



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

**Transform Aid International Ltd**

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

**Consolidated  
Financial Statements**  
**for the year ended 30 June 2016**

# Contents

	<b>Pages</b>
	<hr/>
<b>Responsible Persons' Report</b>	<b>2</b>
<b>Auditor's Independence Declaration</b>	<b>5</b>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>6</b>
<b>Consolidated Statement of Financial Position</b>	<b>7</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>8</b>
<b>Table of Cash Movement for Designated Purposes</b>	<b>8</b>
<b>Consolidated Statement of Cash Flows</b>	<b>9</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>10</b>
<b>Responsible Persons' Declaration</b>	<b>23</b>
<b>Independent Auditor's Report</b>	<b>24</b>

# 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 2016 and the Independent Audit Report.

## 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

### **Susan Kate Campbell**

23 May 2012 to 27 February 2016  
Member of Human Resources & Governance  
Committee

### **Andrew James Ellis**

25 November 2009 to 20 November 2015  
Vice-Chair  
Chair of Marketing & Communications Committee

### **Deanne Louise Firth**

21 November 2012 to 1 October 2015  
Member of Finance, Audit & Investment Committee

### **Heather Joy Coleman**

27 February 2012 to 11 May 2015  
Ex-officio Board Member (Global Interaction)

### **Simon Mark Lynch**

14 May 2009 and continuing  
Member of Programs Performance Committee

### **Julie Lawrie**

20 November 2015 and continuing  
Chair of Marketing & Communications Committee  
(From 20 November 2015)

### **John Vincent Hickey**

19 July 2010 and continuing  
CEO and Board Member

### **Raymond Bartell**

1 June 2013 to 26 August 2016  
Chair of Programs Performance Committee

### **Bradley Charles Entwistle**

9 August 2008 and continuing  
Member of Marketing & Communications Committee

### **Philip Noel Newman**

14 May 2009 and continuing  
Chair of Human Resources & Governance Committee

### **David Allan Rowe**

19 May 2010 to 27 May 2016  
Chair of Finance, Audit & Investment Committee

### **Paul Oates**

20 November 2015 and continuing  
Chair of Finance, Audit & Investment Committee  
(From 27 May 2016)

### **Allan Demond**

26 August 2016 and continuing  
Board Member

## Company Secretary

Peter Leau is the Director of Business with more than 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 have included fundraising, advocacy and community development.

## Short-term objectives

The Group's short-term objectives are to:

- Continue to develop sustainable income streams to continue investment in community development programs;
- Continue to 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 introduce learning and development programs that will enhance the knowledge, skills and effectiveness of staff.

### Responsible Persons' meetings

The number of meetings of Responsible Persons held during the year and the numbers 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	5	5
Andrew James Ellis	3	2
Bradley Charles Entwistle	5	4
David Allan Rowe	5	5
Deanne Louise Firth	2	2
Heather Joy Coleman	4	1
John Vincent Hickey	5	5
Philip Noel Newman	5	5
Raymond Bartell	5	5
Simon Mark Lynch	5	5
Susan Kate Campbell	4	4
Paul Oates	3	2
Julie Lawrie	3	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 2016, the total amount that members of the Company are liable to contribute if the Company was wound up is \$110 (2015: \$110).

### 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 5 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**

Chair/Responsible Person

30<sup>th</sup> September 2016

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**Auditor's Independence Declaration  
To the Directors 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 2016, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-Profits Commission Act 2012 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



A G Rigele  
Partner - Audit & Assurance

Sydney, 30 September 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.



