



# **AUSTCARE**

ABN 87 001 251 930

## **Annual Financial Report**

2005/06

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## Directors' Report

The directors present their report together with the financial report of AUSTCARE for the year ended 30 June 2006 and the auditors' report thereon.

### 1. Directors

The directors of the company at any time during or since the financial year are:

<b>Director</b>	<b>Qualification &amp; experience</b>	<b>Special responsibilities</b>
Rt.Hon. Ian Sinclair AC	BA LLB (Syd) D Univ (Hon.UNE) DLitt (Hon SCU) Barrister/Grazier/Director	President Appointed President 25 February 2000 Director since 29 September 1999
Miles Hedge	BEc FCA ACIS Chartered Accountant Director, Brooklyn Group (Australia) Pty Ltd	Vice President & Treasurer Director since 23 July 1992 Appointed Secretary 05 July 2006
Rodney Rosenblum AM	BA LLM (Hons) Consulting Solicitor	Appointed 17 December 1999 Appointed Secretary on 25 July 2003 Resigned as Director & Secretary on 05 July 2006
Barbara Young AO	BA (Hons) Chair, Refugee Council of Australia	Chairperson since 16 September 1993 Director since 20 February 1986
Rev John Mavor AM	BD BEd Dip.RE BLitt Minister of Religion Former President, Uniting Church in Australia Former President, ACFID (then ACFOA)	Director since 19 February 1975 President, 30 May 1990 - 25 February 2002 1997-2000 1991-1993
Pamela Greet	BA Dip.Ed MA (Leadership) Manager Community Services Unit, Qld Ambulance Service	Director since 19 November 1998
Sheridan Dudley	BA LLB Dip. Crim M Admin CEO, Job Futures	Appointed on 26 Nov 2002 Resigned on 30 May 2006
Bill Armstrong AO	Grad Dip in Community Education Member AICD Former CEO, Australian Volunteers International Former President, ACFID (then ACFOA)	Director since 26 Feb 2003 1982-2002 1993-1997
Trevor Fearnley AM	Dip Advert. & Mktng (London) Chairman & CEO, AdPartners Group	Director since 6 May 2003
Tony Filer	Company Director	Appointed on 06 May 2003 Resigned on 23 May 2006

Major General Paul Cullen AC CBE DSO\* ED (Rtd) was appointed President Emeritus on 7 October 1999. He served as President from 13 March 1970 to 30 May 1990.

### 2. Company secretary

Miles Hedge was appointed to the position of company secretary on 05 July 2006.

## Directors' Report (continued)

### 3. Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

	No of meetings held	Eligible to attend	Attended
Rt Hon Ian Sinclair AC	6	6	6
Miles Hedge	6	6	5
Rodney Rosenblum AM	6	6	4
Barbara Young AO	6	6	5
Rev John Mavor AM	6	6	6
Pamela Greet	6	6	6
Sheridan Dudley	6	6	5
Bill Armstrong AO	6	6	6
Trevor Fearnley AM	6	6	6
Tony Filer	6	6	5

### 4. Principal activities

The principal activities of the company in the course of the financial year were to conduct co-ordinated appeals and projects in the cause of alleviating poverty, particularly among refugees, internally displaced people, returnees and people affected by landmines.

During the 2006 financial year, AUSTCARE continued to provide humanitarian assistance and support to projects with a long-term development impact in partnership with various national and international NGO's, government departments and tertiary institutions.

### 5. Operating and financial review

AUSTCARE's total income for the year was \$7,390,450 (2005 - \$5,354,561) and total disbursements \$6,108,211 (2005 - \$3,593,596) resulting in an overall surplus for the year of \$1,282,239 (2005 - \$1,760,965). Included in disbursements was \$4,813,500 (2005 - \$2,522,031) to projects, community education and advocacy. Total undistributed funds as at 30 June 2006 was \$3,947,207 (2005 - \$2,664,968) and cash balances \$5,609,557 (2005 - \$3,056,828).

AUSTCARE provided funds to support refugee projects in Africa, the Middle East and Asia Pacific as well as community education activities in Australia. Public funds raised by AUSTCARE amounted to \$3,703,245 (2005 - \$3,629,600). AusAID and other grant income was \$3,534,945 (2005 - \$1,665,849) which excludes grants not yet disbursed which have been treated as a liability and amounted to \$1,802,846 (2005 - \$731,586).

#### Significant changes in the state of affairs

In the opinion of the directors there are no significant changes in the state of the affairs of the company that occurred during the financial year under review.

## Directors' Report (continued)

### 6. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company, in future financial years.

### 7. Likely developments

The directors believe that the need for poverty alleviation and the needs of refugees and displaced people throughout the world will not diminish in the foreseeable future. The directors and management will continue to work towards meeting those needs.

### 8. Indemnification and insurance of officers and auditors

#### Indemnification

The company has taken out a directors' and officers' insurance policy to indemnify all the present and past directors and officers of the company to another person (other than the company) that may arise from their position as directors and officers of the company, except where the liability arises out of conduct involving a lack of good faith. No claims were made during or since the financial year and there are no outstanding claims.

