.

### Strategy for achieving short and long-term objectives

To achieve these objectives, the Group will adopt the following strategies:

- Introduce innovative and sustainable fundraising products;
- Invest in Monitoring, Evaluation and Learning (MEL) systems and tools that will shape the quality and effectiveness of community development programs; and
- Invest in effective and efficient technologies, introduce quality assurance systems and processes, and introduced learning and development programs that will enhance the knowledge, skills and effectiveness of staff.

### Responsible Persons' meetings

The number of meetings of Responsible Persons (including meetings of committees of Responsible Persons) held during the year and the number of meetings attended by each Responsible Person were as follows:

	Board meetings	
	Number of meetings the Responsible Person was entitled to attend	Number of meetings the Responsible Person attended
Michael Raymond Turnbull	4	4
Andrew James Ellis	4	4
Bradley Charles Entwistle	4	4
Carol Ann Herbert	2	2
Daniel Charles Wallis	4	3
David Allan Rowe	4	3
Deanne Louise Firth	4	4
Heather Joy Coleman	4	3
John Vincent Hickey	4	4
Paul Antony Oates	4	4
Philip Noel Newman	4	4
Raymond Bartell	4	4
Simon Mark Lynch	4	3
Susan Kate Campbell	4	3

### Contribution in winding up

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2014, the total amount that members of the Company are liable to contribute if the Company wound up is \$110 (2013:\$140).

### Auditors Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included in page 3 of this financial report and forms part of the Responsible Person's Report.

Signed in accordance with a resolution of the Responsible Persons.



**Michael Turnbull**  
Responsible Person  
2 October 2014

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**Auditor's Independence Declaration  
To the Members of Transform Aid International Ltd**

In accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Transform Aid International Ltd for the year ended 30 June 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 AUDIT PTY LTD  
Chartered Accountants



A G Rigele  
Partner - Audit & Assurance

Sydney, 2 October 2014

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# Transform Aid International Ltd



## Consolidated Statement Of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2014

	Notes	2014	2013
<b>REVENUE</b>			
Donations and Gifts:			
Monetary		11,338,016	9,373,493
Non-Monetary	5	261,648	230,937
		<u>11,599,664</u>	<u>9,604,430</u>
Bequests and Legacies		93,859	475,375
Grants			
DFAT Australian Aid Programs:			
Grants		4,828,293	4,304,343
Interest on Grants		8,996	13,969
		<u>4,837,289</u>	<u>4,318,312</u>
Investment Income		18,373	67,811
Other Income	6	19,936	43,954
<b>TOTAL REVENUE</b>		<b><u>16,569,121</u></b>	<b><u>14,509,882</u></b>
<b>EXPENDITURE</b>			
International Aid and Development Programs Expenditures:			
Funds to International Programs		9,279,106	9,477,509
Programs Support Costs		1,069,591	948,115
Community Education	7	425,419	920,976
Fundraising Costs:			
Public		1,860,150	1,417,310
Government & Multilateral		20,200	28,396
Accountability and Administrations		3,109,944	2,482,109
Non-Monetary Expenditures	5	261,648	230,937
<b>Total International Aid and Development Programs Expenditures</b>		<b><u>16,026,058</u></b>	<b><u>15,505,352</u></b>
<b>TOTAL EXPENDITURES</b>		<b><u>16,026,058</u></b>	<b><u>15,505,352</u></b>
Gain from Sale of Assets		353,615	-
Fair value on Foreign Exchange Contracts		(326,591)	254,731
<b>EXCESS/(SHORTFALL) OF REVENUE OVER EXPENDITURES</b>		<b><u>570,087</u></b>	<b><u>(740,739)</u></b>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	24	<b><u>570,087</u></b>	<b><u>(740,739)</u></b>

*This statement should be read in conjunction with the accompanying notes to the financial statements.*

