

ActionAid Australia (formerly Austcare)

ABN 87 001 251 930

Annual Financial Report Year ended 31 December 2011



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ActionAid Australia

Directors' Report

The directors present their report together with the financial report of ActionAid Australia ("the Company") for the year ended 31 December 2011 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the reporting period 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
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
Megs Alston	LLB (Melbourne) Dip ED (Melbourne) Consultant Member St Vincent's Health Regional Advisory Council Melbourne Former Program Quality Advisor, Save the Children Australia Former Business Development Consultant, RMIT International Projects Former Program Director, Australian Volunteers International	Director from 16 June 2011
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
Kevin Bailey	Certified Financial Planner Diploma of Financial Planning Fellow of the Financial Planning Association Director, Shadforth Financial Group Director, Timor Leste Investment Advisory Board of the Petroleum Fund Honorary Consul General for Timor Leste in Victoria	Director from 24 July 2007 Resigned as Director 16 June 2011
Gordon Weiss	MA (Int. Relations, Security) Former OSCE official Former Global Emergencies Official (UNICEF) Former Spokesman (UN Sri Lanka) Author Journalist with The Global Mail	Director from 16 June 2011

ActionAid Australia

Directors' Report (continued)

1. Directors' (continued)

Director	Qualifications & experience	Special responsibilities
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 Resigned as Director 15 February 2011
Sonia Zavesky	Graduate, A.F.T.R.S. Director, Zavesky Consulting Former Head of Communications, Greenpeace Former Chief of Staff and Executive Producer, ABC News Radio Sydney Former news and current affairs journalist, ABC	Director from 4 November 2009
Nicola Davies	LLB (Hons), BSc ANU, Barrister at Law Team Leader, Global Energy Campaign, Greenpeace International Former Executive Director of the ACT & Conservation Council Former Peace and Disarmament Director Greenpeace International Former Deputy Director Climate & Energy Greenpeace International	Director from 29 April 2010 Resigned as Director 9 April 2012
James Pyne	B.E. Hons (Syd) M.B.A. (Insead) Group Head of Sales - Coates Hire, Australia Former Executive - Brakes Foodservice Group, (UK) Former Principal - Softbank Europe Venture Capital (UK) Former Strategy Consultant – LEK Consulting (Australia, New Zealand, France, The Philippines, UK)	Director from 25 November 2010
Susan Brennan	BA/LLB (Hons), Barrister at Law Vice President, World YWCA and Former President, World YWCA	Director from 24 February 2011

2. Company Secretary

Archie Law was appointed to the position of Company Secretary on 1 July 2009.

ActionAid Australia Directors' Report (continued)

3. Directors' meetings

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

	Board Meetings 6 meetings held		Governance & Board Development Committee 2 meetings held		Audit & Risk Management Committee 2 meetings held	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Hon John Dowd AO QC	6	6	-	-	-	-
Bill Armstrong AO	6	6	2	2	-	-
James Pyne	6	4	-	-	2	2
Tuong Quang Luu AO	6	6	-	-	2	2
Kevin Bailey	3	2	-	-	-	-
Dr Sekai Shand	-	-	-	-	-	-
Sonia Zavesky	6	4	2	1	-	-
Nicola Davies	6	5	-	-	-	-
Susan Brennan	6	4	2	2	-	-
Megs Alston	4	4			2	2
Gordon Weiss	3	2				

	Finance & Fundraising Committee 3 meetings held		Finance & Audit Committee 1 meeting held	
Kevin Bailey	-	-	1	1
Nicola Davies	3	3	1	1
Gordon Weiss	2	1	-	-

4. Principal objectives, strategy and activities

ActionAid Australia's mission is to work with poor and excluded people to eradicate poverty and injustice. The organisation conducts co-ordinated appeals, projects and campaigns to work towards ending the poverty and injustice experienced by poor and excluded people.

