

act!onaid

End poverty. Together.

ActionAid Australia **(formerly Austcare)**

ABN 87 001 251 930

Annual Financial Report **Year ended 30 June 2009**

Contents

| | Page |
|---|-------------|
| Directors' report | 1 |
| Lead auditor's independence declaration | 5 |
| Income Statement | 6 |
| Statement of Changes in Equity | 7 |
| Balance Sheet | 8 |
| Statement of Cash Flows | 9 |
| Notes to the financial statements | 10 |
| Directors' declaration | 28 |
| Declaration by Chief Executive Officer | 29 |
| Independent auditor's report | 30 |

ActionAid Australia Directors' Report



The directors present their report together with the financial report of ActionAid Australia (the "Company") for the year ended 30 June 2009 and the auditor's report thereon.

1. Directors

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

| Director | Qualifications & experience | Special responsibilities |
|-----------------------------|---|---|
| The Hon. John Dowd AO QC | LLB (Syd) Chancellor Southern Cross University Deputy President NSW Mental Health Tribunal President International Commission of Jurists Australia Former NSW Attorney General Former Supreme Court Judge | President Director from 28 April 2008 Appointed President 1 July 2009 |
| Rt.Hon. Ian Sinclair AC | BA LLB (Syd) D Univ (Hon.UNE) DLitt (Hon SCU) Barrister/Grazier/Director | Director from 29 September 1999 President from 25 February 2000 Resigned as Director and President on 30 June 2009 |
| Bill Armstrong AO | Grad Dip in Community Education Member AICD Former CEO, Australian Volunteers International Former President, ACFID (then ACFOA) | Vice-President Director from 26 February 2003 Appointed Vice-President 1 July 2009 |
| Miles Hedge | BEC FCA ACIS Chartered Accountant Director, Brooklyn Group (Australia) Pty Ltd | Director from 23 July 1992 Vice-President since 1997 Acting Treasurer from 6 May 2003 Secretary from 4 July 2006 Resigned as Director, Vice-President, Acting Treasurer and Secretary on 30 June 2009 |
| Barbara Young AO | BA (Hons) Former Chair, Refugee Council of Australia | Director from 30 May 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 from 19 February 1975 President from 30 May 1990 to 25 February 2000 Resigned as Director on 30 June 2009 |
| Pamela Greet | BA Dip.Ed MA (Leadership) Manager Community Services Unit, Qld Ambulance Service | Director from 19 November 1998 |
| Trevor Fearnley AM | Dip Advert. & Mktng (London) Chairman & former CEO, AdPartners Group | Director from 6 May 2003 Resigned as Director on 30 June 2009 |
| Tuong Quang Luu AO | BA/LLB (Saigon) LLB (ANU) Barrister at law Part-time Director, National Australia Day Council Former Head of SBS Radio Former Director: The Australian Museum Trust, Refugee Council of Australia & MSTL Former Alternate Director PAN TV | Director from 8 February 2007 |

1. Directors (continued)

| Director | Qualifications & experience | Special responsibilities |
|----------------|--|----------------------------|
| Kevin Bailey | Certified Financial Planner Diploma of Financial Planning Fellow of the Financial Planning Association Executive Chairman of The Money Managers Director of the Xanana Vocational Education Trust (XVET) Honorary Consul General for Timor Leste in Victoria | Director from 24 July 2007 |
| Dr Sekai Shand | PhD (IntRel) Former Governance Project Analyst, World Vision International, USA Former Director of Policy and Communications, Office of the Chief Executive, World Vision Australia Director - Rose Charity, Canada Board Chairperson - The Valley Project, Zimbabwe | Director from 3 June 2009 |

2. Company Secretary

Miles Hedge was appointed to the position of Company Secretary on 5 July 2006 and resigned from the position on 30 June 2009. Archie Law was appointed to the position of Company Secretary on 1 July 2009.

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 were:

| | No of meetings held | Eligible to attend | Attended |
|------------------------|---------------------|--------------------|----------|
| Hon John Dowd AO QC | 6 | 6 | 6 |
| Rt Hon Ian Sinclair AC | 6 | 6 | 6 |
| Bill Armstrong AO | 6 | 6 | 6 |
| Miles Hedge | 6 | 6 | 2 |
| Barbara Young AO | 6 | 6 | 5 |
| Rev John Mavor AM | 6 | 6 | 5 |
| Pamela Greet | 6 | 6 | 4 |
| Trevor Fearnley AM | 6 | 6 | 6 |
| Tuong Quang Luu | 6 | 6 | 6 |
| Kevin Bailey | 6 | 6 | 6 |
| Sekai Shand | 6 | 0 | 0 |

4. Principal activities

The principal activities of ActionAid Australia during the course of the financial year were to conduct co-ordinated appeals, projects and campaigns to work towards ending the poverty and injustice experienced by poor, excluded and vulnerable people. ActionAid Australia works together with people living in poverty to claim, secure and enjoy their human rights by addressing six priority areas: women's and girls' rights, the right to education, the right to food, the right to just and democratic governance, the right to human security in conflict and emergencies, and the right to life and dignity in the face of HIV and AIDS.