#### Insurance premiums

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

### 9. Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act is on page 4 of this financial report.

### 10. Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation. The directors believe that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any significant breaches of those environmental requirements as they apply to the Company.

This report is made with a resolution of the directors.



I Sinclair AC  
Director



M Hedge  
Director

Dated at Sydney this fourteenth day of September 2006

## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of AUSTCARE

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2006 there has been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Neil Cameron Smith  
Partner

Dated at Sydney this fourteenth day of September 2006

# Independent Auditors' Report to the Members of AUSTCARE

## Scope

### **The financial report and directors' responsibility**

The financial report comprises the income statement, statement of changes in equity, balance sheet, statement of cash flows, accompanying notes to the financial statements and the directors' declaration set out on pages 7 to 26 for AUSTCARE Limited (the "Company") for the year ended 30 June 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*.

### **Audit approach**

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal control.

### **Additional scope pursuant to the Charitable Fundraising (NSW) Act 1991**

In addition, our audit report has also been prepared for the members of the company in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and the requirements set out in the AusAID Head Agreement between the Commonwealth of Australia and AUSTCARE (the AusAID Head Agreement). Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the Corporations Act 2001. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising (NSW) Act 1991 and Regulations; and the examination of four Activities funded under the AusAID Head Agreement.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation.

The performance of our statutory audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial report. This review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems.

The audit opinion expressed in this report pursuant to the Charitable Fundraising (NSW) Act has been formed on the above basis.

## **Independent Auditors' Report to the Members of AUSTCARE (contd)**

### **Audit opinion**

In our opinion, the financial report of AUSTCARE is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

### ***Audit opinion pursuant to the Charitable Fundraising (NSW) Act 1991***

In our opinion:

- a the financial report gives a true and fair view of the financial result of fundraising appeal activities for the year ended 30 June 2006;
- b the financial report has been properly drawn up, and the associated records have been properly kept for the period 1 July 2005 to 30 June 2006, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;
- c money received as a result of fundraising appeal activities conducted during the period from 1 July 2005 to 30 June 2006 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;
- d there is reasonable grounds to believe that AUSTCARE will be able to pay its debts as and when they fall due; and
- e the financial report is in conformity with the Financial Reporting Format set out in the ACFID Code of Conduct for Non-Government Development Organisations.



KPMG



Neil Cameron Smith  
*Partner*

Dated at Sydney this fourteenth day of September 2006



## Income Statement

For the year ended 30 June 2006

	Note	2006 \$	2005 \$
Public donations and gifts		2,540,179	3,141,600
Legacies and bequests		1,163,066	488,000
AusAID grants		2,594,715	1,536,081
Other Australian grants		264,704	27,500
Overseas grants		675,526	102,268
Financing income	3	142,024	45,887
Other income	2	10,236	13,225
<b>Total income</b>		<u>7,390,450</u>	<u>5,354,561</u>
Funds to Overseas Projects	5	4,113,910	1,986,314
Other Overseas Project Costs	5	516,428	470,905
Domestic Projects	5	97,079	-
Community Education	5	86,083	64,812
Fundraising costs - public		653,082	580,721
Fundraising costs – govt, multilateral & corporate		76,546	46,228
Administration		<u>565,083</u>	<u>444,616</u>
<b>Total Disbursements</b>		<u>6,108,211</u>	<u>3,593,596</u>
<b>Surplus before income tax</b>		1,282,239	1,760,965
Income tax expense	1(h)	<u>-</u>	<u>-</u>
<b>Surplus for the year</b>		<u>1,282,239</u>	<u>1,760,965</u>
Net transfers to tied reserves	6	467,916	1,293,277
Transfer to untied reserve	7	<u>800,000</u>	<u>450,000</u>
Total transfers to reserves		<u>1,267,916</u>	<u>1,743,277</u>
<b>Unappropriated surplus/(deficit) for the year</b>		<u>14,323</u>	<u>17,688</u>
Unappropriated funds at the beginning of the year		921,691	904,003
<b>Unappropriated funds at the end of the year</b>		<u><u>936,014</u></u>	<u><u>921,691</u></u>

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 11 - 25.

## Statement of changes in equity

For the year ended 30 June 2006

	Tied funds reserves	Untied funds reserves	Undistributed funds	Total undistributed funds
<b>Opening balance at 1 July 2004</b>	-	-	904,003	904,003
Funds raised during the year	1,804,789	450,000	5,354,561	7,609,350
Funds disbursed during the year	(511,512)	-	(3,593,596)	(4,105,108)
Transfer to reserves	-	-	(1,743,277)	(1,743,277)
<b>Closing balance at 30 June 2005</b>	<b>1,293,277</b>	<b>450,000</b>	<b>921,691</b>	<b>2,664,968</b>
	Tied funds reserves	Untied funds reserves	Undistributed funds	Total undistributed funds
<b>Opening balance at 1 July 2005</b>	1,293,277	450,000	921,691	2,664,968
Funds raised during the year	1,382,553	800,000	7,390,450	9,573,003
Funds disbursed during the year	(914,637)	-	(6,108,211)	(7,022,848)
Transfer to reserves	-	-	(1,267,916)	(1,267,916)
<b>Closing balance at 30 June 2006</b>	<b>1,761,193</b>	<b>1,250,000</b>	<b>936,014</b>	<b>3,947,207</b>