# Transform Aid International Ltd



## Consolidated Statement Of Financial Position

as at 30 June 2014

	Notes	2014	2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	3,429,878	2,872,002
Trade and other receivables	9	39,201	501,730
Tax receivables	18	4,267	-
Financial assets	10	-	254,731
Other current assets	11	526,931	447,708
		<u>4,000,277</u>	<u>4,076,171</u>
<b>Non Current Assets</b>			
Property, plant and equipment	12	4,534,407	918,646
Investment properties	13	-	758,368
Intangibles	14	297,021	502,174
Other non-current assets	15	3,000	3,000
		<u>4,834,428</u>	<u>2,182,188</u>
<b>TOTAL ASSETS</b>		<b><u>8,834,705</u></b>	<b><u>6,258,359</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	16	199,489	231,339
Financial liability	17	71,860	-
Tax payables	18	-	600
Borrowings	19	103,000	3,000
Provisions	20	274,171	291,319
Other	21	55,612	104,521
		<u>704,132</u>	<u>630,779</u>
<b>Non Current Liabilities</b>			
Provisions	22	70,720	73,661
Borrowings	19	1,950,000	-
		<u>2,020,720</u>	<u>73,661</u>
<b>TOTAL LIABILITIES</b>		<b><u>2,724,852</u></b>	<b><u>704,440</u></b>
<b>NET ASSETS</b>		<b><u>6,109,853</u></b>	<b><u>5,553,919</u></b>
<b>EQUITY</b>			
Retained Earnings	24	2,598,493	2,042,559
Reserves	23 (d)	3,511,360	3,511,360
<b>TOTAL EQUITY</b>		<b><u>6,109,853</u></b>	<b><u>5,553,919</u></b>

*This statement should be read in conjunction with the accompanying notes to the financial statements.*

# Transform Aid International Ltd



**Transform Aid**  
INTERNATIONAL  
For a world without poverty

## Consolidated Statement Of Changes In Equity

for the year ended 30 June 2014

	<b>General Funds</b>	<b>Designated Funds</b>	<b>Restricted Funds</b>	<b>Reserve Funds</b>	<b>TOTAL</b>
Notes	23 (a)	23 (b)	23 (c)	23 (d)	
<b>Balance at 1 July 2012</b>	<b>595,126</b>	<b>254,014</b>	<b>1,931,045</b>	<b>3,511,360</b>	<b>6,291,545</b>
Shortfall of revenue over expenditures	(42,737)	(121,986)	(576,015)	-	(740,739)
Other comprehensive income for the year	-	-	-	-	-
Transfer of funds	3,112	-	-	-	3,112
<b>Balance at 30 June 2013</b>	<b>555,501</b>	<b>132,028</b>	<b>1,355,030</b>	<b>3,511,360</b>	<b>5,553,919</b>
<b>Balance at 1 July 2013</b>	<b>555,501</b>	<b>132,028</b>	<b>1,355,030</b>	<b>3,511,360</b>	<b>5,553,919</b>
Excess/(shortfall) of revenue over expenditures	(103,451)	567,441	106,097	-	570,087
Other comprehensive income for the year	-	-	-	-	-
Transfer of funds	(14,152)	-	-	-	(14,152)
<b>Balance at 30 June 2014</b>	<b>437,898</b>	<b>699,468</b>	<b>1,461,127</b>	<b>3,511,360</b>	<b>6,109,853</b>

*This statement should be read in conjunction with the accompanying notes to the financial statements.*



# Transform Aid International Ltd



## Table Of Cash Movement For Designated Purposes

for the year ended 30 June 2014

	Cash available at beginning of year	Cash raised during year	Cash disbursed during year	Cash available at end of year
Australian Aid ANCP	-	3,327,299	(3,327,299)	-
Australian Aid Papua New Guinea CPP	64,027	1,403,821	(1,412,235)	55,613
Australian Aid Vanuatu CPP	40,494	57,261	(97,755)	-
Typhoon Haiyan Appeal	-	1,101,687	(493,256)	608,431
Solomon Flood Appeal	-	65,894	(26,760)	39,134
Other Non-Designated Purposes *	2,767,481	10,311,598	(10,352,379)	2,726,700
<b>TOTAL</b>	<b>2,872,002</b>	<b>16,267,560</b>	<b>(15,709,684)</b>	<b>3,429,878</b>