5. Operating and financial review

Despite the global financial crisis, ActionAid Australia strengthened its financial position during 2009. Total revenue for the year increased by 8% to \$9,167,644 (2008: \$8,500,571) and total expenditure decreased by 15% to \$8,355,979 (2008: \$9,786,979), resulting in an overall surplus for the year of \$811,665 compared to a 2008 deficit of \$1,286,408. The surplus resulted in a 62% increase in reserves, which at 30 June 2009 were \$2,118,747 (2008: \$1,307,082). Furthermore, cash balances at 30 June 2009 were 15% higher at \$4,924,696 (2008: \$4,295,088).

Public funds raised by ActionAid Australia increased by 7% to \$2,228,760 (2008: \$2,077,834), and AusAID and other grant income increased by 5% to \$6,548,610 (2008: \$6,250,354). Note that this excludes grants not yet disbursed which have been treated as a liability and amounted to \$2,997,524 (2008: \$4,135,126).

ActionAid Australia provided \$5,764,096 to projects working towards ending poverty in Africa, the Middle East and the Asia Pacific region, a 12% reduction from 2008 (2008: \$6,586,195). \$557,441 was spent in Australia on supporting these programs, 31% less than in 2008 (2008: \$809,824). In addition, the Company increased its expenditure on Australian community education initiatives, such as campaigns, by 29% to \$494,807 (2008: \$382,792). Expenditure on fundraising decreased by 18% to \$887,985 (2008: \$1,079,397), though this will increase in future years as ActionAid Australia builds relationships with a greater number of supporters. A 31% reduction in administration costs to \$606,081 (2008: \$873,390) resulted from significant cost-cutting efforts to maximise efficiency.

Significant changes in the state of affairs

The Company changed its name from Austcare to ActionAid Australia on 1 June 2009. Austcare joined the ActionAid global network as its Australian Associate in September 2007, with a commitment by both agencies to continue to work closely with poor and excluded communities. Austcare became a full affiliate of the ActionAid network on 5 April 2009. ActionAid Australia has retained its Board of Directors in Australia, and now has representation within ActionAid International's governance structure. Becoming part of the ActionAid network integrates ActionAid Australia into a global network with 42 country programs, and enables the Company to outreach Austcare's decades of experience in emergency response, protection, mine action and the prevention and reduction of armed violence.

ActionAid is an international anti-poverty organisation with a vision of a world without poverty in which every person can exercise their right to a life of dignity. ActionAid was formed in 1972 and now helps over 13 million of the world's poorest and most disadvantaged people in 42 countries worldwide.

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

ActionAid Australia will change its financial year to a January to December financial year from 1 January 2010 to align itself with ActionAid's global network. On 26 August 2009, the Australian Securities and Investments Commission (ASIC) made an order relieving ActionAid Australia from compliance with paragraph 323D(2)(b) of the Corporations Act 2001 to allow the Company to complete a transitional financial year from 1 July 2009 to 31 December 2009.

8. Indemnification and insurance of officers and auditors

Indemnification

The Company has taken out a directors' and officers' insurance policy to indemnify all past and present 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 5 of this financial report.

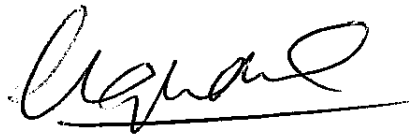
10. Environmental regulation

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.



The Hon. John Dowd AO QC
Director



Tuong Quang Luu AO
Director

Dated at Sydney this 24th day of September 2009



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

To: the directors of ActionAid Australia

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 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
KPMG

A handwritten signature in black ink, appearing to be 'Neil Cameron Smith', written over a faint KPMG logo.

Neil Cameron Smith
Partner

Sydney
24 September 2009

**ActionAid Australia
Income Statement**



For the year ended 30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|---|------|------------------|--------------------|
| REVENUE | | | |
| Donations and gifts | | | |
| - Monetary | | 1,855,424 | 2,007,315 |
| - Non-monetary | 4 | 45,569 | 55,381 |
| Bequests and legacies | | 373,336 | 70,519 |
| Grants | | | |
| - AusAID | | 3,358,398 | 3,480,233 |
| - Other Australian | 5 | 1,114,675 | 732,335 |
| - Other overseas | | 2,075,537 | 2,037,786 |
| Investment income | 6 | 132,721 | 101,417 |
| Other income | 7 | 211,984 | 15,585 |
| Revenue for International Political or Religious Proselytisation Programs | | - | - |
| Total revenue | | 9,167,644 | 8,500,571 |
| EXPENDITURE | | | |
| International Aid and Development Programs Expenditure | | | |
| International programs | | | |
| - Funds to international programs | 8 | 5,764,096 | 6,586,195 |
| - Program support costs | 8 | 557,441 | 809,824 |
| Community education | 8 | 494,807 | 382,792 |
| Fundraising costs | | | |
| - Public | | 849,859 | 1,002,507 |
| - Government, multilateral & private | | 38,126 | 76,890 |
| Accountability and administration | | 606,081 | 873,390 |
| Non-monetary expenditure | 4 | 45,569 | 55,381 |
| Total International Aid and Development Programs Expenditure | | 8,355,979 | 9,786,979 |
| Expenditure for International Political or Religious Proselytisation Programs | | - | - |
| Domestic programs expenditure | | - | - |
| Total expenditure | | 8,355,979 | 9,786,979 |
| Excess/(shortfall) of revenue over expenditure | | 811,665 | (1,286,408) |

The Income Statement is to be read in conjunction with the notes to the financial statements set out on pages 10 – 27.