*The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 11 – 25.*

## Balance Sheet

As at 30 June 2006

	Note	2006 \$	2005 \$
Cash and cash equivalents	9	5,609,557	3,056,828
Trade and other receivables	10	133,557	71,850
<b>Total current assets</b>		<u>5,743,114</u>	<u>3,128,678</u>
Property, plant and equipment	11	668,160	660,061
<b>Total non-current assets</b>		<u>668,160</u>	<u>660,061</u>
<b>Total assets</b>		<u>6,411,274</u>	<u>3,788,739</u>
Trade and other payables	12	507,367	270,525
Deferred revenue	13	1,802,846	731,586
Borrowings	14	20,000	20,000
Employee benefits	15	124,626	81,660
<b>Total current liabilities</b>		<u>2,454,839</u>	<u>1,103,771</u>
Borrowings	14	-	20,000
Employee benefits	15	9,228	-
<b>Non-current liabilities</b>		<u>9,228</u>	<u>20,000</u>
<b>Total liabilities</b>		<u>2,464,067</u>	<u>1,123,771</u>
<b>Net assets</b>		<u>3,947,207</u>	<u>2,664,968</u>
Tied funds reserves		1,761,193	1,293,277
Untied funds reserves		1,250,000	450,000
Undistributed funds		936,014	921,691
<b>Total undistributed funds</b>		<u>3,947,207</u>	<u>2,664,968</u>

The balance sheet is to be read in conjunction with the notes to the financial statement set out on pages 11 - 25.

## Statement of Cash Flows

### For the year ended 30 June 2006

	Note	2006 \$	2005 \$
<b>Cash flows from operating activities</b>			
Cash receipts from appeals, donations & fundraising activities		3,703,245	3,629,600
Cash receipts from AusAID grants		4,096,146	1,533,762
Cash receipts from other grants		835,409	156,869
Proceeds from other activities		10,861	10,736
Interest received		142,024	45,887
Cash payments to suppliers and employees		(1,355,174)	(1,286,397)
Cash payments for project expenditure		(4,813,500)	(2,522,031)
		<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	17	<u>2,619,011</u>	<u>1,568,426</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of non-current assets		509	-
Payments for property, plant and equipment		(46,791)	(10,215)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<u>(46,282)</u>	<u>(10,215)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	50,000
Repayment of borrowings		(20,000)	(10,000)
		<hr/>	<hr/>
<b>Net cash provided by/(used in) from financing activities</b>		<u>(20,000)</u>	<u>40,000</u>
<b>Net increase in cash and cash equivalents</b>		2,552,729	1,598,211
<b>Cash and cash equivalents at 1 July</b>		<u>3,056,828</u>	<u>1,458,617</u>
<b>Cash and cash equivalents at 30 June</b>		<u><u>5,609,557</u></u>	<u><u>3,056,828</u></u>

The statement of cash flows is to be read in conjunction with the notes the financial statements set out on pages 11 – 25.

# Notes to the financial statements

## For the year ended 30 June 2006

### 1. Significant accounting policies

AUSTCARE (the 'Company') is a company domiciled in Australia. The financial report was authorised for issue by the directors on 16 September 2006.

#### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. International Financial Reporting Standards ('IFRSs') form the basis of Australian Accounting Standards ('AASBs') adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ('AIFRS') to distinguish from previous Australian GAAP. The financial reports of the Company also comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

This is the Company's first financial report prepared in accordance with Australian Accounting Standards, being AIFRS and IFRS, and AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 23.

#### (b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on a historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial report and in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.

#### Issued standards not early adopted

The following standards and amendments were available for early adoption but have not been applied by the Company in these financial statements:

AASB No.	Title	Operative Date
7	Financial instruments: Disclosures	1 January 2007
101	Presentation of financial statements	1 January 2006
119	Employee benefits	1 January 2006
2005-4	Amendments to Australian Accounting Standards	1 January 2006
2005-5	Amendments to Australian Accounting Standards	1 January 2006
2005-6	Amendments to Australian Accounting Standards	1 January 2006
2005-9	Amendments to Australian Accounting Standards	1 January 2006
2005-10	Amendments to Australian Accounting Standards	1 January 2007
2006-1	Amendments to Australian Accounting Standards	31 December 2006

## Notes to the financial statements

### For the year ended 30 June 2006

#### 1. Significant accounting policies (continued)

##### (b) Basis of preparation (continued)

###### Issued standards not early adopted (continued)

The Company plans to adopt AASB 101, AASB 119, AASB 2005-4, AASB 2005-5, AASB 2005-6, AASB 2005-9, AASB 2006-1 in the financial year ending 30 June 2007 and AASB 7 and AASB 2005-10 in the financial year ending 30 June 2008. However, the quantification of the impact is not known or reasonably estimable in the current year as an exercise to quantify the financial impact has not been undertaken by the company to-date.