\* includes \$460,000 cash disbursed on property net of financing

# Transform Aid International Ltd

## Consolidated Statement Of Cash Flow

for the year ended 30 June 2014



	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Donations received		11,338,016	9,373,493
Bequests and legacies received		93,859	475,375
Operating grants received		4,788,380	4,148,123
Other income received		19,936	43,955
Payment to suppliers & employees		(5,857,583)	(5,315,563)
Distribution to overseas partners		(9,392,100)	(9,927,818)
Interest received		27,368	81,779
<b>Net cash provided by (used in) operating activities</b>		<b><u>1,017,876</u></b>	<b><u>(1,120,656)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant & equipment		1,590,000	-
Purchase of property, plant & equipment		(4,100,000)	-
Proceeds from sale of marketable securities		-	306,482
<b>Net cash provided by (used in) investing activities</b>		<b><u>(2,510,000)</u></b>	<b><u>306,482</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term secured loans		2,100,000	-
Repayments of long term secured loans		(50,000)	-
<b>Net cash provided by (used in) financing activities</b>		<b><u>2,050,000</u></b>	<b><u>-</u></b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b><u>557,876</u></b>	<b><u>(814,174)</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>		<b><u>2,872,002</u></b>	<b><u>3,686,176</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	8	<b><u>3,429,878</u></b>	<b><u>2,872,002</u></b>

*This statement should be read in conjunction with the accompanying notes to the financial statements.*



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2014

### NOTE 1 General information and statement of compliance

The financial report includes the consolidated financial statements and notes of Transform Aid International Ltd and its controlled entity ('Consolidated Group' or 'Group').

The Group has elected to adopt the Australian Accounting Standards - Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. Transform Aid International Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 30 June 2014 were approved and authorised for issue by the board of Responsible Persons on 30 September 2014.

### NOTE 2 Changes in accounting policies

#### 2.1 New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2013. Information on these new standards is presented below.

#### AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

#### AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

#### Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans.

The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

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 twelve (12) months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within twelve (12) months of the end of reporting period, annual leave is included in 'other long-term benefit' 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.

These amendments have had no significant impact on the entity.

### NOTE 3 Summary of accounting policies

#### 3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

### 3.2 Basis of consolidation

The Group financial statements consolidate those of Transform Aid International Ltd and its fully owned subsidiary, Baptist World Aid Australia Limited as of 30 June 2014. All transactions and balances between the Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group Companies. Amounts reported in the financial statements of Subsidiaries have been adjusted to ensure consistency with the accounting policies adopted by the Group.

### 3.3 Revenue recognition

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

(i) *Donations and fundraising*

The Group recognises amounts donated or raised on behalf of the Group as income only when they are received by the Group.

(ii) *Grants*

Grant revenue is recognised in the statement of profit or loss when the Group obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Group and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the Group incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

(iii) *Interest and Dividends*

Interest and dividends are recognised when received/receivable.

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

### 3.4 Cash and cash equivalents

Cash includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

### 3.5 Prepayments

In order to facilitate program continuity over the year end period, a number of payments are made to overseas partners towards the following financial year's activities. These payments are separated in the accounts and included under other financial assets in the current financial year.

In some cases, a partner may have been unable to fully acquit project funds by the end of the financial year. These funds are also included under other financial assets and are expected to be fully acquitted in the following financial year.

