



# Annual Financial Report

## 2004/05

**AUSTCARE**

(A company limited by Guarantee)

ABN 87 001 251 930

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## Directors' Report

The directors present their report together with the financial report of AUSTCARE for the year ended 30 June 2005 and the auditors' report thereon.

### 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	Vice President & Treasurer Director since 23 July 1992
Rodney Rosenblum AM	BA LLM (Hons) Consulting Solicitor	Secretary Director since 17 December 1999
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 President, Uniting Church in Australia President, ACFID (formerly 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	Director since 26 Nov 2002
Bill Armstrong AO	Grad Dip in Community Education Member AICD CEO, Australian Volunteers International President, ACFID (formerly 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	Director since 6 May 2003
Dian Ball	General Manager, Strategic Alliances Wesley Mission	Director since 6 May 2003 Resigned 16 July 2004

Major General P 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.

## **Directors' Report (continued)**

### **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 refugees, internally displaced peoples, returnees and people affected by landmines.

During the 2005 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.

### **Results**

Total revenue was \$5,354,561 (2004 - \$3,514,290) and total disbursements \$3,593,596 (2004 - \$3,828,242) resulting in a surplus for the year of \$1,760,965 (2004 - deficit of \$313,952). Included in disbursements was \$2,522,031 (2004 - \$2,242,636) to projects, community education and advocacy. Total undistributed funds as at 30 June 2005 was \$ 2,664,968 (2004 - \$904,003) and cash balances \$3,056,828 (2004 - \$1,458,617).

### **Review of operations**

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 \$3,642,825 (2004 - \$1,557,508). AusAID and other grant income was \$ 1,665,849 (2004 - \$1,933,138) which excludes grants not yet disbursed which have been treated as a liability and amount to \$731,586 (2004 - \$799,962).

### **Events subsequent to balance date**

#### ***International Financial Reporting Standards***

For the year ending 30 June 2006, the Company will comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board. There are no differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the Company's financial performance and financial position. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented. Additional details are disclosed in Note 23 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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.

### **Likely developments**

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

### **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.

### **Lead auditors 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.

## Directors' Report (continued)

### Directors' meetings

The AUSTCARE Directors met 6 times during the year ended 30 June 2005. The number of meetings attended by each Director was:

	No of meetings held	Eligible to attend	Attended
Rt Hon Ian Sinclair AC	6	6	5
Miles Hedge	6	6	6
Rodney Rosenblum AM	6	6	5
Barbara Young AO	6	6	5
Rev John Mavor AM	6	6	2
Pamela Greet	6	6	5
Sheridan Dudley	6	6	6
Bill Armstrong AO	6	6	6
Trevor Fearnley AM	6	6	4
Tony Filer	6	6	6
Dian Ball	6	1	1

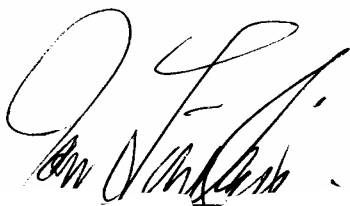
### Indemnity & Insurance

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.

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.

Dated at Sydney this fifteenth day of 15 September 2005

Signed in accordance with a resolution of the Directors:



I Sinclair AC  
Director



M Hedge  
Director



## 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 2005 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

A handwritten signature in black ink, appearing to read 'B A Mitchell', written in a cursive style.

B A Mitchell  
Partner

Dated at Sydney this 15<sup>th</sup> day of September 2005



## **Independent Auditors' Report to the Members of AUSTCARE**

Pursuant to the Corporations Act 2001 and the Charitable Fundraising (NSW) Act 1991 and Regulations

### ***Scope***

We have audited the financial report of AUSTCARE for the financial year ended 30 June 2005, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes and the directors' declaration set out on pages 7 to 21. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cashflows.

The audit opinion expressed in this report pursuant to the Corporations Act 2001 has been formed on the above basis.

### ***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 Umbrella Contract between the Commonwealth of Australia and AUSTCARE (the AusAID Umbrella Contract). 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 Umbrella Contract.