ActionAid Australia
Statement of Changes in Equity



For the year ended 30 June 2009

| | Retained earnings | Restricted funds reserves | Unrestricted funds reserves | Total undistributed funds |
|--|--------------------------|----------------------------------|------------------------------------|----------------------------------|
| Opening balance at 1 July 2007 | 499,654 | 843,836 | 1,250,000 | 2,593,490 |
| Shortfall of revenue over expenditure | (1,286,408) | - | - | (1,286,408) |
| Other amounts transferred to/(from) reserves | 1,323,828 | (123,828) | (1,200,000) | - |
| Closing balance at 30 June 2008 | 537,074 | 720,008 | 50,000 | 1,307,082 |
| | Retained earnings | Restricted funds reserves | Unrestricted funds reserves | Total undistributed funds |
| Opening balance at 1 July 2008 | 537,074 | 720,008 | 50,000 | 1,307,082 |
| Excess of revenue over expenditure | 811,665 | - | - | 811,665 |
| Other amounts transferred to/(from) reserves | 281,040 | (281,040) | - | - |
| Closing balance at 30 June 2009 | 1,629,779 | 438,968 | 50,000 | 2,118,747 |

During the financial year, ActionAid Australia had no transactions in the following categories specified in the ACFID Code of Conduct: adjustments or changes in equity due to adoptions of new accounting standards, changes in equity from changes in asset fair value transactions, or other.

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 10 - 27.

ActionAid Australia Balance Sheet



As at 30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|----------------------------------|------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 13 | 4,924,696 | 4,295,088 |
| Trade and other receivables | 14 | 164,699 | 1,073,507 |
| Total current assets | | <u>5,089,395</u> | <u>5,368,595</u> |
| Non-current assets | | | |
| Property, plant and equipment | 15 | 645,253 | 673,153 |
| Total non-current assets | | <u>645,253</u> | <u>673,153</u> |
| Total assets | | <u>5,734,648</u> | <u>6,041,748</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 16 | 533,221 | 496,638 |
| Provisions - employee benefits | 17 | 76,328 | 92,356 |
| Other | | | |
| - Deferred revenue | 18 | 2,997,524 | 4,135,126 |
| Total current liabilities | | <u>3,607,073</u> | <u>4,724,120</u> |
| Non-current liabilities | | | |
| Provisions - employee benefits | 17 | 8,828 | 10,546 |
| Non-current liabilities | | <u>8,828</u> | <u>10,546</u> |
| Total liabilities | | <u>3,615,901</u> | <u>4,734,666</u> |
| Net assets | | <u>2,118,747</u> | <u>1,307,082</u> |
| EQUITY | | | |
| Restricted funds reserves | | 438,968 | 720,008 |
| Unrestricted funds reserves | | 50,000 | 50,000 |
| Retained earnings | | 1,629,779 | 537,074 |
| Total equity | | <u>2,118,747</u> | <u>1,307,082</u> |

At the end of the financial year, ActionAid Australia had no balances in the following categories specified in the ACFID Code of Conduct: inventories, assets held for sale, other financial assets, non-current trade and other receivables, investment property, intangibles, other non-current assets, borrowings, current tax liabilities, other financial liabilities or other non-current liabilities.

The Balance Sheet is to be read in conjunction with the notes to the financial statement set out on pages 10 - 27.

**ActionAid Australia
Statement of Cash Flows**



For the year ended 30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|--|-----------|-------------|-------------|
| Cash flows from operating activities | | | |
| Cash receipts from appeals, donations & fundraising activities | | 2,228,760 | 2,077,834 |
| Cash receipts from AusAID grants | | 3,866,185 | 5,065,381 |
| Cash receipts from other grants | | 2,953,222 | 2,249,000 |
| Proceeds from other activities | | 211,984 | 17,297 |
| Interest received | | 132,721 | 101,417 |
| Cash payments to suppliers and employees | | (1,944,417) | (2,343,497) |
| Cash payments for project expenditure | | (6,816,344) | (7,778,811) |
| Net cash provided by operating activities | 20 | 632,111 | (611,379) |
| Cash flows from investing activities | | | |
| Proceeds from sale of non-current assets | | 36,115 | 23,383 |
| Payments for property, plant and equipment | | (38,618) | (29,485) |
| Net cash used in investing activities | | (2,503) | (6,102) |
| Net increase in cash and cash equivalents | | 629,608 | (617,481) |
| Cash and cash equivalents at 1 July | | 4,295,088 | 4,912,569 |
| Cash and cash equivalents at 30 June | 13 | 4,924,696 | 4,295,088 |

The Statement of Cash Flows is to be read in conjunction with the notes the financial statements set out on pages 10 – 27.

For the year ended 30 June 2009

1 Reporting entity

ActionAid Australia (formerly Austcare) is a company incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the constitution of ActionAid Australia ("the Company"), every member of the Company undertakes to contribute an amount limited to \$50 per member in the event of the winding up of the Company.

The Company is primarily involved in ending the poverty and injustice experienced by poor, excluded and vulnerable people.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report has also been prepared in accordance with the requirements set out in the Australian Council for International Development (ACFID) Code of Conduct. Compliance with the Code has resulted in changes in certain comparative information as discussed in Note 2(e). For further information on the Code please refer to the ACFID Code of Conduct Guidance Document available at www.acfid.asn.au.

The financial statements were approved by the Board of Directors on 24 September 2009.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

(e) Comparatives

Certain comparatives have been reclassified in the Income Statement as well as the Statement of Changes in Equity in order to be consistent with the current year treatment and to reflect the Company's compliance with the ACFID Code of Conduct.