# Consolidated Statement of Profit and Loss and Other Comprehensive Income

for the year ended 30 June 2016

	Notes	2016	2015
<b>REVENUE</b>			
Donations and Gifts:			
Monetary		13,231,871	12,444,821
Non-Monetary	5	247,961	315,060
		<u>13,479,832</u>	<u>12,759,881</u>
Bequests and Legacies		110,516	404,178
Grants:			
Department of Foreign Affairs and Trade		5,301,520	5,474,586
Other Australian		87,825	38,300
Other Overseas		25,987	143,279
		<u>5,415,332</u>	<u>5,656,165</u>
Investment Income		212,067	350,121
Other Income	6	11,463	9,951
<b>TOTAL REVENUE</b>		<b><u>19,229,210</u></b>	<b><u>19,180,296</u></b>
<b>EXPENDITURE</b>			
International Aid and Development Programs Expenditures:			
International Programs:			
Funds to International Programs		10,693,399	10,910,677
Programs Support Costs		1,231,252	1,059,623
		<u>11,924,651</u>	<u>11,970,300</u>
Community Education	7	874,126	771,046
Fundraising Costs:			
Public		1,620,336	1,207,371
Government, Multilateral and Private		53,274	40,781
		<u>1,673,610</u>	<u>1,248,152</u>
Accountability and Administration		3,355,087	3,165,267
Non-Monetary Expenditure	5	247,961	315,060
Total International Aid and Development Programs Expenditures		<u>18,075,435</u>	<u>17,469,825</u>
<b>TOTAL EXPENDITURE</b>		<b><u>18,075,435</u></b>	<b><u>17,469,825</u></b>
Unrealised Fair Value on Foreign Exchange Contracts		(98,298)	139,618
<b>EXCESS OF REVENUE OVER EXPENDITURE</b>		<b><u>1,055,477</u></b>	<b><u>1,850,089</u></b>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>1,055,477</u></b>	<b><u>1,850,089</u></b>

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



# Consolidated Statement of Financial Position

as at 30 June 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	8	3,887,377	5,126,895
Trade and Other Receivables	9	568,580	794,023
Financial Assets	10	1,700,000	67,758
		<u>6,155,957</u>	<u>5,988,676</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	4,242,145	4,439,372
Investment Property	12	880,804	-
Intangibles	13	272,608	371,512
Other Non-Current Assets	14	474,174	130,655
		<u>5,869,731</u>	<u>4,941,539</u>
<b>TOTAL ASSETS</b>		<b><u>12,025,688</u></b>	<b><u>10,930,215</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	15	477,916	496,204
Provisions	16	408,938	319,846
Financial Liabilities	17	64,599	24,544
Borrowings	18	100,000	100,000
Tax Liabilities	19	49,198	54,013
Other Current Liabilities	20	2,610	25,222
		<u>1,103,261</u>	<u>1,019,829</u>
<b>Non-Current Liabilities</b>			
Provisions	21	127,041	100,444
Borrowings	22	1,750,000	1,850,000
Other Financial Liabilities	23	29,967	-
		<u>1,907,008</u>	<u>1,950,444</u>
<b>TOTAL LIABILITIES</b>		<b><u>3,010,269</u></b>	<b><u>2,970,273</u></b>
<b>NET ASSETS</b>		<b><u>9,015,419</u></b>	<b><u>7,959,942</u></b>
<b>EQUITY</b>			
Retained Earnings	24	5,504,059	4,448,582
Reserves	25 (d)	3,511,360	3,511,360
<b>TOTAL EQUITY</b>		<b><u>9,015,419</u></b>	<b><u>7,959,942</u></b>

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





# Consolidated Statement of Changes in Equity

for the year ended 30 June 2016

<u>Notes</u>	<u>General Funds</u> 25 (a)	<u>Designated Funds</u> 25 (b)	<u>Restricted Funds</u> 25 (c)	<u>Reserves</u> 25 (d)	<u>TOTAL</u>
<b>Balance as 1 July 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>
Excess/(shortfall) of revenue over expenditures	1,268,219	292,110	289,760	-	1,850,089
Other comprehensive income for the year	-	-	-	-	-
Transfer of funds	-	-	-	-	-
<b>Balance at 30 June 2015</b>	<b><u>1,706,117</u></b>	<b><u>991,578</u></b>	<b><u>1,750,887</u></b>	<b><u>3,511,360</u></b>	<b><u>7,959,942</u></b>
Excess/(shortfall) of revenue over expenditures	(506,380)	(362,064)	1,923,921	-	1,055,477
Other comprehensive income for the year	-	-	-	-	-
Transfer of funds	-	-	-	-	-
<b>Balance at 30 June 2016</b>	<b><u>1,199,737</u></b>	<b><u>629,514</u></b>	<b><u>3,674,808</u></b>	<b><u>3,511,360</u></b>	<b><u>9,015,419</u></b>

