

**Watoto Child Care Ministries
and Controlled Entities**

**Financial Statements
for the Year Ended 31 December 2017**

The following financial statements have been prepared in accordance with the presentation and disclosure requirements set out in the ACFID Code of conduct. For further information on the code, please refer to the ACFID website www.acfid.asn.au.

Watoto Child Care Ministries and Controlled Entities

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Watoto Child Care Ministries
(A Company Limited by Guarantee)
ABN 99 106 623 723
Directors' Report

Your directors present this report on the company for the twelve month period ended 31 December 2017.

Directors

The names of each person who has been a director during the financial period and to the date of this report are:

Gary Skinner
Natalie Fielding
Michael Byron
Paul Manning
Darren Thomas
Rod Carey Resigned 24 November 2017

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the company during the financial period was:

- To support the ministry and work of Watoto Child Care Ministries (group)
- To raise funds for the ministry and work of Watoto Child Care Ministries in Uganda (company)
- To sponsor and manage the activities and care for the Watoto Children's Choir whilst in Australia (company)
- As a Deductible Gift Recipient, to be the legal entity for the receipt of donations and their allocations toward Watoto Uganda.

No significant changes in the nature of the company's activity occurred during the financial period.

Operating Results

The net profit of the company for the financial period amounted to \$41,265.

Dividends Paid or Recommended

The company is limited by guarantee and is therefore precluded from distributing profits by way of dividends.

Watoto Child Care Ministries
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Directors' Report

After Balance Date Events

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Information on Directors

Name: Gary Skinner

Qualifications: Founder and CEO, Watoto Child Care Ministries (Uganda)

Name: Natalie Fielding

Qualifications: Lawyer

Name: Michael Byron

Qualifications: Accountant

Name: Paul Manning

Qualifications: Pastor

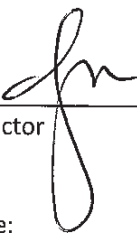
Name: Darren Thomas

Qualifications: Finance Broker


Members' Guarantee

The entity 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 company.

Signed in accordance with a resolution of the Board of Directors.



Director



Director

Date:

**Watoto Child Care Ministries
and Controlled Entities
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	12 months			18 months
	2017			2016
	TOTAL	Company	Trust	TOTAL
	\$	\$	\$	\$
Revenue				
Donations and Gifts				
Monetary	4,266,667	537,926	3,661,989	6,426,507
Investment Income	2,030	2,030	-	7,600
Commercial Activities Income	-	223,696	-	-
Other Income	411,283	745,426	-	348,675
Adherence Promotion Programs	-			-
Total Revenue	4,679,980	1,509,078	3,661,989	6,782,782
Expenditure				
<i>International Aid and Development Programs Expenditure</i>				
International programs				
Funds to International programs	3,207,931	185,042	3,022,889	4,730,260
Program support costs	348,455	317,872	595,697	1,169,122
Public	670,146	670,146	-	891,242
Accountability and Administration	368,780	294,752	-	461,670
<i>Total International Aid and Development Programs Expenditure</i>	<i>4,595,312</i>	<i>1,467,813</i>	<i>3,618,586</i>	<i>7,252,294</i>
Total Expenditure	4,595,312	1,467,813	3,618,586	7,252,294
Excess/(Shortfall) of Revenue over Expenditure	84,668	41,265	43,403	(469,512)

**Watoto Child Care Ministries
and Controlled Entities
BALANCE SHEET
AS AT 31 DECEMBER 2017**

		12 months 2017			18 months 2016
		TOTAL	Company	Trust	TOTAL
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and Cash Equivalents	3	762,229	222,399	539,830	610,042
Trade and other receivables	4	30,182	30,182	-	31,266
Inventories	5	7,900	7,900	-	33,244
Total Current Assets		800,310	260,480	539,830	674,552
Non Current Assets					
Property, plant and equipment	6	42,423	42,423	-	96,164
Total Non-Current Assets		42,423	42,423	-	96,164
TOTAL ASSETS		842,733	302,903	539,830	770,716
LIABILITIES					
Current Liabilities					
Trade and other payables	7	40,336	40,336	-	27,197
Borrowings	8	6,241	6,241	-	24,716
Other financial liabilities	8	5,427	5,427	-	-
Provisions	9	33,717	33,717	-	27,290
Total Current Liabilities		85,721	85,721	-	79,203
Non-Current Liabilities					
Borrowings	8	-	-	-	19,168
Total Non-Current Liabilities		-	-	-	19,168
TOTAL LIABILITIES		85,721	85,721	-	98,371
NET ASSETS		757,012	217,182	539,830	672,345
EQUITY					
Accumulated Funds		757,002	217,182	539,820	672,335
Settlement Sum	10	10	-	10	10
TOTAL EQUITY		757,012	217,182	539,830	672,345