##### (c) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

##### (d) Property, plant and equipment

###### (i) Owned assets

Items of property plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy (e)). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

###### (ii) Depreciation

Depreciation is charged to the income statement on a diminishing value basis for all depreciable assets except computer equipment, software and buildings, which are depreciated on a straight line basis over their estimated useful lives. Land is not depreciated. Depreciation rates applied range from 2.5% for buildings to 33% for computer software.

##### (e) Impairment

The carrying amounts of the entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation with any excess recognised through profit and loss.

The recoverable amount is the greater of fair value less costs to sell and value in use.

###### **Calculation of recoverable amount**

The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance sheet date.

The recoverable amount of the Company's other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## **Notes to the financial statements**

### **For the year ended 30 June 2006**

#### **1. Statement of accounting policies (continued)**

##### **(e) Impairment (continued)**

###### ***Reversals of impairment***

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of other assets is reversed if there has been a change on the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, net of depreciation or amortisation, if no impairment loss had been recognised.

##### **(f) Employee Benefits**

###### **(i) Defined contribution superannuation funds**

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

###### **(ii) Long-term service benefits**

The Company's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the entity's obligations.

###### **(iii) Wages, salaries, annual leave, sick leave and non-monetary benefits**

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

##### **(g) Revenue recognition**

###### ***Appeals and donations***

AUSTCARE is a non-profit organisation and receives significant income from donations. These amounts by their nature can only be recognised when they are recorded in the books of AUSTCARE. Donations are recorded as income when they are received.

###### ***AusAID & Other Government Grants***

The company receives Federal and State Government funding for various programs. Grant income is recognised when there is a non-reciprocal transfer, as required in AASB 1004. A non-reciprocal transfer of grants occurs only when the obligations set out in the grant agreement have been met. Funds received in advance of obligations being met are deferred and taken to income as the related expenses are incurred and obligations are met.

###### ***Interest revenue***

Interest is recognised as it is accrued, taking into account the effective yield on financial assets.

###### ***Volunteer & In-kind Contributions***

The value of services provided by volunteers during the financial year is \$44,210 (2005 - \$57,962). The value of these services has been calculated in accordance with AusAID guidelines. In-kind contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, amounted to \$nil (2005 - \$56,850). This amount has been calculated by reference to the fair value of the assets received when the company gains control of the contribution.

The above amounts have not been included in the results of AUSTCARE as the related transaction would be recorded as revenue and a disbursement in the same financial year and therefore the transaction has no effect on the results of AUSTCARE.

## Notes to the financial statements

### For the year ended 30 June 2006

#### 1. Statement of accounting policies (continued)

##### (h) Income tax

The company is a registered charity and is exempt from income tax under s50-5 of the Income Tax Assessment Act 1997.

##### (i) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

##### (j) Classification of expenses

Expenses have been classified in accordance with the format specified in the ACFID Code of Conduct for Non-Government Development Organisations.

##### (k) Reserves

###### Tied Funds Reserve

Donations received for a specific purpose not disbursed for that purpose is transferred to Tied Reserves, net of collection costs. Disbursements made to projects from tied funds collected in prior periods are transferred out of reserves. The net transfer to/from tied reserves is shown on the Income Statement.

###### Untied Funds Reserve

The Directors may decide to transfer surplus legacies and bequests and other donations received for the general work of AUSTCARE to untied funds reserve. The net transfer to/from untied reserves is shown on the Income Statement.

##### (l) Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

##### (m) Trade and other payables

Trade and other payables are stated at cost.

##### (n) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy e).

##### (o) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and are carried at fair value of the amounts deposited.

##### (p) Net financing costs

Interest revenue is recognised in the income statement as it accrues, using the effective interest method, net of any withholding tax.

**Notes to the financial statements**  
**For the year ended 30 June 2006**

	2006 \$	2005 \$
<b>2 Other income</b>		
<i>From operating activities</i>		
Membership subscriptions	7,800	1,250
Other income	<u>2,436</u>	<u>11,975</u>
Total revenue from ordinary activities	<u>10,236</u>	<u>13,225</u>
<b>3 Net financing income</b>		
Interest income`	<u>142,024</u>	<u>45,887</u>
<b>4 Segment reporting</b>		

The company operates principally in Australia, but has operations in Cambodia, East Timor and Indonesia. Although the company operates in different geographical areas, management does not consider them to be a separate segment for reporting purposes.