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

## Table of Cash Movement for Designated Purposes

for the year ended 30 June 2016

	<u>Cash available at beginning of year</u>	<u>Cash raised during the year</u>	<u>Cash disbursed during the year</u>	<u>Cash available at end of year</u>
DFAT Australian NGO Cooperation Program	-	3,065,783	(3,065,783)	-
DFAT Church Partnership Program	-	2,235,737	(2,235,737)	-
Middle East Appeal	83,499	384,485	(181,439)	286,545
Cyclone PAM Appeal	198,185	31,185	(109,773)	119,597
Nepal Earthquake Appeal	465,940	38,955	(53,430)	451,465
East Africa Drought Appeal	-	50,679	-	50,679
Other Non-Designated Purposes	4,379,271	13,218,112	(14,618,292)	2,979,091
<b>TOTAL</b>	<b><u>5,126,895</u></b>	<b><u>19,024,936</u></b>	<b><u>(20,264,454)</u></b>	<b><u>3,887,377</u></b>

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



# Consolidated Statement of Cash Flows

for the year ended 30 June 2016

	Notes	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Donations received		13,231,871	12,444,821
Bequests and legacies received		110,515	404,178
Operating grants received		5,459,020	5,559,475
Other income received		168,696	311,657
Payments to suppliers and employees		(6,735,775)	(5,594,940)
Distributions to overseas partners		(10,398,789)	(10,919,813)
Interest received		54,834	48,417
<b>Net cash provided by (used in) operating activities</b>		<b><u>1,890,372</u></b>	<b><u>2,253,795</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash received from (paid for) property, plant and equipment		(23,091)	(123,738)
Net cash received from (paid for) investment property		(898,080)	-
Net cash received from (paid for) intangible assets		(408,719)	(333,040)
Net cash received from (used for) investment in financial assets		(1,700,000)	-
<b>Net cash provided by (used in) investing activities</b>		<b><u>(3,029,890)</u></b>	<b><u>(456,778)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash received from (repaid to) NAB secured loans		(100,000)	(100,000)
<b>Net cash provided by (used in) financing activities</b>		<b><u>(100,000)</u></b>	<b><u>(100,000)</u></b>
<b>NET INCREASE IN CASH HELD</b>		<b>(1,239,518)</b>	<b>1,697,017</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>		<b>5,126,895</b>	<b>3,429,878</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	8	<b><u>3,887,377</u></b>	<b><u>5,126,895</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 2016

## 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, ACFID Code of Conduct 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 2016 were approved and authorised for issue by the board of Responsible Persons on 30<sup>th</sup> September 2016.

## 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 2015. Information on these new standards is presented below.

#### AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities

AASB 2015-7 amends AASB 13 Fair Value Measurement to provide disclosure relief to not-for-profit public sector entities from certain disclosures about the fair value measurements of property, plant and equipment held for their current service potential rather than to generate net cash inflows. This includes relief from disclosures of quantitative information about the significant unobservable inputs used in fair value measurements and of the sensitivity of certain fair value measurements to changes in unobservable inputs.

This amendment has 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 Ltd as of 30 June 2016. 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 where 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
- investment 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 and investment property 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 Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation and are accounted for using the fair value model. Investment properties are revalued periodically and are included in the statement of financial position at their open market value. These values are supported by market evidence and are determined by external professionals with sufficient experience. Any gain or loss resulting from either a change in fair value of the sale of the investment property is immediately recognised in Profit and loss.

Rental income and operating expenses from Investment Property are reported within other income on the face of the Profit and loss.

### **3.8 Intangible assets**

#### **Acquired intangible assets**

Acquired computer software development and 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.

### **3.9 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.

### **3.10 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. Amounts charged to the income statement in respect of superannuation represent the contributions paid or payable by the Group to the employees' superannuation funds.

### **3.11 Income Tax**

Transform Aid International Ltd 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.

### **3.12 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 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 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.

#### **Fair Value**

Investment properties and financial assets are held at fair value. Whilst professionals are used to assist in the valuation process, the models are subject to assumptions which may affect the valuation. As at 30 June 2016, there is no significant risk identified in relation to these assets.

#### **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.

Baptist World Aid Australia Ltd, a wholly-owned subsidiary of Transform Aid International Ltd, was established and registered as a Charity organisation on the 8th of August 2013.

#### **NOTE 5 NON MONETARY GIFTS AND DONATIONS**

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. mean that the Group is able to deliver a greater proportion of cash donations directly to its field projects.