### 3.6 Property, plant and equipment

Property, plant and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Property, plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment. The following useful lives are applied:

- property: 40 years
- furniture and fittings: 6-8 years
- computer hardware: 4 years
- motor vehicles: 6-7 years
- office equipment: 5-6 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

### 3.7 Intangible assets

#### Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

#### Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.8. The following useful lives are applied:

Software: 3-5 years

Amortisation has been included within depreciation and amortisation.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

### 3.8 Impairment of non-current assets

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

At each reporting date, the Group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss.

### 3.9 Employee benefits

#### (i) Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### (ii) Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

#### (iii) Annual Leave

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within twelve (12) months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under AASB 101 Presentation of Financial Statements.

#### (iv) Superannuation

The Group provides post-employment benefits through defined contribution plans. Amount charged to the income statement in respect of superannuation represents the contributions paid or payable by the Group to the employees' superannuation funds.

### 3.10 Income Tax

The Group is a Public Benevolent Institution and is exempt from Income Tax pursuant to section 50-5, item 1.1 of the Income tax Assessment Act 1997.

### 3.11 Investment Property

Investment Properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the cost model and depreciated over the useful lives.

Rental income and operating expenses from Investment Property are reported within other income on the face value of the Statement of Profit and Loss and other Comprehensive Income.

### 3.12 Financial instruments

#### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group 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 initially measured 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.

#### 3.13 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')

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

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 profit or loss 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 Group's cash and cash equivalents, 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 profit or loss. 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.

#### **Classification and subsequent measurement of financial liabilities**

The Group's financial liabilities include borrowings and trade and other payable.

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 profit or loss.

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

#### **3.14 Deferred income**

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within twelve (12) months of receipt of the grant.

Where the amount received is in respect of services to be provided over a period that exceeds twelve (12) months after the reporting date or the conditions will only be satisfied more than twelve (12) months after the reporting date, the liability is discounted and presented as non-current.

#### **3.15 Goods and Services Tax (GST)**

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

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

#### **3.16 Significant management judgement in applying accounting policies**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### **Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### **Impairment**

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

#### **Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

#### **Long Service Leave**

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

## **NOTE 4 NATURE AND OBJECTS OF ORGANISATION**

On the 18th April 2013, Australian Baptist World Aid Inc. changed its legal status from an incorporated association to a company structure and subsequently received approval from the Australian Government as a Deductible Gift Recipient (DGR). Transform Aid International Ltd commenced operations under the new company structure from 23rd July 2013.

As Transform Aid International Ltd is the successor of Australian Baptist World Aid Inc and the nature of its business operations and members remain the same, it is appropriate that the financial comparatives to FY2013 are those of Australian Baptist World Aid Inc. as dictated under the accounting for "Business Under Common Control". Additionally, certain comparatives have been reclassified as a result of adopting general purpose financial report.

Additionally, a wholly owned subsidiary of Transform Aid International Ltd namely, Baptist World Aid Australia Ltd, was established as a company and registered as a Charity organisation on the 8th August 2013. This subsidiary will continue and expand the operations of the previous Australian Baptist World Aid Inc.

## NOTE 5 GIFTS IN KIND VOLUNTEERS

The work of Transform Aid International Ltd is supported by a large number of volunteers each year. The contributions from volunteers, through regular mail opening, screening of children's mail, book-keeping, project assistance, etc. means that the Group is able to deliver a greater proportion of cash donations directly to its field projects.

During the year ended 30<sup>th</sup> June 2014, 10,504 volunteer hours were provided to the Group by 95 volunteers (FY2013: 9,064 hours provided by 54 volunteers) at a commercial value of \$261,648 (FY2013: \$230,937). Of this amount \$28,570 is considered recognised development expenditure for the purpose of assessing the Group's entitlement for Government funding (FY2013: \$84,835).

## NOTE 6 OTHER INCOME

Total other income for the year is \$19,936 (FY2013: \$43,955). The balance represents income from deputations, resource sales and rental income.

## NOTE 7 COMMUNITY EDUCATION

Community Education expenditure includes both Transform Aid International Ltd's component and a contribution to Micah Challenge which is coalition of different Christian denominations and Christian Aid & Development agencies to address the problem of poverty through advocacy and education.