**Watoto Child Care Australia
and Controlled Entities
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	TOTAL \$	12 months 2017 Company \$	Trust \$	18 months 2016 TOTAL \$
EQUITY				
Accumulated Funds				
Balance 1 January	672,335	175,918	496,417	1,141,847
Settlement Sum	10	-	10	10
Add: Surplus / (Deficit) for the year	84,667	41,265	43,403	(469,512)
Balance 31 December	<u>757,012</u>	<u>217,183</u>	<u>539,830</u>	<u>672,345</u>

**Watoto Child Care Ministries
and Controlled Entities
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	TOTAL \$	12 months 2017 Company \$	Trust \$	18 months 2016 TOTAL \$
<u>Cash flows from operating activities</u>				
Cash receipts from trading, fundraising and donations	5,171,384	1,509,395	3,661,989	7,614,056
Cash payments to suppliers and employees	(5,004,379)	(1,385,793)	(3,618,586)	(8,051,441)
Cash generated from operations	167,005	123,602	43,403	(437,385)
Interest and other income	-	-	-	36,165
Net cash from operating activities	167,005	123,602	43,403	(401,220)
	11			
<u>Cash flows from investing activities</u>				
Purchase of property, plant and equipment	-	-	-	(77,096)
Proceeds from sale of equipment	22,689	22,689	-	2,045
Property, plant and equipment gifted	-	-	-	10,545
Net cash used in investing activities	22,689	22,689	-	(64,506)
<u>Cash flows from financing activities</u>				
Prepayments of borrowings	(37,508)	(37,507)	-	9,528
Net cash used in financing activities	(37,508)	(37,507)	-	9,528
Net increase/(decrease) in cash and cash equivalents	152,186	108,784	43,403	(456,198)
Cash and cash equivalents at beginning of period	610,042	113,615	496,427	1,066,240
Cash and cash equivalents at end of period	762,228	222,399	539,830	610,042
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**Watoto Child Care Ministries
And Controlled Entities**

Notes to the Financial Statements

Note 1: Statement of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report covers Watoto Child Care Ministries and Controlled Entities. Watoto Child Care Ministries is a company limited by guarantee.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

- a) Plant and equipment - The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

- b) Depreciation - The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Asset	Depreciation Rate
Plant and equipment	15-33%
Motor vehicles	5-30%
Office Equipment	10-100%

**Watoto Child Care Ministries
And Controlled Entities**

Notes to the Financial Statements

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the association are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that ownership of the asset will be obtained or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

Comparative Figures

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

Revenue

Revenue from donations and bequests is recognised when received.

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 balance sheet are shown inclusive of GST.

**Watoto Child Care Ministries
And Controlled Entities**

Notes to the Financial Statements

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

	2017			2016
	Total	Company	Trust	Total
	\$	\$	\$	\$

Note 2: Surplus/(Deficit) from Ordinary Activities

Surplus/(Deficit) from ordinary activities has been determined after:

Charging as Expense:

Depreciation expense	18,527	18,527	-	14,899
Auditor Remuneration	11,500	11,500	-	12,500

Note 3: Cash Assets

Bank accounts:

Cash at bank	762,050	222,220	539,830	609,499
Petty cash	179	179	-	543
Total cash at bank	762,229	222,399	539,830	610,042

Note 4: Receivables

Trade debtors	2,355	2,355	-	12,578
Prepayments	18,522	18,522	-	18,688
ATO Receivable – GST	9,305	9,305	-	9,909
Total Receivables	30,182	30,182	-	41,175