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 (continued)

### *Audit opinion pursuant to the Corporations Act 2001*

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 2005 and of its performance for the year ended on that date; and
  - ii complying with Accounting Standards and the Corporations Regulations 2001; and
- b other mandatory professional reporting requirements in Australia; and

### *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 2005;
- b the financial report has been properly drawn up, and the associated records have been properly kept for the period 1 July 2004 to 30 June 2005, 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 2004 to 30 June 2005 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and
- d there is reasonable grounds to believe that AUSTCARE will be able to pay its debts as and when they fall due.
- e in conformity with the Financial Reporting Format set out in the ACFID Code of Conduct for Non-Government Development Organisations.

KPMG

A handwritten signature in black ink, appearing to read 'Brett Mitchell', written over a horizontal line.

Brett Mitchell  
Partner

Dated at Sydney this 19<sup>th</sup> day of September 2005

**Statement of Financial Performance**  
**For the year ended 30 June 2005**

	Note	2005 \$	2004 \$
<b>Revenue</b>	2		
Public donations and gifts		3,141,600	1,407,150
Legacies and bequests		488,000	124,525
AusAID grants		1,536,081	1,764,116
Other Australian grants		27,500	85,780
Overseas grants		102,268	83,242
Other revenue		59,112	49,477
<b>Total Income from ordinary activities</b>		5,354,561	3,514,290
<b>Disbursements</b>			
Funds to Overseas Projects	4	1,986,314	1,720,695
Other Overseas Project Costs	4	470,905	409,990
Domestic Projects	4	-	18,541
Community Education	4	64,812	93,410
Fundraising costs - public		580,721	554,915
Fundraising costs – govt, multilateral & corporate		46,228	-
Administration		444,616	1,030,691
<b>Total disbursements</b>		3,593,596	3,828,242
Excess/(deficit) of Revenue over Disbursements	3	1,760,965	(313,952)
Transfers to tied reserves	5	1,293,277	-
Transfer to untied reserve	6	450,000	-
Total transfers to reserves		1,743,277	-
Unappropriated surplus/(deficit) for the year		17,688	(313,952)
Unappropriated funds at the beginning of the year		904,003	1,217,955
Unappropriated funds at the end of the year	18	921,691	904,003

*The statement of financial performance is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 20.*

**Statement of Financial Position**  
**As at 30 June 2005**

	Note	2005 \$	2004 \$
<b>Current assets</b>			
Cash assets		3,056,828	1,458,617
Other	7	<u>71,850</u>	<u>25,360</u>
<b>Total current assets</b>		<u>3,128,678</u>	<u>1,483,977</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	<u>660,061</u>	<u>682,240</u>
<b>Total non-current assets</b>		<u>660,061</u>	<u>682,240</u>
<b>Total assets</b>		<u>3,788,739</u>	<u>2,166,217</u>
<b>Current liabilities</b>			
Payables	9	270,525	430,799
Unexpended grants	10	731,586	799,962
Borrowings	11	20,000	-
Provisions	12	<u>81,660</u>	<u>31,453</u>
<b>Total current liabilities</b>		<u>1,103,771</u>	<u>1,262,214</u>
<b>Non-current liabilities</b>			
Borrowings	11	<u>20,000</u>	<u>-</u>
<b>Non-current liabilities</b>		<u>20,000</u>	<u>-</u>
<b>Total liabilities</b>		<u>1,123,771</u>	<u>1,262,214</u>
<b>Net assets</b>		<u>2,664,968</u>	<u>904,003</u>
<b>AUSTCARE Distribution Fund</b>			
Tied funds reserves	16	1,293,277	-
Untied funds reserves	17	450,000	-
Undistributed funds	18	<u>921,691</u>	<u>904,003</u>
<b>Total undistributed funds</b>		<u>2,664,968</u>	<u>904,003</u>

*The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statement set out on pages 10 to 20.*