**Notes to the financial statements**  
**For the year ended 30 June 2006**

**5 Disbursements to Projects**

<b>Project Description</b>	<b>Country</b>	<b>AusAID Funds</b>	<b>Other Funds</b>	<b>Total</b>
Integrated Mine Action Program: Otdar Meanchey/Preah Vihear	Cambodia	226,379	-	226,379
Community Based Farming Systems for Improved Food Security	Cambodia	-	77,968	77,968
Samraong District School Development Program	Cambodia	-	6,738	6,738
Integrated Mine Action & Development Program - Banteay Meanchey	Cambodia	227,037	-	227,037
Design of Integrated Mine Action Program - Banteay Meanchey	Cambodia	62,044	21,076	83,120
Victim Assistance in Integrated Mine Action	Cambodia	16,926	-	16,926
Phnom Penh & Field Offices	Cambodia	-	106,168	106,168
Community Peace Building, Bobonaro	East Timor	4,000	24,777	28,777
Agricultural Development Project, Suai	East Timor	-	46,800	46,800
Microfinance & Veterinary Extension Project, Bobonaro	East Timor	-	1,027	1,027
School Rehabilitation and Community Peace Building in Bobonaro	East Timor	-	50,217	50,217
Velvet Green (Mucuna) Bean Demonstration Plots, Bobonaro	East Timor	10,021	5,932	15,953
Peace Building Consolidation Project	East Timor	36,686	12,229	48,915
Mucuna Action Learning Project - Phase II	East Timor	15,164	-	15,164
Emergency Response Project	East Timor	-	34,242	34,242
Dili Office	East Timor	-	185,495	185,495
Child Protection Officers, UNICEF	East Timor	11,866	-	54,490
Tsunami Response Program, Aceh and Sumatra	Indonesia	-	3,070	3,070
Community Livelihoods Project	Indonesia	63,620	-	63,620
Seed and Fertiliser Distribution for Tsunami Affected Areas	Indonesia	-	36,077	36,077
Aceh Livelihood Recovery: Brick Factories	Indonesia	-	494,511	494,511
Reconstruction of Junior High School, Lamkruet, Banda Aceh	Indonesia	-	123,988	123,988
Microfinance Livelihoods Recovery Project	Indonesia	-	162,171	162,171
Pidie Irrigation Site Assessment	Indonesia	-	9,291	9,291
Emergency Medical Relief for Earthquake Affected People, Java	Indonesia	-	31,100	31,100
Emergency Distribution for Women and Children - Java Earthquake	Indonesia	-	18,124	18,124
Emergency Tool Distribution for Emergency Shelter, Java	Indonesia	-	27,496	27,496
Banda Aceh Office	Indonesia	-	85,927	85,927

**Notes to the financial statements**  
**For the year ended 30 June 2006**

**5 Disbursements to Projects (contd)**

<b>Project Description</b>	<b>Country</b>	<b>AusAID Funds</b>	<b>Other Funds</b>	<b>Total</b>
Yogyakarta Office	Indonesia	-	32,477	32,477
Micro Skills Training Project for Bhutanese Refugees	Nepal	29,066	9,559	38,625
Emergency Response to South Asia Earthquake Affected Areas	Pakistan	-	50,006	50,006
Pakistan Earthquake Response	Pakistan	184,955	-	184,955
Child Protection Officers, UNICEF	Pakistan		42,624	
Preventing sexual/gender violence: Response to needs of women/girls	Sri Lanka	6,127	-	6,127
Post Tsunami Recovery and Development in Sri Lanka	Sri Lanka	-	17,539	17,539
Mine Risk Education for Burmese Refugees	Thailand	81,249	-	81,249
<b>Total Asia</b>		<b>975,140</b>	<b>1,716,629</b>	<b>2,691,769</b>
Vocational Training Skills for Refugee Youth in Kakuma Camp	Kenya	68,323	22,774	91,097
Protection Officer, UNHCR	Kenya	-	248	248
Protection Officers, OCHA	Sudan	-	6,073	6,073
Emergency Nutrition Project in Shaeria, South Darfur	Sudan	-	50,099	50,099
Food Security Kala Refugee Camp Project	Zambia	11,573	-	11,573
<b>Total Africa</b>		<b>79,896</b>	<b>79,194</b>	<b>159,090</b>
Youth Leadership and Training Project for Palestinian Refugees	Lebanon	46,098	15,366	61,464
Neighbourhood Corners in West Bank Refugee Camps	Palestine	13,255	-	13,255
Design Phase - Neighbourhood Corners: Northern West Bank	Palestine	28,569	40,767	69,336
Neighbourhood Corners: Northern West Bank	Palestine	1,111,304	-	1,111,304
<b>Total Middle East</b>		<b>1,199,226</b>	<b>56,133</b>	<b>1,255,359</b>
Protection Program	International	-	7,692	7,692
<b>Total Funds to Overseas Programs</b>		<b>2,254,262</b>	<b>1,859,648</b>	<b>4,113,910</b>
<i>Previous financial year</i>		<i>1,229,607</i>	<i>757,707</i>	<i>1,986,314</i>

**Notes to the financial statements**  
**For the year ended 30 June 2006**

**5 Disbursements to Projects (continued)**

	2006 \$	2005 \$
<b>Other Overseas Project Costs</b>		
Project Monitoring and Administration	<u>516,</u>	<u>470,905</u>
<b>Domestic Projects</b>		
Refugee Research Project with Griffith University	<u>97,079</u>	-
	<u>97,079</u>	-
<b>Community Education</b>		
Development Education	<u>86,083</u>	<u>64,812</u>
<b>Total Community Education</b>	<u>86,083</u>	<u>64,812</u>

**6 Transfers to/from Tied Reserves**

<b>Transfers in</b>		
Tsunami funds	722,	1,021,110
Other tied funds	<u>660,</u>	<u>272,167</u>
Total transfers in	<u>1,382,5</u>	<u>1,293,277</u>
<b>Transfers out</b>		
Tsunami funds	528,	-
Other tied funds	<u>386,</u>	-
Total transfers out	<u>914,</u>	-
Net transfers into tied reserves	<u>467,</u>	<u>1,293,277</u>