Of the total amount of \$425,419, \$350,635 classified as Recognised Development Expenditure, \$74,784 (incurred by Micah Challenge) will not be classified as development expenditures as it has fundraising elements on its activities. The comparatives have also been adjusted for this reclassification.

During the year ended 30<sup>th</sup> June 2014, Micah Challenge costs that were previously classified as Domestic Programs expenditure have now been re-classified as Community Education expenditure.

## NOTE 8 CASH AND CASH EQUIVALENTS

	2014	2013
The cash and cash equivalents amount in the balance sheet is represented by:		
Cash on hand	3,936	14,501
Cash at bank	2,904,958	2,747,758
Cash on deposit	308,536	5,191
Cash on restricted accounts	212,448	104,552
	<u>3,429,878</u>	<u>2,872,002</u>

## NOTE 9 TRADE AND OTHER RECEIVABLES

The Trade and other receivables amount in the balance sheet is represented by:		
Unacquitted Travel Advances	24,752	-
Sundry Debtors	5,041	485,985
Accounts Receivable	9,408	15,745
	<u>39,201</u>	<u>501,730</u>

## NOTE 10 FINANCIAL ASSETS

Financial Assets in the balance sheet include:		
Unrealised Gain on Foreign Exchange Contracts	-	254,731
	<u>-</u>	<u>254,731</u>

## NOTE 11 OTHER CURRENT ASSETS

Other Current Assets in the balance sheet include:		
Project Prepayments	519,666	410,728
Prepaid Expenses	7,265	36,980
	<u>526,931</u>	<u>447,708</u>

## NOTE 12 PROPERTY PLANT & EQUIPMENT

Property plant and equipment movements during the year were as follows:

	WDV* at 1/07/2013	Additions/ Transfers	Disposals/ Write Off	Revaluation / (Depreciation)	WDV at 30/06/2014
Land	200,955	-	(200,955)	-	-
Buildings	234,382	4,202,769	(232,661)	(97,454)	4,107,035
Computer Hardware	72,438	89,541	-	(47,149)	114,830
Furniture and Fittings	68,351	112,326	(15,224)	(19,645)	145,808
Office equipment	34,276	355	(9,258)	(8,571)	16,801
Motor Vehicles	200,563	16,413	(31,373)	(35,671)	149,933
Capital Works in Progress	107,682	(107,682)	-	-	-
	<u>918,646</u>	<u>4,313,722</u>	<u>(489,471)</u>	<u>(208,491)</u>	<u>4,534,407</u>

For depreciation policy refer note 1 (e).

\* WDV = written down value

## NOTE 13 INVESTMENT PROPERTY

Investment Property movements during the year were as follows:

	WDV* at 1/07/2013	Additions/ Transfers	Disposals/ Write Off	Revaluation / (Depreciation)	WDV at 30/06/2014
Land	532,878	-	(532,878)	-	-
Buildings	225,490	(6,000)	(219,490)	-	-
	<u>758,368</u>	<u>(6,000)</u>	<u>(752,368)</u>	<u>-</u>	<u>-</u>



**NOTE 14 INTANGIBLES**

Intangible assets movements during the year were as follows:

	WDV* at 1/07/2013	Additions/ Transfers	Disposals/ Write Off	Amortisation	WDV at 30/06/2014
Computer Software	502,174	157,180	(137,549)	(224,784)	297,021
	<b>502,174</b>	<b>157,180</b>	<b>(137,549)</b>	<b>(224,784)</b>	<b>297,021</b>

\* WDV = written down value

These assets consist primarily of Microsoft® CRM ("Customer Relationship Management") software. Costs capitalised include systems development and customisation to better serve the Group's stakeholders.