ActionAid Australia is striving for a poverty free planet. In doing so, we have defined our own unique identity and the focus of our work for the next six years in our new strategy Changing the Rules 2012-2017. In order to maximise our contribution to the ActionAid International federation's work at the local, national and international level, the ActionAid Australia strategy is closely linked to the ActionAid International strategy "People's Action to End Poverty" that will guide the federation's work from 2012 to 2017.

Drawing on the strengths of our organisation and an analysis of the context in which we will operate in the coming years, we commit ourselves to the primary objective of helping people to stand up, claim their human rights and actively challenge the prevailing growth driven development model which is based on an unjust global economic and political system. We have committed ourselves to three core mission objectives:

1. Enabling poor and excluded people, particularly women, to secure access to, and control over, the productive resources, and decision making processes essential to improving their livelihoods.
2. Protecting women's rights by preventing and responding to gender based violence against women during disasters and conflicts.
3. Encouraging Australians to challenge the status quo and critically evaluate how their lives and choices affect people living in poverty by tapping into positive values, beliefs and attitudes.

ActionAid Australia Directors' Report (continued)

The full version of Changing the Rules, containing detailed activities for achieving the above objectives, is available on ActionAid Australia's website. ActionAid Australia's performance is regularly measured against the objectives and outcomes in Changing the Rules. At every Board Meeting, the directors conduct a review of progress against each of the strategy's objectives

5. Operating and financial review

ActionAid Australia's short-term financial strategy continues to focus on investment in the organisation's future stability and effectiveness by diversifying its income sources, enabling a significant long-term contribution to ActionAid projects overseas. Historically the bulk of ActionAid Australia's income has come from government grants, and although this income is expected to continue, the organisation is currently building public income in the form of monthly donations from long-term donors. Because the costs of building the relationships with long-term donors are primarily up-front, fundraising expenditure will be higher than normal in the short-term but will provide significant increases in public income over the medium to longer term. ActionAid International supported ActionAid Australia's efforts to build public funding during the year by funding \$214,364 of ActionAid Australia's fundraising costs.

Due to increased expenditure on building public income, ActionAid Australia recorded a deficit for the year of \$857,715 (year ended 31 December 2010: surplus \$932,568). Total revenue for the year was \$9,809,666 (year ended 31 December 2010: \$11,368,599) and total expenditure was \$10,667,381 (year ended 31 December 2010: \$10,436,031). The deficit resulted in a 27% decrease in reserves, which at 31 December 2011 were \$2,364,167 (31 December 2010: \$3,221,882). Cash balances at 31 December 2011 were 13% higher at \$8,070,732 (31 December 2010: \$7,114,491). The amount of reserves and increased amount of cash holdings reflect the funds raised for the East Africa emergency which is yet to be distributed.

Public funds raised by ActionAid Australia totalled \$3,445,293 (year ended 31 December 2010: \$4,433,960), and AusAID and other grant income totalled \$5,780,659 (year ended 31 December 2010: \$6,221,333). Note that this excludes grants not yet disbursed which have been treated as a liability and amounted to \$6,113,254 (31 December 2010: \$3,818,262).

During the year, ActionAid Australia provided \$5,763,832 to projects working towards ending poverty in Africa, the Middle East and the Asia Pacific region (year ended 31 December 2010: \$6,176,845). \$780,691 was spent in Australia on supporting international projects (year ended 31 December 2010: \$594,033) and funding the Pacific Research Project implemented from Australia.

In line with ActionAid Australia's belief that the ability for poor and excluded people's ability to claim their rights is partially dependent on influencing the opinions of the Australian people and policy change in Australia, the Company's expenditure on Australian community education initiatives, such as campaigns, remained significant to \$694,033 (year ended 31 December 2010: \$777,897). As mentioned above, expenditure on fundraising for the year remained relatively high at \$2,248,227 (year ended 31 December 2010: \$1,712,719). Administration costs were \$961,185 (year ended 31 December 2010: \$967,955)

Significant changes in the state of affairs

There have not been any significant changes in the state of affairs during the year 2011.