**7 Transfers to Untied Reserves**

Emergency response reserve		50,000
General reserve	<u>800,</u>	<u>400,000</u>
	<u>800,</u>	<u>450,000</u>

**Notes to the financial statements**  
**For the year ended 30 June 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>8 Auditors' remuneration</b>		
<b>Audit services</b>		
Auditors of the company		
<i>KPMG Australia</i>		
Audit and review of financial reports	17,500	15,000
Worker's compensation review	<u>1,000</u>	<u>-</u>
	18,500	15,000
<b>9 Cash and cash equivalents</b>		
Cash at bank	2,389,068	3,056,828
Cash at deposit	<u>3,220,489</u>	<u>-</u>
Cash and cash equivalents in the statement of cash flows	<u>5,609,557</u>	<u>3,056,828</u>
<b>10 Trade and other receivables</b>		
Trade receivables	96,302	49,900
Travel Advances	6,392	4,031
Prepayments	<u>30,863</u>	<u>17,919</u>
	<b><u>133,557</u></b>	<b><u>71,850</u></b>

**Notes to the financial statements**  
**For the year ended 30 June 2006**

**11 Plant and equipment**

	Land and Buildings	Motor Vehicles	Computers	Furniture and fixtures	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance at 1 July 2004	660,000	74,505	58,248	63,421	856,174
Acquisitions	-	-	9,597	617	10,214
Balance at 30 June 2005	<u>660,000</u>	<u>74,505</u>	<u>67,845</u>	<u>64,038</u>	<u>866,388</u>
Balance at 1 July 2005	660,000	74,505	67,845	64,038	866,388
Acquisitions	-	-	18,791	28,000	46,791
Disposals	-	-	(19,512)	(14,763)	(34,275)
Balance at 30 June 2006	<u>660,000</u>	<u>74,505</u>	<u>67,124</u>	<u>77,275</u>	<u>878,904</u>
<b>Depreciation and amortisation</b>					
Balance at 1 July 2004	77,011	10,989	38,485	47,447	173,932
Depreciation charge for the year	7,719	14,900	6,581	3,195	32,395
Balance at 30 June 2005	<u>84,730</u>	<u>25,889</u>	<u>45,066</u>	<u>50,642</u>	<u>206,327</u>
Balance at 1 July 2005	84,730	25,889	45,066	50,642	206,327
Depreciation charge for the year	7,719	14,900	10,394	2,710	35,723
Disposals	-	-	(16,543)	(14,763)	(31,306)
Balance at 30 June 2006	<u>92,449</u>	<u>40,789</u>	<u>38,917</u>	<u>38,589</u>	<u>210,744</u>
<b>Carrying amounts</b>					
At 1 July 2004	582,989	63,516	19,763	15,974	682,242
At 30 June 2005	<u>575,270</u>	<u>48,616</u>	<u>22,779</u>	<u>13,396</u>	<u>660,061</u>
At 1 July 2005	575,270	48,616	22,779	13,396	660,061
At 30 June 2006	<u>567,551</u>	<u>33,716</u>	<u>28,207</u>	<u>38,686</u>	<u>668,160</u>

**Valuations of land and buildings**

The independent valuation of freehold land and buildings carried out as at 15 March 2006 on the basis of open market values for existing use resulted in a valuation of freehold land and buildings of \$2,150,000.

**Notes to the financial statements**  
**For the year ended 30 June 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>12 Trade and other payables</b>		
Trade payables	418,998	153,855
Accruals	88,369	116,670
	<u><b>507,367</b></u>	<u><b>270,525</b></u>
<b>13 Deferred revenue</b>		
AusAID grants	1,749,850	582,360
Other grants	52,996	149,226
	<u><b>1,802,846</b></u>	<u><b>731,586</b></u>
<b>14 Borrowings</b>		
<b>Current</b>		
Loan from member	20,000	40,000
Less: Non-current portion	-	20,000
	<u><b>20,000</b></u>	<u><b>20,000</b></u>
<b>Non-Current</b>		
Loan from member	-	<u><b>20,000</b></u>
<b>15 Employee benefits</b>		
<b>Current</b>		
Liability for annual leave	<u>124,626</u>	<u>81,660</u>
<b>Non Current</b>		
Liability for long service leave	<u>9,228</u>	<u>-</u>
<b>16 Commitments</b>		
<b>Operating lease payable commitments</b>		
Future non-cancellable operating lease/rentals of plant and equipment not provided for in the financial statements and payable:		
Within one year	19,267	20,916
One year or later and no later than five years	32,368	25,391
	<u><b>51,635</b></u>	<u><b>46,307</b></u>