**Statement of Cash Flows**  
**For the year ended 30 June 2005**

	Note	2005 \$	2004 \$
<b>Cash flows from operating activities</b>			
Cash receipts from appeals, donations & fundraising activities		3,629,600	1,487,071
Cash receipts from AusAID grants		1,533,762	1,670,854
Cash receipts from other grants		156,869	85,458
Proceeds from other activities		10,736	28,887
Interest received		45,887	23,644
Cash payments to suppliers and employees		(1,286,397)	(1,779,842)
Cash payments for project expenditure		(2,522,031)	(1,699,785)
<b>Net cash provided by/(used in) operating activities</b>	14	1,568,426	(183,713)
<b>Cash flows from investing activities</b>			
Proceeds from sale of non-current assets		-	1,131
Payments for property, plant and equipment		(10,215)	(43,565)
<b>Net cash used in investing activities</b>		(10,215)	(42,434)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		50,000	
Repayment of borrowings		(10,000)	
<b>Net cash from financing activities</b>		40,000	
<b>Net increase/(decrease) in cash held</b>		1,598,211	(226,147)
<b>Cash at the beginning of the financial year</b>		1,458,617	1,684,764
<b>Cash at the end of the financial year</b>	14	3,056,828	1,458,617

*The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 20.*

## Notes to and forming part of the financial statements

### 1 Statement of accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

#### a Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and the ACFID Code of Conduct for Non-Government Development Organisations.

It has been prepared on the basis of historical costs and except where stated does not take into account changing money values or current valuations of non-current assets.

The accounting policies have been consistently applied, and except where there is a change in accounting policy, are consistent with those of the prior year.

Pursuant to AASB 1034, Information to be disclosed in Financial Reports; having regard to the particular circumstances of the entity, changes to the recommended format have been made in the financial report, principally in the presentation of the "Income Statement". In the opinion of the Directors, these changes are necessary for the presentation of relevant and reliable information about the company's performance and financial information having regard to the charitable, "not for profit", nature of the business conducted by the company and to comply with the requirements of ACFID Code of Conduct.

#### b Non current assets

The carrying values of the non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

#### c Property, plant and equipment

##### *Acquisition*

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

##### *Depreciation*

Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their estimated useful lives. The diminishing value method of depreciation is used for all depreciable assets except computer equipment, software and buildings. For these the straight-line method is used. Depreciation rates applied range from 2.5% for buildings to 33% for computer software.

## Notes to and forming part of the financial statements

### 1 Statement of accounting policies (continued)

#### d Revenue recognition – Note 2

##### *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 the monies are received or receivable and obligations have been met in relation to the grant or program. 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 \$57,962 (2004-\$44,726). 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 \$56,850 (2004 - \$20,162). 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.

#### e Provision for employee benefits

Provision is made for employees' annual and long service leave benefits based on each employee's legal entitlements at year-end. The company's commitment with regard to employees' superannuation contributions has been fully satisfied during the year by a charge against income.

#### f Income tax

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

#### g 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.

#### h Classification of expenses

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

## Notes to and forming part of the financial statements

### i Change in accounting policy

#### *Unspent Transfers to reserves – tied donations*

As a result of the significant increase in the amount of donations received from the public in relation to specific appeals, the directors reconsidered the treatment of these donations that remained unspent at year end. A decision was taken to establish a reserve in relation to these funds as it was felt that this disclosure would improve the relevance and reliability of the financial statements. The resulting adjustment to the financial statements is a transfer from retained earnings to the tied funds reserve as per Note 16 to the financial statements.

#### *Transfers to reserves – untied donations*

As the company received a significant bequest during the year, the directors decided to establish a reserve for these funds. In future, surplus legacies and bequests will be transferred to this reserve, with the aim of increasing capital of the company which can be invested. The resulting adjustment to the financial statements is a transfer from retained earnings to the untied funds reserve as per Note 17 to the financial statements.

Comparative information in relation to the above changes in accounting policies have not been restated as the decision to create a reserve was only made in the current year.