For the year ended 30 June 2009

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(a) 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.

(b) 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 (c)). Where items within a class 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 on a straight line basis for all depreciable assets except furniture and fittings and computer equipment and software purchased on or before 30 June 2007, which are depreciated on a diminishing value basis over their estimated useful lives. Land is not depreciated. Depreciation rates applied range from 2.5% for buildings to 33% for computer equipment and software.

(c) 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 or 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.

For the year ended 30 June 2009

3 Significant accounting policies (continued)

(c) Impairment (continued)

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.

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 in 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 or amortisation, if no impairment loss had been recognised.

(d) 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 Company'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 Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

For the year ended 30 June 2009

3 Significant accounting policies (continued)

(e) Revenue recognition

Appeals and donations

ActionAid Australia 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 ActionAid Australia. Donations are recorded as income when they are received, though restricted donations are transferred to restricted reserves in accordance with the accounting policy outlined in Note 3(i) below.

AusAID & Other Government Grants

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

Interest revenue

Interest is recognised as it is accrued, taking into account the effective yield on financial assets. Interest earned on AusAID grants is used to meet the obligations set out in the grant agreements.

Non-monetary donations and gifts

The value of volunteer services has been calculated in accordance with AusAID guidelines, by recording actual volunteer time donated and valuing it at rates provided by AusAID.

In-kind contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are calculated by reference to the fair value of the assets received when the Company gains control of the contribution. There were no in-kind contribution of assets (2008: \$Nil).

Volunteer and in-kind contributions have been included in the Company's Income Statement as non-monetary donation and gift revenue and as a corresponding amount of non-monetary expenditure in the same financial year, thereby resulting in a net financial impact of zero. A breakdown of the value of volunteer and in-kind contributions is disclosed in Note 4.

(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 property, plant and equipment 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 Balance Sheet.

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.

(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.

For the year ended 30 June 2009

3 Significant accounting policies (continued)

(i) Reserves

Restricted Funds Reserve

Donations received for a specific purpose not yet disbursed for that purpose are transferred to restricted reserves, net of collection costs. Disbursements made to projects from restricted funds collected in prior periods are transferred out of reserves. The net transfer to/from restricted reserves is shown in the Statement of Changes in Equity. The gross transfers to/from restricted reserves are disclosed in Note 10.

Unrestricted Funds Reserve

The Directors may decide to transfer surplus legacies and bequests and other donations received for the general work of ActionAid Australia to unrestricted funds reserve. The net transfer to/from unrestricted reserves is shown in the Statement of Changes in Equity. The gross transfers to/from unrestricted reserves are disclosed in Note 11.

(j) 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. The Company is organised into one main segment which operates solely within Australia.

(k) Trade and other payables

Trade and other payables are stated at cost.

(l) Trade and other receivables

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

(m) Cash and cash equivalents

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

(n) Net financing costs

Interest revenue is recognised in the Income Statement as it accrues, using the effective interest method, net of any withholding tax. Interest earned on AusAID grants is deferred and taken to income as grant-related expenses are incurred and obligations are met.

(o) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Company's 31 December 2010 financial statements. The Company has not yet determined the potential effect of the revised standard on the Company's disclosures.

Notes to the financial statements

For the year ended 30 June 2009

| | 2009 \$ | 2008 \$ |
|---|-------------------------|-----------------------|
| 4 Non-monetary donations and gifts | | |
| Volunteer services donated by Australians for the delivery of overseas development projects and community education | 18,115 | 28,360 |
| Administration, fundraising and other volunteer services | <u>27,454</u> | <u>27,021</u> |
| Total non-monetary donations and gifts | <u><u>45,569</u></u> | <u><u>55,381</u></u> |
| 5 Other Australian Grants | | |
| Australian government grants (excluding AusAID) | 949,600 | 731,937 |
| Other grants | <u>165,075</u> | <u>398</u> |
| Total other Australian grant income | <u><u>1,114,675</u></u> | <u><u>732,335</u></u> |
| 6 Investment income | | |
| Interest income | <u>132,721</u> | <u>101,417</u> |
| 7 Other income | | |
| <i>From operating activities</i> | | |
| Membership subscriptions | 4,725 | 6,020 |
| Funds from ActionAid International | 169,582 | - |
| Other income | <u>37,677</u> | <u>9,565</u> |
| Total revenue from ordinary activities | <u><u>211,984</u></u> | <u><u>15,585</u></u> |

