



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 2018

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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 2018 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.

Philip Noel Newman

14 March 2009 and continuing
Board Chair
Chair of Nominations and Governance Committee

Michael Raymond Turnbull

24 March 2011 and continuing
Member of Finance and Risk Committee

Simon Mark Lynch

14 May 2009 and continuing
Chair of Programs Performance Committee (from 7 November 2016)

Julie Lawrie

20 November 2015 to 25 May 2018
Vice-Chair (from 26 May 2017 to 25 May 2018)
Chair of Marketing & Communications Committee (until 25 May 2018) (Resigned 25 May 2018)

Allan Demond

26 August 2016 and continuing
Board Member
Member of Nominations and Governance Committee

Heidi Tak

25 November 2016 and continuing
Member of Finance and Risk Committee

John Vincent Hickey

19 July 2010 and continuing
CEO and Board Member

Tara Reid

24 November 2017 and continuing
Vice Chair (from 26 May 2018)
Chair of Finance and Risk Committee (from 23 February 2018)

Bradley Charles Entwistle

9 August 2008 and continuing
Member of Marketing & Communications Committee

Paul Oates

20 November 2015 and continuing
Chair of Finance and Risk Committee (until 23 February 2018)
Member of Programs Performance Committee (from 23 February 2018)

Karen Wilson

25 November 2016 to 9 April 2018
Member of Marketing and Communications Committee

Tabitha Mathew

25 May 2018 and continuing
Chair of Marketing and Communications Committee (from 26 May 2018)

Company Secretary

Peter Leau is the Director of Business with more than 14 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 Group'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
Philip Noel Newman	5	5
Michael Raymond Turnbull	5	4
Simon Mark Lynch	5	4
Julie Lawrie	5	5
Allan Demond	5	5
Heidi Tak	5	5
John Vincent Hickey	5	5
Bradley Charles Entwistle	5	5
Paul Oates	5	5
Karen Wilson	4	4
Tara Reid	5	5
Tabitha Mathew	2	2

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 2018, the total amount that members of the Company are liable to contribute if the Company was wound up is \$100 (2017: \$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 Persons' Report.

Signed in accordance with a resolution of the Responsible Persons'.



Philip Newman

Chair/Responsible Person

24th October 2018

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 2018, 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, 24 October 2018



Consolidated Statement of Profit and Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Notes	2018	2017
REVENUE			
Donations and Gifts:			
Monetary		12,438,086	13,336,655
Non-Monetary	4	180,058	206,625
		<u>12,618,144</u>	<u>13,543,280</u>
Bequests and Legacies		1,127,924	583,065
Grants:			
Department of Foreign Affairs and Trade		4,146,282	4,722,485
Other Australian		-	2,610
Other Overseas		46,489	26,274
		<u>4,192,771</u>	<u>4,751,369</u>
Investment Income		147,188	147,659
Other Income	5	9,369	12,896
TOTAL REVENUE		<u>18,095,396</u>	<u>19,038,269</u>
EXPENDITURE			
International Aid and Development Programs Expenditures:			
International Programs:			
Funds to International Programs		10,391,820	10,334,180
Programs Support Costs		1,336,439	1,350,865
		<u>11,728,259</u>	<u>11,685,045</u>
Community Education	6	1,030,985	943,580
Fundraising Costs:			
Public		1,848,948	1,763,397
Government, Multilateral and Private		54,181	118,983
		<u>1,903,129</u>	<u>1,882,380</u>
Accountability and Administration		3,234,217	3,540,281
Non-Monetary Expenditure	4	180,058	206,625
Total International Aid and Development Programs Expenditures		<u>18,076,648</u>	<u>18,257,911</u>
TOTAL EXPENDITURE		<u>18,076,648</u>	<u>18,257,911</u>
Unrealised Fair Value on Foreign Exchange Contracts		193,804	(33,456)
EXCESS OF REVENUE OVER EXPENDITURE		<u>212,552</u>	<u>746,902</u>
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>212,552</u>	<u>746,902</u>