	2005	2004
	\$	\$
<b>2 Revenue</b>		
<b>Fundraising Activities</b>		
Donations and gifts	3,141,600	1,407,150
Legacies and gifts	488,000	124,525
	3,629,600	1,531,675
<b>Grants</b>		
AusAID project grants	1,233,073	1,504,772
AusAID ANCP grants	257,869	259,344
AusAID in-country grants	45,139	-
Total AusAID grants	1,536,081	1,764,116
Other Australian grants	27,500	85,780
Overseas multilaterals	102,268	83,242
	1,665,849	1,933,138
<b>Other revenues</b>		
<i>From operating activities</i>		
Membership subscriptions	1,250	1,075
Interest received	45,887	23,644
Other income	11,975	23,627
<i>From outside operating activities</i>		
Gross proceeds on disposal of fixed assets	-	1,131
Total revenue from other activities	59,112	49,477
<b>Total revenue from ordinary activities</b>	<b>5,354,561</b>	<b>3,514,290</b>
<b>3 Excess of disbursements over revenue</b>		
The excess of disbursements over revenue for the year was derived after charging/(crediting):		
Auditors of the company, <i>KPMG Australia</i>		
- Audit and review of the financial report	15,000	15,000
Depreciation of plant and equipment		
- Building	7,719	7,719
- Plant and equipment	24,675	24,393
Operating leases – other rental expense	18,471	11,555
Provision for employee benefits	(50,207)	(28,336)
(Profit)/loss on disposal of fixed assets	-	599

## Notes to and forming part of the financial statements

### 4 Disbursements to Projects

During the year project funds were distributed to:

Country	Project and Partner	AusAID funds \$	Other funds \$	2005 Total \$
<b>Africa</b>				
Kenya	Vocational training, Don Bosco	67,339	33,533	100,872
Sudan	Emergency water and sanitation, Merlin		25,000	25,000
Sudan	Primary health care, Merlin		40,008	40,008
Zambia	Food security, HODI	131,028		131,028
Zambia	Food security/Income generation, HODI		31,864	31,864
<b>Total Africa</b>		<b>198,367</b>	<b>130,404</b>	<b>328,771</b>
<b>Asia</b>				
Afghanistan	Education, Herat University		7,030	7,030
Cambodia	Rehabilitation, PRDC & Tuek Saat	26,780	774	27,554
Cambodia	Integrated Mine Action, HALO Trust	665,357		665,357
Cambodia	Community based farming, PDAFF		71,155	71,155
Cambodia	School development, KBE & WE		33,627	33,627
Cambodia	Mine action, Halo Trust		16,438	16,438
Cambodia	Project design		7,376	7,376
Cambodia	AUSTCARE Office		78,066	78,066
East Timor	Capacity building, Halarae	126,615		126,615
East Timor	Community peace building, DoE	28,443	30,004	58,447
East Timor	Capacity building training	13,008	6,277	19,285
East Timor	Soil management training		11,896	11,896
East Timor	Agricultural development, COBHA		2,110	2,110
East Timor	Microfinance and veterinary		6,355	6,355
East Timor	Agriculture, Halarae & UNTL	6,717		6,717
East Timor	Rural development		146	146
East Timor	AUSTCARE Office		38,095	38,095
Indonesia	Emergency shelter, JRS		50,198	50,198
Indonesia	Community livelihood		31,410	31,410
Indonesia	Agriculture, DAPD		78,364	78,364
Indonesia	AUSTCARE Office		60,387	60,387
Nepal	Education, BRAVVE & LWF	32,322		32,322
Sri Lanka	Emergency shelter, UNHCR		50,028	50,028
Sri Lanka	Protection of women at risk, CATOW	8,654	31,764	40,418
<b>Total Asia</b>		<b>907,896</b>	<b>611,500</b>	<b>1,519,396</b>
<b>Middle East</b>				
Lebanon	Education, WHO	45,116	14,803	59,919
Palestinian Territories	Capacity Building, Bisan Centre for Research and Development	76,987		76,987
Palestinian Territories	Project design	1,241		1,241
<b>Total Middle East</b>		<b>123,344</b>	<b>14,803</b>	<b>138,147</b>
<b>Total Fund to Overseas Projects</b>		<b>1,229,607</b>	<b>756,707</b>	<b>1,986,314</b>
<i>Previous financial year 2004</i>		<i>1,381,383</i>	<i>339,311</i>	<i>1,720,695</i>