For the year ended 30 June 2009

8 International Programs and Community Education Expenditure

| Program | Country/Region | Total Disbursed | AusAID | Other |
|------------------------------------|-----------------------|------------------------|------------------|------------------|
| Community Resilience & Livelihoods | Bangladesh | 142,560 | - | 142,560 |
| Emergency Response | Bangladesh | 6,985 | - | 6,985 |
| Emergency Response | Burma | 428,593 | 264,149 | 164,444 |
| Community Resilience & Livelihoods | Cambodia | 58,771 | - | 58,771 |
| Integrated Mine Action | Cambodia | 766,939 | 686,820 | 80,119 |
| Community Resilience & Livelihoods | Indonesia | 1,649,304 | 176,464 | 1,472,840 |
| Indonesia Office | Indonesia | 39,195 | - | 39,195 |
| Protection | Jordan | 79,543 | - | 79,543 |
| Emergency Response | Kenya | 241,364 | 241,364 | - |
| Emergency Response | Nepal | 6,696 | 6,696 | - |
| Community Resilience & Livelihoods | oPt* | 276,941 | 259,717 | 17,224 |
| Emergency Response | oPt* | 283,095 | - | 283,095 |
| Palestine Office | oPt* | 66,780 | - | 66,780 |
| Protection | oPt* | 33,292 | 33,292 | - |
| Emergency Response | Pakistan | 6,865 | 6,865 | - |
| Protection | Solomon Islands | 48,211 | 48,211 | - |
| Protection | Sri Lanka | 90,126 | 90,126 | - |
| Protection | Sudan | 444,306 | 444,306 | - |
| Protection | Thai/Burma Border | 261,348 | - | 261,348 |
| Community Resilience & Livelihoods | Timor Leste | 372,717 | 94,344 | 278,373 |
| Protection | Timor Leste | 113,625 | 109,160 | 4,465 |
| Various Protection Programs | Asia/Africa | 346,840 | - | 346,840 |
| | | 5,764,096 | 2,461,514 | 3,302,582 |
| <i>Previous financial year</i> | | 6,586,195 | 2,845,994 | 3,740,201 |

* occupied Palestinian territories

For the year ended 30 June 2009

8 International Programs and Community Education Expenditure (continued)

| | 2009 \$ | 2008 \$ |
|---|----------------|----------------|
| Other Overseas Project Costs | | |
| Project Monitoring and Administration | 557,441 | 809,824 |
| Community Education | | |
| Development of protection manual | 110,997 | - |
| Refugee research project with Griffith University | 147,094 | 223,751 |
| Other community education activities | 236,716 | 159,041 |
| | <u>494,807</u> | <u>382,792</u> |

9 Personnel expenses

| | | |
|---|------------------|------------------|
| Salaries, wages and allowances | 3,078,278 | 3,462,267 |
| Superannuation | 198,897 | 239,672 |
| Decrease in liability for annual leave and long-service leave | (17,746) | (18,918) |
| Other associated personnel expenses | 16,663 | 31,408 |
| Total personnel expenses | <u>3,276,092</u> | <u>3,714,429</u> |

10 Transfers to/from Restricted Reserves

Transfers in

| | | |
|------------------------|----------------|----------------|
| Tsunami funds | - | 3,312 |
| Other restricted funds | 169,611 | 341,300 |
| Total transfers in | <u>169,611</u> | <u>344,612</u> |

Transfers out

| | | |
|--|------------------|------------------|
| Tsunami funds | 159,388 | 302,822 |
| Other restricted funds | 291,263 | 165,619 |
| Total transfers out | <u>450,651</u> | <u>468,441</u> |
| Net transfers from restricted reserves | <u>(281,040)</u> | <u>(123,828)</u> |

11 Transfers to/from Unrestricted Reserves

| | | |
|--|----------|--------------------|
| Net transfers from unrestricted reserves | - | (1,200,000) |
| | <u>-</u> | <u>(1,200,000)</u> |

ActionAid Australia
Notes to the financial statements



For the year ended 30 June 2009

| 12 Auditors' remuneration | 2009 | 2008 |
|---------------------------------------|---------------|---------------|
| | \$ | \$ |
| Audit services | | |
| Auditors of the Company | | |
| <i>KPMG Australia</i> | | |
| Audit and review of financial reports | <u>31,000</u> | <u>28,000</u> |

13 Cash and cash equivalents

| | | |
|--|------------------|------------------|
| Cash at bank | 4,196,051 | 3,125,336 |
| Cash at deposit | <u>728,645</u> | <u>1,169,752</u> |
| Cash and cash equivalents in the Statement of Cash Flows | <u>4,924,696</u> | <u>4,295,088</u> |

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 25.

14 Trade and other receivables

| | | |
|-------------------|----------------|------------------|
| Trade receivables | 110,598 | 1,041,329 |
| Travel advances | 1,418 | 3,475 |
| Prepayments | <u>52,683</u> | <u>28,703</u> |
| | <u>164,699</u> | <u>1,073,507</u> |

ActionAid Australia
Notes to the financial statements



For the year ended 30 June 2009

15 Plant and equipment

| | Land and Buildings \$ | Motor Vehicles \$ | Computers & IT Equipment \$ | Furniture and fixtures \$ | Total \$ |
|--------------------------------------|-----------------------------|-------------------------|-----------------------------------|---------------------------------|-------------|
| Cost | | | | | |
| Balance at 1 July 2007 | 660,000 | 103,819 | 81,377 | 87,409 | 932,605 |
| Acquisitions | - | - | 14,805 | 14,680 | 29,485 |
| Disposals | - | (31,558) | (2,542) | - | (34,100) |
| Balance at 30 June 2008 | 660,000 | 72,261 | 93,640 | 102,089 | 927,990 |
| Balance at 1 July 2008 | 660,000 | 72,261 | 93,640 | 102,089 | 927,990 |
| Acquisitions | - | 33,608 | 2,737 | 2,273 | 38,618 |
| Disposals | - | (31,559) | (2,773) | - | (34,332) |
| Balance at 30 June 2009 | 660,000 | 74,310 | 93,604 | 104,362 | 932,276 |
| Depreciation and amortisation | | | | | |
| Balance at 1 July 2007 | 100,168 | 31,262 | 51,104 | 21,121 | 203,655 |
| Depreciation charge for the year | 7,719 | 19,362 | 18,695 | 14,985 | 60,761 |
| Disposals | - | (8,386) | (1,193) | - | (9,579) |
| Balance at 30 June 2008 | 107,887 | 42,238 | 68,606 | 36,106 | 254,837 |
| Balance at 1 July 2008 | 107,887 | 42,238 | 68,606 | 36,106 | 254,837 |
| Depreciation charge for the year | 7,719 | 13,820 | 9,128 | 14,142 | 44,809 |
| Disposals | - | (9,850) | (2,773) | - | (12,623) |
| Balance at 30 June 2009 | 115,606 | 46,208 | 74,961 | 50,248 | 287,023 |
| Carrying amounts | | | | | |
| At 1 July 2007 | 559,832 | 72,557 | 30,273 | 66,288 | 728,950 |
| At 30 June 2008 | 552,113 | 30,023 | 25,034 | 65,983 | 673,153 |
| At 1 July 2008 | 552,113 | 30,023 | 25,034 | 65,983 | 673,153 |
| At 30 June 2009 | 544,394 | 28,102 | 18,643 | 54,114 | 645,253 |