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



Consolidated Statement of Financial Position

as at 30 June 2018

	Notes	2018	2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	3,748,454	3,046,750
Trade and Other Receivables	8	701,528	528,130
Financial Assets	9	1,568,765	1,750,929
		<u>6,018,747</u>	<u>5,325,809</u>
Non-Current Assets			
Property, Plant and Equipment	10	3,844,810	4,046,907
Investment Property	11	898,080	880,804
Intangibles	12	565,138	648,994
		<u>5,308,028</u>	<u>5,576,705</u>
TOTAL ASSETS		<u>11,326,775</u>	<u>10,902,514</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables	13	727,948	492,095
Provisions	14	397,326	374,159
Financial Liabilities	15	29,074	86,380
Tax Liabilities	16	80,189	50,740
		<u>1,234,537</u>	<u>1,003,374</u>
Non-Current Liabilities			
Provisions	17	117,365	136,819
		<u>117,365</u>	<u>136,819</u>
TOTAL LIABILITIES		<u>1,351,902</u>	<u>1,140,193</u>
NET ASSETS		<u>9,974,873</u>	<u>9,762,321</u>
EQUITY			
Retained Earnings	18	6,463,513	6,250,961
Reserves	19 (d)	3,511,360	3,511,360
TOTAL EQUITY		<u>9,974,873</u>	<u>9,762,321</u>

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 2018

	Notes	General Funds 19 (a)	Designated Funds 19 (b)	Restricted Funds 19 (c)	Reserves 19 (d)	TOTAL
Balance as 1 July 2016		1,199,737	629,514	3,674,808	3,511,360	9,015,419
Excess/(shortfall) of revenue over expenditures		2,220,233	(485,028)	(988,303)	-	746,902
Other comprehensive income for the year		-	-	-	-	-
Transfer of funds		-	-	-	-	-
Balance at 30 June 2017		<u>3,419,970</u>	<u>144,486</u>	<u>2,686,505</u>	<u>3,511,360</u>	<u>9,762,321</u>
Excess/(shortfall) of revenue over expenditures		311,807	(124,484)	25,229	-	212,552
Other comprehensive income for the year		-	-	-	-	-
Transfer of funds		-	-	-	-	-
Balance at 30 June 2018		<u>3,731,777</u>	<u>20,002</u>	<u>2,711,734</u>	<u>3,511,360</u>	<u>9,974,873</u>

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 2018

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Donations received		12,438,086	13,336,655
Bequests and legacies received		1,127,924	583,065
Operating grants received		4,192,771	4,748,759
Other income received		22,537	29,575
Payments to suppliers and employees		(7,078,229)	(7,530,338)
Distributions to overseas partners		(10,289,053)	(10,053,774)
Interest received		19,491	30,051
Net cash provided by (used in) operating activities		<u>433,528</u>	<u>1,143,993</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash received/(paid for) from property, plant and equipment		7,218	(24,274)
Net cash received from investment property		51,429	31,352
Net cash paid for intangible assets	12	(154,970)	(141,698)
Net cash received from investment in financial assets		364,499	-
Net cash provided by (used in) investing activities		<u>268,176</u>	<u>(134,620)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash received from (repaid to) NAB secured loans		-	(1,850,000)
Net cash provided by (used in) financing activities		<u>-</u>	<u>(1,850,000)</u>
NET INCREASE IN CASH HELD		701,704	(840,627)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		3,046,750	3,887,377
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	7	<u>3,748,454</u>	<u>3,046,750</u>

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 2018



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 Entities ('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 Group has adopted all applicable standards which became effective for the first time during the period ended 30 June 2018. There has been no material impact resulting from the adoption of these standards.

The consolidated financial statements for the year ended 30 June 2018 were approved and authorised for issue by the board of Responsible Persons on 24 October 2018.

NOTE 2 SUMMARY OF ACCOUNTING POLICIES

2.1 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 described in the accounting policies below.

2.2 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 2018. 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.

2.3 Historical cost convention

The consolidated financial statements have been prepared on the basis of historical cost except for the following:

- Investment property is measured at fair value.
- Available-for-sale financial assets are measured at fair value.

The methods used to measure the fair values of these assets are discussed in notes 2.7 and 2.13. Cost is based on the fair values of the consideration given in exchange for assets.

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

i. Donations, fundraising and bequests

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

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.

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

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

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

iii. Interest and dividends

Interest and dividends are recognised when received/receivable.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.6 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.

2.7 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.

2.8 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 Statement of Profit and loss.

Rental income and operating expenses from investment property are reported within other income on the face of the Statement of Profit and loss.

2.9 Intangible assets

i. 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.

ii. 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 2.8. 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.

2.10 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.

2.11 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.

2.12 Financial instruments

i. 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.

2.13 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.

i. 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.

ii. 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.

iii. 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.

2.14 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.

2.15 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.

2.16 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.

i. Estimation uncertainty

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

ii. 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.

iii. 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.

iv. 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.

v. 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 2018, there is no significant risk identified in relation to these assets.

vi. Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

NOTE 3 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 4 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 2018 (FY2018), 6,719 volunteer hours were provided to the Group by 53 volunteers (FY2017: 7,857 hours provided by 60 volunteers) at a commercial value of \$180,058 (FY2017: \$206,625). Of this amount \$34,250 is considered as Recognised Development Expenditure (RDE) for the purpose of assessing the Group's entitlement for Government funding (FY2017: \$39,698).