**Notes to the financial statements**  
**For the year ended 30 June 2006**

	2006 \$	2005 \$
<b>17 Reconciliation of cash flows from operating activities</b>		
<b>Cash flows from operating activities</b>		
Surplus for the period	1,282,239	1,760,965
Adjustments for:		
Depreciation	35,723	32,394
Loss on sale of property, plant and equipment	2,460	-
<b>Operating surplus before changes in working capital and provisions</b>	<b>1,320,422</b>	<b>1,793,359</b>
(Increase) / decrease in trade and other receivables	(61,707)	(46,490)
(Decrease)/ increase in employee benefits	52,194	50,207
(Decrease)/ increase in trade and other payables	1,308,102	(228,650)
<b>Cash generated from operations</b>	<b>2,619,011</b>	<b>1,568,426</b>
<b>Net cash from operating activities</b>	<b>2,619,011</b>	<b>1,568,426</b>

**18 Members' undertaking**

AUSTCARE is a company limited by guarantee, and was incorporated on 8 June 1978. In the event of the company being wound up every member of the Company undertakes to contribute an amount of \$50. There were 69 Ordinary Members and 1 Corporate Member of the company at 30 June 2006.

**19 Table of cash movements for designated purposes**

Projects for which funds raised during the year were more than 10% of the total income of \$7,390,450.

<b>Project/purpose</b>	<b>Available 1 July 2005</b>	<b>Cash raised during the year</b>	<b>Cash disbursed during the year</b>	<b>Available 30 June 2006</b>
Tsunami	1,032,539	722,343	540,057	1,214,825
AMENCA Program in Palestine	-	2,689,247	1,232,237	1,457,010
Total for all other purposes	<u>2,024,289</u>	<u>5,376,604</u>	<u>4,463,171</u>	<u>2,937,722</u>
Total	<b><u>3,056,828</u></b>	<b><u>8,788,194</u></b>	<b><u>6,235,465</u></b>	<b><u>5,609,557</u></b>

Of the cash available at year end for all other purposes of \$2,937,722 an amount of \$1,214,825 is committed to funding a specific project or to be used for a designated purpose.

**Notes to the financial statements**  
**For the year ended 30 June 2006**

**20 Fundraising appeals conducted during the financial period**

- i* Fundraising appeals conducted during the year included mail appeals, telephone appeals and various other sundry fundraising projects and general receiving of indirectly solicited donations and bequests.
- ii* In accordance with section 20 of the Charitable Fundraising (NSW) Act 1991, monies received in the course of fundraising appeals are applied according to the objects or purposes of the appeal net of proper and appropriate expenses. In some circumstances, appeal funds are not always expended in the year they are collected and therefore the balance of undistributed funds at the end of the year being \$3,947,207 (2005 - \$2,664,968) includes amounts to be applied to meet the purpose and objective of specific appeals.

<i>iii</i>	<b>Results of fundraising appeals</b>	<b>2006</b>	<b>2005</b>
		<b>\$</b>	<b>\$</b>
	Gross proceeds from fundraising appeals	3,703,245	3,629,600
	Less: Direct fundraising costs	(217,900)	(322,676)
	Net surplus - public fundraising appeals	<u>3,485,345</u>	<u>3,306,924</u>
	Government, multilateral & corporate grants	3,534,945	1,665,849
	Less: fundraising cost	(76,546)	(46,228)
	Net surplus - govt, multilateral & corporate	<u>3,458,399</u>	<u>1,619,621</u>
	Other Income	<u>152,260</u>	<u>59,112</u>
	Total revenue net of direct fundraising costs	<u><b>7,096,004</b></u>	<u><b>4,985,657</b></u>
<i>iv</i>	<b>Application of net surplus obtained from fundraising appeals</b>		
	Distributions	4,813,500	2,522,031
	Fundraising Costs – Indirect	435,182	258,045
	Administration expenses	565,083	444,616
	Add: Non-distributed funds at end of the period	3,947,207	2,664,968
	Less: Non-distributed funds at beginning of period	(921,691)	(904,003)
	Less: Total transfer to reserves at beginning of period	(1,743,277)	-
		<u><b>7,096,004</b></u>	<u><b>4,985,657</b></u>

*v* **Comparisons of certain monetary figures and percentages**

	<b>2006</b>	<b>2006</b>	<b>2005</b>	<b>2005</b>
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
Direct cost of fundraising/ gross income from fundraising	217,900/ 3,703,245	6	322,676/ 3,629,600	9
Net surplus from fundraising/ gross income from fundraising	3,485,345/ 3,703,245	94	3,306,924/ 3,629,600	91
Total projects funded/ Total expenditure	4,813,500/ 6,108,211	79	2,522,031/ 3,593,596	70
Total projects funded/ Total income less transfer to reserves	4,813,500/ 6,122,534	79	2,522,031/ 3,611,284	70

## Notes to the financial statements

### For the year ended 30 June 2006

#### 21 Key management personnel

The names of each person who held the position of director of AUSTCARE during the financial year are the Rt Hon Ian Sinclair AC, Rev John Mavor AM, Miles Hedge, Barbara Young AO, Pamela Greet, Rodney Rosenblum AM, Sheridan Dudley, Bill Armstrong AO, Tony Filer and Trevor Fearnley AM; Chief Executive Officer, Michael Smith AO and Chief Financial Officer, Bandula Gonsalkorale.