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.

ActionAid Australia
Notes to the financial statements



For the year ended 30 June 2009

| | 2009 \$ | 2008 \$ |
|---|------------------|------------------|
| 16 Trade and other payables | | |
| Trade payables | 434,934 | 380,725 |
| Accruals | 98,287 | 115,913 |
| | <u>533,221</u> | <u>496,638</u> |
| 17 Provisions - employee benefits | | |
| Current | | |
| Liability for annual leave | <u>76,328</u> | <u>92,356</u> |
| Non Current | | |
| Liability for long service leave | <u>8,828</u> | <u>10,546</u> |
| 18 Deferred revenue | | |
| AusAID grants | 2,763,079 | 2,946,754 |
| Other grants | 234,445 | 1,188,372 |
| | <u>2,997,524</u> | <u>4,135,126</u> |
| 19 Commitments | | |
| Operating lease payable commitments | | |
| Future non-cancellable operating lease/rentals of plant and equipment not provided for in the financial statements and payable: | | |
| Within one year | 7,523 | 8,182 |
| One year or later and no later than five years | 7,528 | 7,745 |
| | <u>15,051</u> | <u>15,927</u> |

For the year ended 30 June 2009

| | 2009 \$ | 2008 \$ |
|---|------------------|--------------------|
| 20 Reconciliation of cash flows from operating activities | | |
| Cash flows from operating activities | | |
| Surplus/(deficit) for the period | 811,665 | (1,286,408) |
| Adjustments for: | | |
| Depreciation | 44,809 | 60,761 |
| (Gain)/loss on sale of property, plant and equipment | (14,406) | 1,139 |
| Operating surplus/(deficit) before changes in working capital and provisions | 842,068 | (1,224,508) |
| Decrease/(increase) in trade and other receivables | 908,808 | (925,976) |
| Decrease in employee benefits | (17,746) | (18,919) |
| (Decrease)/increase in trade and other payables | (1,101,019) | 1,558,024 |
| Cash used in operations | (209,957) | (611,379) |
| Net cash from/(used in) operating activities | 632,111 | (611,379) |

21 Members' Undertaking

ActionAid Australia 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 49 Ordinary Members and 7 Corporate Members of the Company at 30 June 2009.

22 Table of cash movements for designated purposes

Projects for which funds raised during the year were more than 10% of the total income of \$9,167,644. Tsunami funds are also shown in accordance with the Tsunami Reporting Amendment 2005 to the ACFID Code of Conduct.

| Project/purpose | Cash available at 1 July 2008 | Cash raised during the year | Cash disbursed during the year | Cash available at 30 June 2009 |
|---|----------------------------------|-----------------------------------|---|---|
| AMENCA 2 program, oPt* | - | 1,311,822 | - | 1,311,822 |
| Protection program, Sudan | 904,690 | - | 533,606 | 371,084 |
| Tsunami response | 183,513 | - | 159,388 | 24,125 |
| Total for other non-designated purposes | 3,206,885 | 8,117,165 | 8,106,385 | 3,217,665 |
| Total | 4,295,088 | 9,428,987 | 8,799,379 | 4,924,696 |

*Australia-Middle East NGO Cooperation Agreement (Neighbourhood Corners in the Southern West Bank), Occupied Palestinian Territories

Of the cash available at year end for all other purposes of \$3,217,665, an amount of \$1,729,462 is committed to funding a specific project or to be used for a designated purpose.

For the year ended 30 June 2009

23 Fundraising appeals conducted during the financial year

(a) Fundraising appeals conducted during the year included mail appeals, telephone appeals, face-to-face appeals and various other sundry fundraising projects and general receiving of indirectly solicited donations and bequests. ActionAid Australia commenced a child sponsorship program in June 2009.