During the year ended 30th June 2016, 10,042 volunteer hours were provided to the Group by 76 volunteers (FY2015: 12,605 hours provided by 84 volunteers) at a commercial value of \$247,961 (FY2015: \$315,060). Of this amount \$39,404 is considered recognised development expenditure for the purpose of assessing the Group's entitlement for Government funding (FY2015: \$42,684).

#### **NOTE 6 OTHER INCOME**

Total other income for the year is \$11,463 (FY2015: \$9,951). The balance represents income from deputations and resource sales.

#### **NOTE 7 COMMUNITY EDUCATION**

Community education expenditures includes all costs related to informing and educating the Australian community of, and inviting their active involvement in global justice, development and humanitarian issues. This includes the costs of research, producing and distributing materials, the cost of conducting educational campaigns and the cost of personnel involved in these activities.

The total amount of \$874,126 are classified as Recognised Development Expenditure.

	<b>2016</b>	<b>2015</b>
<b>NOTE 8 CASH AND CASH EQUIVALENTS</b>		
The cash and cash equivalents amount in the balance sheet is represented by:		
• Cash at bank	2,566,983	2,814,264
• Cash on hand	7,622	6,145
• Cash on restricted accounts	262,186	-
• Cash on short-term deposits	1,050,586	2,306,486
	<u><b>3,887,377</b></u>	<u><b>5,126,895</b></u>

	<b>2016</b>	<b>2015</b>
<b>NOTE 9 TRADE AND OTHER RECEIVABLES</b>		
Trade and other receivables amount in the balance sheet is represented by:		
• Accounts receivables	2,832	6,869
• Project prepayments	444,704	639,118
• Prepaid expenses	37,281	4,625
• Prepaid corporate cards	20,215	12,305
• Sundry debtors	(1,273)	9,173
• Un-acquitted travel	-	703
• Receivables from Dhaka office	6	-
• GST paid	64,815	80,153
• Receivables from grants partners	-	41,077
	<u><b>568,580</b></u>	<u><b>794,023</b></u>

	<b>2016</b>	<b>2015</b>
<b>NOTE 10 FINANCIAL ASSETS</b>		
Financial assets amount in the balance sheet is represented by:		
• Provision on forward exchange contracts	-	67,758
• Restricted term deposit	1,700,000	-
	<u><b>1,700,000</b></u>	<u><b>67,758</b></u>

	<b>WDV* at 1/07/2015</b>	<b>Additions/ Transfers</b>	<b>Disposal s/ Write off</b>	<b>Revaluation/ (Depreciation )</b>	<b>WDV at 30/06/2016</b>
Buildings	4,001,966	-	-	(105,070)	3,896,897
Computer hardware	132,731	34,580	(708)	(56,554)	110,050
Furniture and fittings	128,154	-	-	(24,807)	103,347
Office equipment	10,799	-	(477)	(5,353)	4,968
Motor vehicles	165,722	33,091	(45,217)	(26,713)	126,883
	<u><b>4,439,372</b></u>	<u><b>67,671</b></u>	<u><b>(46,402)</b></u>	<u><b>(218,496)</b></u>	<u><b>4,242,145</b></u>

\* WDV = written down value

On 10<sup>th</sup> May 2016, Transform Aid International Ltd appointed Hymans Valuers and Auctioneers to provide a valuation report on its current occupied office (Lots 45, 46 & 64 – 67) / 32 Delhi Road, Macquarie Park, New South Wales 2113. The fair value in accordance with AASB 116 and AASB 13 is valued at \$4,300,000 excluding GST.

## NOTE 12 INVESTMENT PROPERTY

Investment properties movements during the year were as follows:

	WDV* at 1/07/2015	Additions/ Transfers	Disposal s/ Write off	Revaluation / (Depreciation)	WDV at 30/06/2016
Investment Property	-	898,080	-	(17,275)	880,804
	-	898,080	-	(17,275)	880,804

\* WDV = written down value

## NOTE 13 INTANGIBLES

Intangibles movements during the year were as follows:

	WDV* at 1/07/2015	Additions/ Transfers	Disposal s/ Write off	Amortisation/ Depreciation	WDV at 30/06/2016
Computer software	371,512	65,200	-	(164,104)	272,608
	371,512	65,200	-	(164,104)	272,608