Notes to and forming part of the financial statements

4 Disbursements to Projects (continued)

	2005 \$	2004 \$
<b>Other Overseas Project Costs</b>		
Project Monitoring and Administration	<u>470,905</u>	<u>409,990</u>
<b>Domestic Projects</b>		
Refugee Learning Circle	-	13,041
Refugee Council of Australia	-	5,500
	<u>-</u>	<u>18,541</u>
<b>Community Education</b>		
Food for Thought/Refugee Week Admin Expenses	-	44,392
Development Education	64,812	49,018
<b>Total Community Education</b>	<u>64,812</u>	<u>93,410</u>
<b>5 Transfers to Tied Reserves</b>		
Tsunami funds reserve	1,021,110	-
Sudan funds reserve	55,676	-
Other tied funds reserve	216,491	-
	<u>1,293,277</u>	<u>-</u>
<b>6 Transfers to Untied Reserves</b>		
Emergency response reserve	50,000	-
General reserve	400,000	-
	<u>450,000</u>	<u>-</u>
<b>7 Other assets</b>		
<b>Current</b>		
Debtors	49,900	1,136
Travel Advances	4,031	4,816
Prepayments	17,919	19,408
	<u>71,850</u>	<u>25,360</u>
<b>8 Property, plant and equipment</b>		
<b>Non-current</b>		
Freehold land & building, at cost	660,000	660,000
Less: Accumulated depreciation	(84,730)	(77,011)
	<u>575,270</u>	<u>582,989</u>
Plant and equipment at cost	206,388	214,626
Less: Accumulated depreciation	(121,597)	(115,375)
	<u>84,791</u>	<u>99,251</u>
Total property, plant and equipment, at net book value	<u>660,061</u>	<u>682,240</u>

**Notes to and forming part of the financial statements**

**8 Property, plant and equipment (continued)**

	<b>2004</b>	<b>2004</b>
	\$	\$
<b>Reconciliation</b>		
<i>Freehold land &amp; building</i>		
Carrying amount at the beginning of year	582,989	590,708
Depreciation	<u>(7,719)</u>	<u>(7,719)</u>
Carrying amount at the end of year	<u>575,270</u>	<u>582,989</u>
<i>Plant and equipment</i>		
Carrying amount at beginning of year	99,251	80,678
Additions	10,214	43,565
Disposals	-	(599)
Depreciation	<u>(24,676)</u>	<u>(24,393)</u>
Carrying amount at the end of the year	<u>84,791</u>	<u>99,251</u>

**Valuations of land and buildings**

The independent valuation of freehold land and buildings carried out as at 19 August 2003 on the basis of open market values for existing use resulted in a valuation of freehold land and buildings of \$2,000,000.

**9 Payables**

Trade creditors	153,855	220,085
Accruals	<u>116,670</u>	<u>209,964</u>
	<b><u>270,525</u></b>	<b><u>430,799</u></b>

No interest is payable on above amounts.

**10 Unexpended grants**

AusAID grants	582,360	669,246
Other grants	<u>149,226</u>	<u>130,716</u>
	<b><u>731,586</u></b>	<b><u>799,962</u></b>

**11 Borrowings**

**Current**

Loan from member	40,000	-
Less: Non-current portion	<u>20,000</u>	<u>-</u>
	<b><u>20,000</u></b>	<b><u>-</u></b>

**Non-Current**

Loan from member	<b><u>20,000</u></b>	<b><u>-</u></b>
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Loan of \$50,000 received in August 2004 is interest free and is repayable in biannual instalments of \$10,000. The first repayment was made in February 2005.

**Notes to and forming part of the financial statements**

	2004 \$	2004 \$
<b>12 Provisions</b>		
<b>Current</b>		
Provisions for employee benefits	<u>81,660</u>	<u>31,453</u>
Number of employees	19	15
<b>13 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	20,916	14,765
One year or later and no later than five years	<u>25,391</u>	<u>26,459</u>
	<u>46,307</u>	<u>41,224</u>
<b>14 Notes to the statement of cash flows</b>		
<b>i Reconciliation of cash</b>		
For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheets as follows:		
Cash at bank and on hand	<u>3,056,828</u>	<u>1,458,617</u>
<b>ii Reconciliation of non-distributed funds to net cash Provided by operating activities</b>		
Net Increase/(decrease) in non-distributed funds	1,760,965	(313,952)
Add/(less) non-cash items:		
Depreciation	32,394	32,116
Loss/(gain) on sale of non-current assets	-	(536)
Amounts set aside to provisions	<u>50,207</u>	<u>(24,028)</u>
Net cash provided by operating activities before change in assets and liabilities	<u>1,843,566</u>	<u>(302,400)</u>
Change in assets and liabilities:		
(Increase)/decrease in debtors/prepayments	(46,490)	24,122
Increase/(decrease) in creditors/other liabilities	<u>(228,650)</u>	<u>98,565</u>
Net cash provided by operating activities	<u>1,568,426</u>	<u>(183,713)</u>