(b) 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 \$2,118,747 (2008: \$1,307,082) includes amounts to be applied to meet the purpose and objective of specific appeals.

| | 2009 | 2008 |
|---|------------------|------------------|
| | \$ | \$ |
| (c) Results of fundraising appeals | | |
| Gross proceeds from fundraising appeals | 2,228,760 | 2,077,834 |
| Less: Direct fundraising costs | (196,563) | (381,076) |
| Net surplus - public fundraising appeals | 2,032,197 | 1,696,758 |
| Government, multilateral & corporate grants | 6,548,610 | 6,250,354 |
| Less: fundraising cost | (38,126) | (76,890) |
| Net surplus - govt, multilateral & corporate | 6,510,484 | 6,173,464 |
| Other income | 344,705 | 117,002 |
| Total revenue net of direct fundraising costs | 8,887,386 | 7,987,224 |

(d) Application of net surplus obtained from fundraising appeals

| | | |
|--|------------------|------------------|
| Distributions | 6,816,344 | 7,778,811 |
| Fundraising costs – indirect | 653,296 | 621,430 |
| Administration expenses | 606,081 | 873,390 |
| Add: Non-distributed funds at end of the period | 2,118,747 | 1,307,082 |
| Less: Non-distributed funds at beginning of period | (1,307,082) | (2,593,490) |
| | 8,887,386 | 7,987,224 |

(e) Fundraising conducted jointly with trader

During the year, ActionAid Australia engaged the services of two traders for the purposes of face-to-face fundraising and telephone appeals.

| | | |
|---------------------------------------|----------------|-----------------|
| Revenue raised as a result of traders | 256,926 | 184,938 |
| Total payments to traders | (39,353) | (232,140) |
| Net revenue raised | 217,573 | (47,202) |

For the year ended 30 June 2009

**23 Fundraising appeals conducted during the financial period
(continued)**

(f) Comparisons of certain monetary figures and percentages

| | 2009 \$ | 2009 % | 2008 \$ | 2008 % |
|--|-------------------------|-----------|-------------------------|-----------|
| Direct cost of fundraising/ Gross income from fundraising | 196,563/ 2,228,760 | 9 | 381,076/ 2,077,834 | 18 |
| Net surplus from fundraising/ Gross income from fundraising | 2,032,197/ 2,228,760 | 91 | 1,696,758/ 2,077,834 | 82 |
| Total projects funded/ Total expenditure | 6,816,344/ 8,310,410 | 82 | 7,778,811/ 9,731,598 | 80 |
| Total projects funded/ Total income less transfer to reserves | 6,816,344/ 9,403,115 | 72 | 7,778,811/ 9,769,018 | 80 |

24 Key management personnel

The following were key management personnel of the Company at any time during the reporting period, and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

| | | |
|--------------------------|--|--------------------|
| The Hon. John Dowd AO QC | Barbara Young AO | Tuong Quang Luu AO |
| Rt. Hon. Ian Sinclair AC | Rev John Mavor AM | Kevin Bailey |
| Bill Armstrong AO | Pamela Greet | Trevor Fearnley AM |
| Miles Hedge | Dr Sekai Shand (appointed 3 June 2009) | |

Executives

| | |
|----------------------|---|
| Archie Law | Chief Executive Officer |
| Greg Taylor | Chief Financial Officer |
| Kelli Barham | General Manager, Human Resources |
| Deborah Leaver | General Manager, International Programs (from 1 August 2008) |
| Helen Wright | General Manager, Fundraising & Communications (from 2 March 2009) |
| Bill Kain | General Manager, Fundraising & Communications (from 25 July 2008 to 20 November 2008) |
| Elektra Spathopoulos | General Manager, Fundraising & Communications (to 25 July 2008) |

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 some key management personnel, and contributes to a post-employment defined contribution superannuation fund on their behalf.

Set out below are the details of executive remuneration during the year ended 30 June 2009:

| | Salary payments | Short Term Bonus | Non- monetary | Post Employment Superannuation | Total |
|------------------|--------------------|---------------------|------------------|-----------------------------------|---------|
| Archie Law | 123,000 | - | 12,886 | 11,070 | 146,956 |
| Other executives | 346,155 | - | - | 29,451 | 375,606 |
| | 469,155 | - | 12,886 | 40,521 | 522,562 |

For the year ended 30 June 2009

24 Key management personnel (continued)

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 a supplier of fundraising services to the Company. The terms and conditions of these transactions were more favourable to ActionAid Australia than those available, or which might reasonably expect to be available, on similar transactions to non-director related entities on an arm's length basis.

Purchases from AdPartners Group by the Company during the financial year totalled \$132,594 (2008: \$150,750), and at year end the amount payable to AdPartners Group was \$21,478 (2008: \$7,939). AdPartners Group has estimated the commercial value of these transactions to be \$149,036 (2008: \$168,200).

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.

25 Financial risk management

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

(a) Credit risk

Credit risk is the risk of financial loss to the Company from the failure of a counterparty to settle its financial or contractual obligations as and when they fall due.

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

| | Note | Carrying amount | |
|---------------------------|------|------------------|------------------|
| | | 2009 | 2008 |
| Cash and cash equivalents | 13 | 4,924,696 | 4,295,088 |
| | | <u>4,924,696</u> | <u>4,295,088</u> |

The Company's maximum exposure to credit risk for trade receivables at the reporting date by type of donor was:

| | Carrying amount | |
|---|-----------------|------------------|
| | 2009 | 2008 |
| Australian government | 447 | 1,033,437 |
| Multilateral donors | - | 7,892 |
| Related parties (ActionAid International) | 110,151 | - |
| | <u>110,598</u> | <u>1,041,329</u> |

Credit risk on financial assets is minimised by dealing with recognised financial institutions and related parties with acceptable credit ratings. No impairment allowance is necessary in respect of trade receivables as all trade receivables at 30 June 2009 had been settled in full at the date of this report.

For the year ended 30 June 2009

25 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses and risking damage to the Company's reputation.