**NOTE 15 OTHER NON-CURRENT ASSETS**

Life time sponsorships, restricted loans

	2014	2013
	3,000	3,000
	<b>3,000</b>	<b>3,000</b>

**NOTE 16 TRADE AND OTHER PAYABLES**

Trade and other payables include:

Creditors and Accruals

Bangladesh Office Vehicle Replacement Fund

	181,816	231,339
	17,673	-
	<b>199,489</b>	<b>231,339</b>

**NOTE 17 FINANCIAL LIABILITY**

Financial liability include:

Unrealised Loss on Outstanding Foreign Exchange Contracts

	71,860	-
	<b>71,860</b>	<b>-</b>

**NOTE 18 TAX PAYABLES/ (RECEIVABLES)**

Tax receivables include:

Net GST payable/(receivable)

	4,267	-
	<b>4,267</b>	<b>-</b>

Tax payables include:

Net GST payable/(receivable)

	-	600
	<b>-</b>	<b>600</b>

**NOTE 19 BORROWINGS**

Borrowings include:

Current

NAB Secured Loan

Other

	100,000	-
	3,000	3,000
	<b>103,000</b>	<b>3,000</b>

Non-Current

NAB Secured Loan

	1,950,000	-
	<b>1,950,000</b>	<b>-</b>

Since July 2013, Transform Aid International Ltd has entered into an overdraft facility and loan agreement with National Australia Bank Ltd. The facility also provides for overdraft credit of up to \$300,000 and is secured by the office property situated at 32 Delhi Road, North Ryde. The facility is in place to assist the Group to better manage its short term cash flow requirements. None of the overdraft facility was utilised during the current financial year.

The nature of the loan is a flexible rate loan with a single limit of \$2.1 million and a 5 year term. Any combination of fixed and floating interest rate components can be set up under this limit as long as the sum of the components does not exceed the facility limit and any one component does not exceed the expiry date or the relevant term. Currently \$1.63m of the total loan is at a fixed interest rate and of \$0.42m is at a floating interest rate .

Principal repayments are \$100,000 per annum.

**NOTE 20 CURRENT LIABILITIES - PROVISIONS**

Provision for Annual Leave

Provision for Long Service Leave

Other Employee Entitlements

	244,596	284,836
	24,575	-
	5,000	6,483
	<b>274,171</b>	<b>291,319</b>

**NOTE 21 CURRENT LIABILITIES - OTHER**

Unexpended Government Grants

	55,612	104,521
	<b>55,612</b>	<b>104,521</b>

During the year, Transform Aid International Ltd received funding from the Australian Government. Unexpended Government Grant funds represent that portion of Government funding which had not been acquitted as at 30<sup>th</sup> June 2014. These funds were either in the bank account of project partners or in the bank account of Transform Aid International Ltd pending completion and payment for development projects.