## Notes to and forming part of the financial statements

### 15 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 2005.

### 16 Tied Reserves - Movements of funds

	<b>2005</b>	<b>2004</b>
	\$	\$
Tied reserves at the beginning of the year	-	-
Tied funds raised during the year	1,804,789	-
Tied funds disbursed during the year	(511,512)	-
	<u>1,293,277</u>	<u>-</u>
Tied reserves at end of year	<u>1,293,277</u>	<u>-</u>

### 17 Untied Reserves - Movements of funds

Untied reserves at the beginning of the year	-	-
Appropriated during the year	450,000	-
	<u>450,000</u>	<u>-</u>
Untied reserves at end of year	<u>450,000</u>	<u>-</u>

### 18 Unappropriated funds - Movements of funds

Undistributed funds at the beginning of the year	904,003	1,217,955
Funds raised during the year	5,354,561	3,514,290
Funds disbursed during the year	(3,593,596)	(3,828,242)
Transfers to reserves	(1,743,277)	-
	<u>921,691</u>	<u>904,003</u>
Non distributed funds at end of year	<u>921,691</u>	<u>904,003</u>

### 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 \$5,354,561.

<b>Project/purpose</b>	<b>Available 1 July 2004</b>	<b>Cash raised during the year</b>	<b>Cash disbursed during the year</b>	<b>Available 30 June 2005</b>
Tsunami	-	1,527,906	494,938	1,032,539
Cambodia Integrated Mine Action	318,479	699,652	741,061	277,070
Total for all other purposes	<u>1,140,138</u>	<u>3,199,296</u>	<u>2,592,644</u>	<u>1,746,790</u>
Total	<u>1,458,617</u>	<u>5,426,854</u>	<u>3,828,643</u>	<u>3,056,828</u>

Of the cash available at year end for all other purposes of \$1,746,790 an amount of \$715,254 is committed to funding a specific project or to be used for a designated purpose.

**Notes to and forming part of the financial statements**

**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 \$2,664,968 (2004 - \$904,003) includes amounts to be applied to meet the purpose and objective of specific appeals.

<i>iii</i>	<b>Results of fundraising appeals</b>	<b>2005</b>	<b>2004</b>
		<b>\$</b>	<b>\$</b>
	Gross proceeds from fundraising appeals	3,629,600	1,531,675
	Less: Direct fundraising costs	<u>(322,676)</u>	<u>(329,662)</u>
	Net surplus - public fundraising appeals	3,306,924	1,202,013
	Government, multilateral & corporate grants	1,665,849	1,933,138
	Less: fundraising cost	<u>46,228</u>	<u>-</u>
	Net surplus - govt, multilateral & corporate	1,619,621	1,933,138
	Other Income	<u>59,112</u>	<u>49,477</u>
	Total revenue net of direct fundraising costs	<u><b>4,985,657</b></u>	<u><b>3,184,628</b></u>
<i>iv</i>	<b>Application of net surplus obtained from fundraising appeals</b>		
	Distributions	2,522,031	2,242,636
	Fundraising Costs – Indirect	258,045	225,253
	Administration expenses	444,616	1,030,691
	Add: Non-distributed funds at end of the period	2,664,968	904,003
	Less: Non-distributed funds at beginning of period	<u>(904,003)</u>	<u>(1,217,955)</u>
		<u><b>4,985,657</b></u>	<u><b>3,184,628</b></u>

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

	<b>2005</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
Direct cost of fundraising/ gross income from fundraising	322,676/ 3,629,600	9	329,662/ 1,531,675	22
Net surplus from fundraising/ gross income from fundraising	3,306,924/ 3,629,600	91	1,202,013/ 1,531,675	78
Total projects funded/ Total expenditure	2,522,031/ 3,593,596	70	2,242,636/ 3,828,243	59
Total projects funded/ Total income less transfer to reserves	2,522,031/ 3,611,284	70	2,242,636/ 3,514,290	64

## **Notes to and forming part of the financial statements**

### **21 Related parties**

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, Dian Ball, Pamela Greet, Rodney Rosenblum AM, Sheridan Dudley, Bill Armstrong AO, Tony Filer and Trevor Fearnley AM.