NOTE 5 OTHER INCOME

Total other income for the year is \$9,369 (FY2017: \$12,896). Other income comprise of income from deputations and resource sales.

NOTE 6 COMMUNITY EDUCATION

Community education expenditures include 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 \$1,030,985 (FY2017: \$943,580) are classified as Recognised Development Expenditure (RDE).

	2018	2017
NOTE 7 CASH AND CASH EQUIVALENTS		
The cash and cash equivalents amount in the balance sheet is represented by:		
• Cash at bank	2,358,152	2,793,936
• Cash on hand	15,016	7,893
• Cash on restricted accounts	200,593	244,921
• Cash on short-term deposits	1,174,693	-
	<u>3,748,454</u>	<u>3,046,750</u>

Transform Aid International Ltd has in place a secured bank overdraft facility of \$500,000. The facility was not utilised during 2017 and 2018 and remains unused at the reporting date.

NOTE 8 TRADE AND OTHER RECEIVABLES

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

• Accounts receivables	6,634	-
• Project prepayments	579,786	362,800
• Prepaid expenses	27,829	55,555
• Prepaid corporate cards	14,507	36,197
• Sundry debtors	2,868	262
• Un-acquitted travel	259	1,403
• GST paid	69,645	62,580
• Refund from overseas partners	-	2,685
• Receivable from Asia Pacific Baptist Federation	-	6,648
	<u>701,528</u>	<u>528,130</u>

NOTE 9 FINANCIAL ASSETS

Financial assets amount in the balance sheet is represented by:

• Provision on forward exchange contracts	129,807	-
• Restricted term deposit	1,438,958	1,750,929
	<u>1,568,765</u>	<u>1,750,929</u>

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

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

	WDV* at 1/07/2017	Additions	Disposals / Write off	Revaluation/ (Depreciation)	WDV at 30/06/2018
Buildings	3,791,827	-	-	(105,069)	3,686,758
Computer hardware	70,628	23,762	-	(38,489)	55,901
Furniture and fittings	79,097	-	-	(22,948)	56,149
Office equipment	3,271	1,958	-	(1,523)	3,706
Motor vehicles	102,084	33,198	(79,986)	(13,000)	42,296
	4,046,907	58,918	(79,986)	(181,029)	3,844,810

* WDV = written down value

NOTE 11 INVESTMENT PROPERTY

Investment properties movements during the year were as follows:

	WDV* at 1/07/2017	Additions	Transfers	Disposals/ Write off	Reversal FY16 Depreciation	WDV at 30/06/2018
Investment property	880,804	-	-	-	17,276	898,080
	880,804	-	-	-	17,276	898,080

* WDV = written down value

NOTE 12 INTANGIBLES

Intangibles movements during the year were as follows:

	WDV* at 1/07/2017	Additions	Transfer from WIP	Disposals/ Write off	Amortisation / Depreciation	WDV at 30/06/2018
Computer software	648,994	32,306	-	-	(238,826)	442,474
Work-in-Progress	-	122,664	-	-	-	122,664
	648,994	154,970	-	-	(238,826)	565,138

* WDV = written down value

	2018	2017
NOTE 13 TRADE AND OTHER PAYABLES		
Trade and other payables amount in the balance sheet is represented by:		
• Accounts payable	262,469	251,075
• Other short-term liabilities	125,102	122,426
• Employment liabilities	29,684	110
• Overseas projects short term liability	310,693	118,484
	<u>727,948</u>	<u>492,095</u>
NOTE 14 CURRENT PROVISIONS		
Current provisions amount in the balance sheet is represented by:		
• Provisions for annual leave	304,600	328,816
• Provisions for long service leave (short term)	92,726	44,621
• Payroll clearing account	-	722
	<u>397,326</u>	<u>374,159</u>
NOTE 15 FINANCIAL LIABILITIES		
Financial liabilities amount in the balance sheet is represented by:		
• Provisions on forward exchange contracts	-	63,996
• Purchasing card payables	29,074	22,384
	<u>29,074</u>	<u>86,380</u>
NOTE 16 TAX LIABILITIES		
Tax liabilities amount in the balance sheet is represented by:		
• GST collected	31,115	183
• PAYG/HECS withheld	49,074	50,557
	<u>80,189</u>	<u>50,740</u>
NOTE 17 NON-CURRENT PROVISIONS		
Non-current provisions amount in the balance sheet is represented by:		
• Long service leave provisions (long term)	117,365	136,819
	<u>117,365</u>	<u>136,819</u>
NOTE 18 RECONCILIATION OF RETAINED EARNINGS		
Opening balance	6,250,961	5,504,059
Surplus for the year	212,552	746,902
Closing balance	<u>6,463,513</u>	<u>6,250,961</u>