The Company monitors cash flow requirements and optimises its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of at least 60 days, excluding potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The Company has no borrowings. The total financial liability consists of trade and other payables of \$3,432,458 (2008: \$4,515,851). This includes \$2,935,846 of Australian government grants not yet spent (2008: \$3,908,672) and \$61,678 of other grants not yet spent (2008: \$226,454). All trade and other payables are settled within 2 months or less, with the exception of grants not yet spent that are spent over the duration of individual projects.

(c) Currency risk

The Company is exposed to currency risk on program expenses that are denominated in a currency other than the Australian Dollar (AUD); however agreements with implementing partners are denominated in the same currency as donor agreements to minimise the currency risk. The Company is also exposed to currency risk on cash and financial instruments that are held in the Company's offices in Timor Leste, Palestine, Cambodia and Indonesia.

The Company's exposure to foreign currency risk at balance date was as follows, based on notional amounts (in AUD):

| 30 June 2009 | USD | EUR | IDR | ILS | ZAR |
|---------------------------|------------|------------|------------|------------|------------|
| Cash and cash equivalents | 771,974 | - | 18,014 | (6,965) | - |
| Trade receivables | - | - | 721 | - | - |
| Trade payables | (12,510) | - | (18,870) | (1,292) | - |
| Net exposure | 759,464 | - | (135) | (8,257) | - |

| 30 June 2008 | USD | EUR | IDR | ILS | ZAR |
|---------------------------|------------|------------|------------|------------|------------|
| Cash and cash equivalents | 533,823 | 561 | 20,631 | 6,683 | - |
| Trade receivables | 1,173 | - | 1,888 | - | - |
| Trade payables | (8,812) | - | (5,334) | - | (1,421) |
| Net exposure | 526,184 | 561 | 17,185 | 6,683 | (1,421) |

The following significant exchange rates applied at balance date:

| 2009 | USD | EUR | IDR | ILS | ZAR |
|--------------------------|------------|------------|------------|------------|------------|
| Reporting date spot rate | 0.8114 | 0.5751 | 8,295 | 3.1738 | 6.3433 |
| 2008 | | | | | |
| Reporting date spot rate | 0.9626 | 0.6096 | 8,880 | 3.2087 | 7.4678 |

For the year ended 30 June 2009

25 Financial risk management (continued)

(c) Currency risk (continued)

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June 2009 would have decreased (increased) the surplus for the year by the amounts shown below (in AUD). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

| | 2009 | USD | EUR | IDR | ILS | ZAR |
|--------------------------------|-------------|------------|------------|------------|------------|------------|
| Decrease (increase) to surplus | | 69,042 | - | (12) | (751) | - |
| | 2008 | | | | | |
| Increase (decrease) to deficit | | 47,835 | 51 | 1,562 | 608 | (129) |

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2009 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(d) 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 \$4,924,696 (2008: \$4,295,088) are subject to floating interest rates and fixed rates for periods not exceeding 90 days. The weighted average interest rate at balance date was 3.0% pa (2008: 5.4% pa). Of this amount \$766,657 (2008: \$71,621) was non-interest bearing.

Financial liabilities

Of the creditors and unacquitted grants of \$3,432,458 (2008: \$4,515,851), interest earned on \$2,763,079 (2008: \$2,946,754) is used to meet the obligations set out in grant agreements.

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 the 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 |
|---------------------------|-------------|--------------------------------|--------------|-------------------------|--------------------|------------------|------------------|--------------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2009 | | | | | | | | |
| Cash and cash equivalents | 13 | 3.0% | 4,924,696 | 4,924,696 | - | - | - | - |
| 2008 | | | | | | | | |
| Cash and cash equivalents | 13 | 5.4% | 4,295,088 | 4,295,088 | - | - | - | - |

For the year ended 30 June 2009

26 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.

27 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

ActionAid Australia Director's Declaration

In the opinion of the directors of ActionAid Australia:

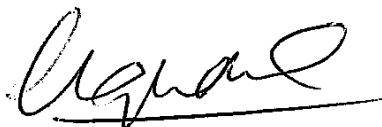
- (a) the financial statements and notes set out on pages 6 to 27 are in accordance with the Corporations Act 2001 including;
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 2009, and of its performance as represented by the results of its operations and cash 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 24th day of September 2009

Signed in accordance with a resolution of the Directors:



The Hon. John Dowd AO QC
Director



Tuong Quang Luu AO
Director

ActionAid Australia
Declaration by Chief Executive Officer
In Respect of Fundraising Appeals

I, Archie Law, Chief Executive Officer of ActionAid Australia declare that, in my opinion:

- a the Income Statement gives a true and fair view of all income and expenditure of ActionAid Australia with respect to fundraising appeal activities for the financial year ended 30 June 2009;
- 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 2009;
- 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 2009; and
- d the internal controls exercised by ActionAid Australia are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Dated at Sydney this 24th day of September 2009.

Signed in accordance with a resolution of the Directors:



Archie Law
Chief Executive Officer



Independent Auditor's Report to the Members of ActionAid Australia

We have audited the accompanying financial report of ActionAid Australia ("the Company") for the financial year ended 30 June 2009, which comprises the Balance Sheet as at 30 June 2009 and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration set out on page 28.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

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

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. 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.

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 auditor's report to the members of ActionAid Australia (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion on the financial report

In our opinion:

- (a) the financial report of ActionAid Australia is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

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 2009;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period 1 July 2008 to 30 June 2009, 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 2008 to 30 June 2009 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 ActionAid Australia 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

Sydney
24 September 2009