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 no more favourable 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 \$187,144 (2004 \$130,915), and at year end the amount payable to AdPartners Group was \$2,750 (2004 \$27,861). AdPartners Group has estimated the commercial value of these transactions to be \$237,485 (2004 \$130,915).

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.

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 Disclosure**

#### **(a) Interest rate risk exposure**

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 \$3,056,828 (2004 - \$1,458,617) are subject to floating interest rates and fixed rates for periods not exceeding 45 days. The weighted average interest rate for the year was less than 5.25% pa (2004 - less than 5%). Of this amount \$80,358 (2004 - \$87,783) was not interest bearing.

##### *Financial liabilities*

Of the creditors and unacquitted grants of \$1,002,111 (2004 - \$1,230,761), \$573,769 (2004 - \$697,141) is interest bearing. The interest rate payable is directly linked to average rate of interest earned. The balance of creditors and unacquitted grant balances is non-interest bearing.

#### **(b) Credit risk exposure**

Credit risk on financial assets is minimised by dealing with recognised financial institutions and related parties with acceptable credit ratings.

#### **(c) Net fair value**

The company's financial assets and liabilities included in the balance sheet are carried at amounts that approximate net fair value.

## Notes to and forming part of the financial statements

### 23 Impact of adopting Australian Equivalents to International Financial Reporting Standards

AUSTCARE has commenced transitioning its accounting policies and financial reporting from current Australian Accounting Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The company is in the process of conducting impact assessments to isolate key areas that will be impacted by the transition to IFRS.

As the company has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the company prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the company. At this stage the company has not been able to reliably quantify all of the impacts on the financial report. It is noted that to date, the company has not identified any significant affects on the financial report.

AUSTCARE will meet the definition of a not for profit entity under Australian equivalents of IFRS. A not for profit entity is an entity whose principal objective is not the generation of profit.

#### *Impairment of Assets*

Under AASB 136 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of fair value less costs to sell and value in use. Discounted cash flows are used to determine the value in use of assets held by the AUSTCARE for the purposes of generating revenue.

For assets used by AUSTCARE for purposes other than the generation of revenue, the value in use is defined as the depreciated replacement cost of the asset.

Impairment testing must be performed when indicators of impairment are present. Under the new policy it is possible that impairment of assets may be recognised sooner and that the amount of write-downs potentially greater. It is not believed that there will be a material impairment adjustment as there is no indication that the company's most significant asset, being land and buildings, is impaired under IFRS.

#### *Revenue recognition*

As the company meets the definition of a not for profit entity it will be required to apply revenue recognition policies in accordance with AASB 1004 *Contributions*. This standard requires contributions to be recognised immediately when the entity obtains control of the contribution or the right to receive the contribution.

It is anticipated this will not result a significant difference in the timing of revenue recognised by the company as the current revenue recognition policy under AGAAP is reasonably consistent with the above.

### 24 Company particulars

The company's registered office is at 69-71 Parramatta Road, Camperdown NSW 2050.

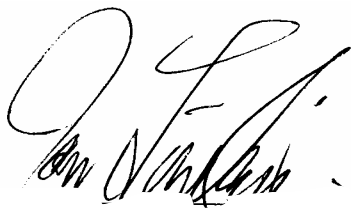
## Director's Declaration

In the opinion of the directors of AUSTCARE:

- (a) the financial statements and notes set out on pages 6 to 19 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 2005, 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 Accounting Standards and Corporations Regulations 2001; and
  - (iii) complying with the ACFID Code of Conduct for non-governmental development organisations; and
- (b) at the date of this statement, 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 fifteenth day of September 2005

Signed in accordance with a resolution of the Directors:



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I Sinclair AC  
Director



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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 financial statement of financial performance give 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 2005;
- b the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2005;
- 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 2005; 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 fifteenth day of September 2005.



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Michael G Smith AO