\* WDV = written down value

## NOTE 14 OTHER NON-CURRENT ASSETS

Other non-current assets amount in the balance sheet is represented by:

	2016	2015
• Capital work in progress – Intangibles	474,174	130,655
	<u>474,174</u>	<u>130,655</u>

## NOTE 15 TRADE AND OTHER PAYABLES

Trade and other payables amount in the balance sheet is represented by:

• Accounts payable	335,895	352,479
• Other short term liabilities	106,400	140,669
• Employment liabilities	35,621	-
• Employee car liabilities	-	3,056
	<u>477,916</u>	<u>496,204</u>

## NOTE 16 CURRENT PROVISIONS

Current provisions amount in the balance sheet is represented by:

• Provisions for annual leave	345,668	295,872
• Provisions for long service leave (short term)	63,270	23,974
	<u>408,938</u>	<u>319,846</u>

## NOTE 17 FINANCIAL LIABILITIES

Financial liabilities amount in the balance sheet is represented by:

• Provisions on forward exchange contracts	30,540	-
• Purchasing card payables	34,059	24,544
	<u>64,599</u>	<u>24,544</u>

## NOTE 18 CURRENT BORROWINGS

Current borrowings amount in the balance sheet is represented by:

• NAB secured loan (short term)	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

## NOTE 19 TAX LIABILITIES

Tax liabilities amount in the balance sheet is represented by:

• GST collected	1,624	12,013
• PAYG/HECS withheld	47,574	42,000
	<u>49,198</u>	<u>54,013</u>

## NOTE 20 OTHER CURRENT LIABILITIES

Other current liabilities amount in the balance sheet is represented by:

• Project vehicle replacement	-	25,222
• Un-acquitted Australian grants	2,610	-
	<u>2,610</u>	<u>25,222</u>

## NOTE 21 NON CURRENT PROVISIONS

Non-current provisions amount in the balance sheet is represented by:

• Long service leave provisions (long term)	127,041	100,444
	<u>127,041</u>	<u>100,444</u>

## NOTE 22 NON CURRENT BORROWINGS

Non-current borrowings amount in the balance sheet is represented by:

• NAB secured loan (long term)	1,750,000	1,850,000
	<u>1,750,000</u>	<u>1,850,000</u>



	<b>2016</b>	<b>2015</b>
<b>NOTE 23 OTHER FINANCIAL LIABILITIES</b>		
Other financial liabilities amount in the balance sheet is represented by:		
• Project vehicle replacement	29,967	-
	<u>29,967</u>	<u>-</u>
<b>NOTE 24 RECONCILIATION OF TOTAL FUNDS</b>		
Opening balance	4,448,582	2,598,493
Surplus for the year	1,055,477	1,850,089
Closing balance	<u>5,504,059</u>	<u>4,448,582</u>
<b>NOTE 25 FUNDS AND RESERVES</b>		
<b>FUNDS</b>		
<b>(a) General Funds</b>		
Community development fund	437,916	638,432
Non-deductible giving fund	45,283	67,684
Where needed most fund	671,539	1,000,000
Organisational development	44,999	-
	<u>1,199,737</u>	<u>1,706,116</u>
<b>(b) Designated Funds</b>		
Matching grants fund	513,624	826,156
Orphans and vulnerable children fund	-	112,044
Emergency assistance to refugees' project	-	2,929
BUPNG village health volunteer training	47,094	-
Raptipari community health & development project	26,809	10,856
Ethnic community prevention project	41,987	39,593
	<u>629,514</u>	<u>991,578</u>
<b>(c) Restricted Funds</b>		
Sponsorship funds	820,297	881,055
Solomon Islands flash flood project	2,788	33,447
Middle east crises projects	286,545	146,028
Cyclone PAM projects	119,597	224,223
Nepal earthquake projects	451,465	466,134
East Africa drought projects	50,679	-
Fund for Africa	1,943,437	-
	<u>3,674,808</u>	<u>1,750,887</u>
<b>(d) RESERVES</b>		
Reserves	3,511,360	3,511,360
	<u>3,511,360</u>	<u>3,511,360</u>

## NOTE 26 FOREIGN CURRENCY

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 accounts at their Australian dollar equivalents as at 30th June 2016. Resulting gains or losses have been recognised in determining the reported excess/shortfall recorded in the income statement.