NOTE 22 LONG TERM LIABILITIES - PROVISIONS	2014	2013
Provision for Long Service Leave	70,720	73,661
	<u>70,720</u>	<u>73,661</u>
<b>NOTE 23 FUNDS AND RESERVES</b>		
<b>FUNDS</b>		
<b>(a) General Funds</b>		
Community Development (General Pool)	437,898	555,501
	<u>437,898</u>	<u>555,501</u>
<b>(b) Designated Funds</b>		
HELP Nepal	-	32,737
NCDP Community Based Rehabilitation Project	10,667	22,503
Freeset	14,933	46,961
Micah Challenge	-	29,826
Emergency Assistance to Refugees in Malaysia	4,541	-
Raptipari Community Health & Development Project	30,057	-
Emergencies (General Pool)	58	-
Matching Grant Projects (Donation Pool)	639,213	-
	<u>699,468</u>	<u>132,028</u>
<b>(c) Restricted Funds</b>		
Bangladesh Office - Vehicle Replacement Fund	-	10,961
Sponsorship Funds	813,562	1,252,381
Dani Economic Dev't Foundation 1st Drugs Project	-	7,427
CRS Kambioos WASH Project	-	84,261
Typhoon Haiyan Philippines (Donation Pool)*	580,875	-
Solomon Islands Flash Flood Relief Response	66,689	-
	<u>1,461,127</u>	<u>1,355,030</u>
<b>TOTAL FUNDS</b>	<u>2,598,493</u>	<u>2,042,559</u>
* These funds are scheduled to be disbursed in FY2015 as and when needed.		
<b>RESERVES</b>		
<b>(d) Reserve Funds</b>		
Capital Fund	1,411,360	1,411,360
Capital Reserve	2,100,000	2,100,000
<b>TOTAL RESERVES</b>	<u>3,511,360</u>	<u>3,511,360</u>
<b>NOTE 24 RECONCILIATION OF TOTAL FUNDS</b>		
Opening Balance	2,042,559	2,780,185
Surplus for the Year	570,087	(740,739)
Transfer of funds - Bangladesh Office	(14,152)	3,112
<b>Closing Balance</b>	<u>2,598,493</u>	<u>2,042,559</u>
<b>NOTE 25 FOREIGN CURRENCY</b>		
The Group also holds a small amount of foreign currencies for use by staff when travelling to overseas programs. All assets denominated in foreign currencies have been restated in the these accounts at their Australian dollar equivalents as at 30 <sup>th</sup> June 2014. Resulting gains or losses have been recognised in determining the reported excess/shortfall recorded in the income statement.		
<b>NOTE 26 RELATED PARTY TRANSACTIONS</b>		
The Group's related parties include its Key Management Personnel and related entities as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.		
<b>NOTE 27 CONTINGENT LIABILITIES</b>		
There are no contingent liabilities that have been incurred by the Group in relation to 2014 or 2013.		
<b>NOTE 28 POST-REPORTING DATE EVENTS</b>		
No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation		
<b>NOTE 29 MEMBER'S GUARANTEE</b>		
The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2014, the total amount that members of the Company are liable to contribute if the Company wound up is \$110 (2013: \$140).		

## Responsible Persons' Declaration

1. In the opinion of the Responsible Persons' of Transform Aid International Ltd, the consolidated financial statements and notes are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:
  - i. Giving a true and fair view of its financial position as at 30 June 2014 and of its performance for the financial year ended on that date.
  - ii. Complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations); and the Australian Charities and Not-for-Profits Commission Regulation 2013.
  - iii. There are reasonable grounds to believe that Transform Aid International Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Responsible Persons:



Michael Turnbull  
Chair

Dated the 2<sup>nd</sup> day of October 2014

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## **Independent Auditor's Report To the Members of Transform Aid International**

We have audited the accompanying financial report of Transform Aid International (the "Company"), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Responsible Persons declaration of the consolidated entity ("Group") comprising the Company and the entity it controlled at the year's end or from time to time during the financial year.

### **Responsible Persons' responsibility for the financial report**

The Responsible Persons of the Group are responsible for the preparation of financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the Code of Conduct for the Australian Council for International Development (ACFID) and the Australian Charities and Not-for-profits Commission Act 2012. The Responsible Persons' responsibility also includes such internal control as the Responsible persons 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 Group'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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Responsible Persons, 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 qualified audit opinion.

### **Independence**

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

### **Basis for qualified auditor's opinion**

Contribution revenues are a significant source of fundraising revenue for the Transform Aid International Ltd. The Group has determined that it is impracticable to establish control over the collection of contribution revenue prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to contribution revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether contribution revenues of Transform Aid International Ltd recorded is complete.

In respect to the qualification, based on our review of the controls in relation to revenue transactions once received, nothing has come to our attention which would cause us to believe that the internal controls over income from fundraising and donations are not appropriate.

### **Qualified auditor's opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Transform Aid International Ltd, presents fairly, in all material respects the financial position as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and Australian Charities and Not-for-profits Commission Act 2012.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



A G Rigele  
Partner - Audit & Assurance

Sydney, 2 October 2014