Note 5: Inventories

Inventory	7,900	7,900	-	33,244
Total Inventory	7,900	7,900	-	33,244

Watoto Child Care Ministries
And Controlled Entities

Notes to the Financial Statements

	2017		2016
	Total	Company	Trust
	\$	\$	\$
Note 6: Property, Plant and Equipment			
Property, plant and equipment:			
- At cost	199,423	199,423	- 234,636
- Less: accumulated depreciation	(157,000)	(157,000)	- (138,472)
	42,423	42,423	- 96,164

Note 7: Payables

Unsecured:

- Trade creditors and accruals	40,336	40,336	- 27,197
	40,336	40,336	- 27,197

Note 8: Financial Liabilities

Current

Credit Card	5,427	5,427	- -
Bank Loans	6,241	6,241	- 24,716

Non-Current

Bank Loans	-	-	- 19,168
Total Current and Non-Current Secured Liabilities	11,668	11,668	- 43,884

Note 9: Provisions

Current

ATO Payable	3,630	3,630	- -
Superannuation	2,396	2,396	- -
Employee Provisions	27,691	27,691	- 27,290
Total Current Provisions	33,717	33,717	- 27,290

Note 10: Cash Flow Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	762,050	222,220	539,830	113,082
Petty Cash	179	179	-	533
	762,229	222,399	539,830	113,615

**Watoto Child Care Ministries
And Controlled Entities**

Notes to the Financial Statements

	2017			2016
	Total	Company	Trust	Total
	\$	\$	\$	\$
Note 11: Cash Flow Reconciliation of Net Cash provided by/used in Operating Activities to Net Surplus				
Operating surplus/(deficit)	84,668	41,265	43,403	(469,512)
Depreciation	18,527	18,527	-	14,899
Loss on disposal	10,596	10,596	-	-
Borrowing costs	1,792	1,792	-	-
(Increase)/decrease in other debtors	(317)	(317)	-	(6,301)
(Increase)/decrease in inventory	25,344	25,344	-	54,456
(Increase)/decrease in prepayments	166	166	-	13,061
Increase/(decrease) in creditors	7,823	7,823	-	(10,592)
Increase/(decrease) in current liabilities	(10,467)	(10,467)	-	(2,626)
Increase/(decrease) in employee entitlements	401	401	-	5,395
Increase/(decrease) in accruals	27,836	27,836	-	-
Net cash from operating activities	167,005	123,602	43,403	(401,220)

Note 12: Segment Reporting

The association operates predominantly in one business. The entity operates predominantly in Australia and New Zealand.

Watoto Child Care Ministries
(A Company Limited by Guarantee)
ABN 99 106 623 723
Directors' Declaration

The directors of Watoto Child Care Ministries (the company) have determined that the company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.


The directors of the company declare that, in the directors' opinion:

1. The financial statements and notes are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:

- (a) Comply with Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board; and
- (b) Give a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the year ended on that date;

2. In the Board's opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.



Director



Director

Dated this 23rd day of APRIL 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF:

WATOTO CHILD CARE MINISTRIES AND CONTROLLED ENTITIES

Report on the Audit of the Financial Report

We have audited the financial report **Watoto Child Care Ministries and Controlled Entities** (the group), which comprises the Statement of Financial Position as at **31 December 2017**, 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, and Notes to the financial statements, including a Summary of Significant Accounting Policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of **Watoto Child Care Ministries and Controlled Entities** has been prepared in accordance with Div 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (i) Giving a true and fair view of the registered entity's financial position as at **31 December 2017** and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, and Div 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.
- (iii) The financial report and associated records have been properly kept in accordance with the Charitable Fundraising Act and its regulations, and
- (iv) Monies received as a result of fundraising appeals conducted during the year ended **31 December 2017** have been properly accounted for and applied in accordance with the NSW Charitable Fundraising Act and its regulations

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the applicable code of professional conduct in relation to the audit.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the company's financial reporting responsibilities under the Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



SCA PARTNERS
JOSEPH CHOUEIFATY

BAULKHAM HILLS
20 APRIL 2018

REGISTERED COMPANY AUDITOR 309613

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AUDITOR'S INDEPENDENCE DECLARATION

UNDER S 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF
WATOTO CHILD CARE MINISTRIES AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017 there have been no contraventions of:

- i. The auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. Any applicable code of professional conduct in relation to the audit.



**SCA PARTNERS
JOSEPH CHOUEIFATY**

**BAULKHAM HILLS
20 APRIL 2018**

REGISTERED COMPANY AUDITOR 309613

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