## NOTE 27 CONTROLLED ENTITIES

1. **Baptist World Aid Australia Ltd** (Company Limited by Guarantee)  
A.B.N: 86 164 099 736  
Suite 4.03, 32 Delhi Road, North Ryde, NSW 2113, Australia.
2. **Baptist World Aid Australia Public Ancillary Fund**  
A.B.N: 77 507 629 093  
Suite 4.03, 32 Delhi Road, North Ryde, NSW 2113, Australia.
3. **Transform Aid International Bangladesh**  
Registered in NGO Affairs Bureau Bangladesh, Registration number 1324  
86 Monipuripara (1<sup>st</sup> Floor), Flat no. A5, Farmgate, Tejgaon, Dhaka 1214 Bangladesh.

The above entities are controlled by Transform Aid International Ltd.

## NOTE 28 RELATED PARTY TRANSACTIONS

During the year, Transform Aid International Ltd received donations fundraised from Baptist World Aid Australia Public Ancillary Fund.

	<b>2016</b>	<b>2015</b>
Distribution received from Baptist World Aid Australia Public Ancillary Fund	10,949,443	11,145,111
	<b>10,949,443</b>	<b>11,145,111</b>

## NOTE 29 KEY MANAGEMENT PERSONNEL

Key management personnel refer to the Board of Directors and members of senior management who have the authority and responsibility to plan, direct and control the activities of the Group. All the directors with the exception of the CEO, act in an honorary capacity and receive no paid compensation for their services. The CEO is remunerated as part of the senior management group of Transform Aid International Ltd.

	<b>2016</b>	<b>2015</b>
Total key management personnel compensation	628,227	568,685
	<b>628,227</b>	<b>568,685</b>

### NOTE 30 CONTINGENT LIABILITIES

There have been no contingent liabilities incurred by the Group for the years 2016 and 2015.

### NOTE 31 POST-REPORTING DATE EVENTS

In August 2016, a large donation was received. The Board and Management of Transform Aid International Ltd decided that these funds will be used to settle all outstanding bank loan obligations related to the purchase of the current office premises in 2013.

### NOTE 32 MEMBER'S GUARANTEE

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 2016, the total amount that members of the Company are liable to contribute if the Company wound up is \$110 (2015: \$110).

### NOTE 33 PARENT ENTITY INFORMATION

#### (a) Statement of Profit and Loss and Other Comprehensive Income

	<b>2016</b>	<b>2015</b>
Revenues	8,122,462	8,117,099
Expenditures	7,066,985	6,267,011
<b>Surplus/(loss) for the year</b>	<b>1,055,477</b>	<b>1,850,088</b>

#### (b) Statement of Financial Position

Current assets	6,139,336	5,978,689
Non-current assets	5,869,731	4,941,538
<b>Total assets</b>	<b>12,009,067</b>	<b>10,920,227</b>
Current liabilities	1,086,640	1,009,842
Non-current liabilities	1,907,008	1,950,443
<b>Total liabilities</b>	<b>2,993,648</b>	<b>2,960,285</b>
<b>Net assets</b>	<b>9,015,419</b>	<b>7,959,942</b>
Retained earnings	5,504,059	4,448,582
Reserves	3,511,360	3,511,360
<b>Total equity</b>	<b>9,015,419</b>	<b>7,959,942</b>

### NOTE 34 OTHER DISCLOSURE

No revenue or expenditure was received or spent for international political or religious proselytisation programs.

At the end of the financial year, Transform Aid International Ltd had no balances in the inventories and assets held for sale.

## 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 2016 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/Responsible Person

Dated the 30<sup>th</sup> day of September 2016



Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445

E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)

W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **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 2016, and 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 (the "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 and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Code of Conduct for the Australian Council for International Development (ACFID) and the Australian Charities and Not-for-profits Commission Act 2012. This Responsible Persons' responsibility includes such internal controls as the Responsible Persons determine is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

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

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report 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 audit opinion.

### **Independence**

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

### **Auditor's Opinion**

In our opinion, the financial report of Transform Aid International

- i presents fairly, in all material respects, the Group's financial position as at 30 June 2016 and of its performance and cash flows for the year then ended; and
- ii complies with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



A G Rigele  
Partner - Audit & Assurance

Sydney, 30 September 2016