	2018	2017
NOTE 19 FUNDS AND RESERVES		
FUNDS		
(a) General Funds		
Community development fund	1,067,252	1,031,673
Non-deductible giving fund	12,877	35,401
Where needed most fund	2,486,054	2,269,283
TAI income generation fund	165,594	83,613
	<u>3,731,777</u>	<u>3,419,970</u>
(b) Designated Funds		
Matching grants fund	20,002	81,402
Raptipari community health & development project	-	25,647
Solomon Islands capacity building project	-	37,437
	<u>20,002</u>	<u>144,486</u>
(c) Restricted Funds		
Sponsorship funds	216,372	22,357
Middle east crises projects	285,442	228,341
Cyclone PAM projects	-	60,556
Nepal earthquake projects	166,600	349,403
Hunger crisis: East Africa and Yemen	195,937	-
True Vine non-formal education	-	30,000
Rohingya crisis appeal	207,832	-
Fund for Africa	1,639,551	1,995,849
	<u>2,711,734</u>	<u>2,686,505</u>
(d) RESERVES		
Reserves	3,511,360	3,511,360
	<u>3,511,360</u>	<u>3,511,360</u>

NOTE 20 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 2018. Resulting gains or losses have been recognised in determining the reported excess/shortfall recorded in the income statement.

NOTE 21 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 (1st Floor), Flat no. A5, Farmgate, Tejgaon, Dhaka 1215 Bangladesh.

The above entities are controlled by Transform Aid International Ltd.

NOTE 22 RELATED PARTY TRANSACTIONS

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

	2018	2017
Distribution received from Baptist World Aid Australia Public Ancillary Fund	11,333,542	11,348,903
	11,333,542	11,348,903

NOTE 23 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.

Total key management personnel compensation	678,532	638,305
	678,532	638,305

NOTE 24 CONTINGENT LIABILITIES

There are no contingent liabilities incurred by the Group for the years 2018 and 2017.

NOTE 25 POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

NOTE 26 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 2018, the total amount that members of the Company are liable to contribute if the Company wound up is \$110 (2017: \$110).

NOTE 27 PARENT ENTITY INFORMATION

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

	2018	2017
Revenues	6,892,487	7,608,760
Expenditures	6,679,935	6,861,858
Surplus for the year	212,552	746,902

(b) Statement of Financial Position

Current assets	6,012,647	5,319,810
Non-current assets	5,308,028	5,576,705
Total assets	11,320,675	10,896,515
Current liabilities	1,228,437	997,375
Non-current liabilities	117,365	136,819
Total liabilities	1,345,802	1,134,194
Net assets	9,974,873	9,762,321
Retained earnings	6,463,513	6,250,961
Reserves	3,511,360	3,511,360
Total equity	9,974,873	9,762,321

NOTE 28 OTHER DISCLOSURE

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

For the financial year 2018, Transform Aid International Ltd contributed a total of \$24,836 for the running of a school and a health clinic for Chin refugees in Malaysia and as per DFAT guideline, these program expenditures have been classified as welfare.

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 2018 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:



Philip Newman
Chair/Responsible Person

Dated the 24th day of October 2018

Independent Auditor's Report

To the Members of Transform Aid International Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Transform Aid International Ltd (the Company), which comprises the statement of financial position as at 30 June 2018, 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, and comprising notes to the financial statements, including a summary of significant accounting policies and other explanatory information and the Reasonable 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.

In our opinion, the accompanying financial report of Transform Aid International Ltd:

- a presents fairly, in all material respects, the Group's financial position as at 30 June 2018 and of its performance and cash flows for the year then ended; and
- b complies with Australian Accounting Standards –Reduced Disclosure Requirements, the Australian Charities and Not-for-Profits Commission Act 2012 and the Australian Charities and Not-for-Profits Commission Regulation 2013.

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 audit opinion.

Information other than the Financial Report and Auditor's Report

The Responsible Persons for the Group are responsible for the other information. The other obtained at the date of this auditor's report is information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 2012. This Responsible Persons' responsibility includes such internal controls as the Responsible Persons determine are necessary to enable the preparation of the financial report to be free from material misstatements, whether due to fraud or error.

In preparing the financial report, the Responsible Persons of the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



A G Rigele
Partner – Audit & Assurance

Sydney, 24 October 2018