##### Transactions with key management personnel

The directors did not receive any remuneration or superannuation benefits during the year other than professional indemnity insurance paid on their behalf by the company.

In addition to a salary, the Company also provides non-cash benefits to key management personnel, and contributes to a post-employment defined contribution superannuation fund on their behalf.

The key management personnel compensation included in 'employee expenses' are as follows:

	\$
Short-term employee benefits	166,949
Post-employment benefits	14,420
	<hr/>
	181,369
	<hr/>

##### Other transactions with the Company

Trevor Fearnley holds a position in AdPartners Group Pty Ltd, which results in him having considerable influence over that entity. AdPartners Group Pty Ltd is the major supplier of fundraising services to the Company. The terms and conditions of these transactions were more favourable to Austcare than those available, or which might reasonably expect to be available, on similar transactions to non-director related entities on an arms' length basis.

Purchases from AdPartners Group by the Company during the financial year totalled \$208,220 (2005 \$187,144), and at year end the amount payable to AdPartners Group was \$32,605 (2005 \$2,750). AdPartners Group has estimated the commercial value of these transactions to be \$232,131 (2005 \$237,485).

No director has entered into a material contract with the company since the end of the previous year and there were no material contracts involving directors' interests subsisting at year-end.

#### 22 Financial instruments

Exposure to credit and interest rate risk arises in the normal course of the Company's business.

##### Credit risk

At the balance sheet date there were no significant concentrations of credit risk. Credit risk on financial assets is minimised by dealing with recognised financial institutions and related parties with acceptable credit ratings.

##### Interest rate risk

The company's exposure to interest rate risk for classes of financial assets and financial liabilities is as follows:

###### *Financial assets*

Cash balances and cash investments totalling \$5,609,557 (2005 - \$3,056,828) are subject to floating interest rates and fixed rates for periods not exceeding 30 days. The weighted average interest rate for the year was less than 5.5% pa (2005 - less than 5.25%). Of this amount \$84,336 (2005 - \$80,358) was not interest bearing.

###### *Financial liabilities*

Of the creditors and unacquitted grants of \$2,310,213 (2005 - \$1,002,111), \$1,749,850 (2005 - \$573,769) is interest bearing. The interest rate payable is directly linked to average rate of interest earned. The balance of creditors and unacquitted grant balances are non-interest bearing.

## Notes to the financial statements

### For the year ended 30 June 2006

#### 22 Financial instruments (continued)

##### Sensitivity analysis

In managing interest rate risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on Company's earnings.

##### Fair values

The carrying amounts shown in the balance sheet for cash and cash equivalents, trade and other receivables, loans to related parties, other assets, and trade and other payables approximate net fair value.

	Note	Effective interest rate	Total	6 months or less	6-12 months	1-2 Years	2-5 years	More than 5 years
		\$	\$	\$	\$	\$	\$	\$
<b>2006</b>								
Cash and cash equivalents	8	5.5%	5,609,557	5,609,557	-	-	-	-
			<u>5,609,557</u>	<u>5,609,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2005</b>								
Cash and cash equivalents	8	5.25%	3,056,828	3,056,828	-	-	-	-
			<u>3,056,828</u>	<u>3,056,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 23 Explanation of transition to AIFRSs

As stated in significant accounting policies note 1 (a), these are the Company's first financial statements prepared in accordance with AIFRS.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005 and in the preparation of an opening AIFRS balance sheet at 1 July 2004 (the Company's date of transition).

In preparing its opening AIFRS balance sheet, the Company has not identified any material differences of amounts reported previously in the financial statements in accordance with its old basis of accounting (previous AGAAP). Accordingly, no adjustments have been made in the transition from previous AGAAP to AIFRS.

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

#### 24 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

#### 25 Company Details

*Principal Place of Business*  
69-71 Parramatta Road  
Camperdown  
New South Wales 2050

*Postal Address*  
Locked Bag 5515  
Camperdown  
New South Wales 1450

## Director's Declaration

In the opinion of the directors of AUSTCARE:

- (a) the financial statements and notes set out on pages 7 to 25 are in accordance with the Corporations Act 2001 including;
  - (i) giving a true and fair view of the financial position of the Company as at 30 June 2006, and of its performance as represented by the results of its operations and cash flows, for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and Corporations Regulations 2001; and
  - (iii) complying with the ACFID Code of Conduct for non-governmental development organisations; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this fourteenth day of September 2006

Signed in accordance with a resolution of the Directors:



I Sinclair AC  
Director



M Hedge  
Director

## Declaration by Chief Executive Officer In Respect of Fundraising Appeals

I, Michael G Smith, Chief Executive Officer of AUSTCARE declare that, in my opinion:

- a the income statement gives a true and fair view of all income and expenditure of AUSTCARE with respect to fundraising appeal activities for the financial year ended 30 June 2006;
- b the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2006;
- c the provisions of the Charitable Fundraising Act (NSW) 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2006; and
- d the internal controls exercised by AUSTCARE are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Dated at Sydney this fourteenth day of September 2006.

A handwritten signature in black ink, appearing to read 'Michael G Smith', with a stylized flourish at the end.

Michael G Smith AO