6. Events subsequent to reporting date

After reporting date, the company entered into a commercial loan agreement for \$1,000,000 with a repayment period of 5 years. The purpose of the loan is to invest in face to face fundraising acquisition to increase the supporter base for the organisation.

Other than this commercial loan there has not arisen in the interval between the end of the 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.

Directors' Report (continued)

7. Likely developments

The directors believe that the need for working with poor and excluded people to eradicate poverty and injustice will not diminish in the foreseeable future, and as such the directors, staff and volunteers will continue to work towards a world without poverty in which every person can exercise their right to a life of dignity.

8. Liability of members on winding up

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. The total amount that members of the Company are liable to contribute if the Company is wound up is \$1,750 (31 December 2010: \$1,750).

9. 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 period 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.

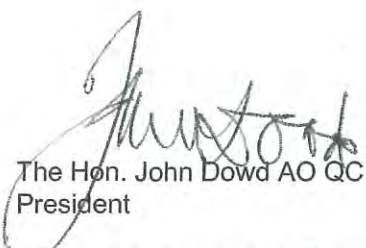
10. Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act is on page 6 of this financial report, and forms part of this report.

11. 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
President



James Pyne
Director

Dated at Sydney this 23rd day of April 2012



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 31 December 2011 there have been:

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

KPMG

Cameron Roan
Partner

Sydney

23 April 2012

ActionAid Australia

Statement of Comprehensive Income

For the year ended 31 December 2011

	Note	Year ended 31 December 2011 \$	Year ended 31 December 2010 \$
REVENUE			
Donations and gifts			
- Monetary		3,276,946	3,256,168
- Non-monetary	4	219,413	206,582
Bequests and legacies		168,347	1,177,792
Grants			
- AusAID		3,078,247	3,561,953
- Other Australian	5	56,709	894,041
- Other overseas		2,645,703	1,765,339
Investment income	6	116,460	120,050
Other income	7	247,841	386,674
International political or religious adherence promotion program revenue		-	-
Total revenue		9,809,666	11,368,599
EXPENDITURE			
International Aid and Development Programs Expenditure			
International programs			
- Funds to international programs	8	5,763,832	6,176,845
- Program support costs	8	780,691	594,033
Community education	8	694,033	777,897
Fundraising costs			
- Public		2,179,117	1,650,872
- Government, multilateral & private		69,110	61,847
Accountability and administration	9	961,185	967,955
Non-monetary expenditure	4	219,413	206,582
Total International Aid and Development Programs Expenditure		10,667,381	10,436,031
International political or religious adherence promotion program expenditure		-	-
Domestic programs expenditure		-	-
Total expenditure		10,667,381	10,436,031
Excess of expenditure over revenue		(857,715)	932,568
Other comprehensive income		-	-
Total comprehensive income/(loss)		(857,715)	932,568

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 11 – 28.

ActionAid Australia

Statement of Changes in Equity

For the year ended 31 December 2011

	Note	Retained earnings	Restricted funds reserves	Unrestricted funds reserves	Total undistributed funds
Opening balance at 1 January 2010		1,890,979	348,335	50,000	2,289,314
Excess of revenue over expenditure		932,568	-	-	932,568
Total comprehensive income		932,568	-	-	932,568
Other amounts transferred to/(from) reserves	11	(501,514)	501,514	-	-
Closing balance at 31 December 2010		2,322,033	849,849	50,000	3,221,882
		Retained earnings	Restricted funds reserves	Unrestricted funds reserves	Total undistributed funds
Opening balance at 1 January 2011		2,322,033	849,849	50,000	3,221,882
Excess of expenditure over revenue		(857,715)	-	-	(857,715)
Total comprehensive income		(857,715)	-	-	(857,715)
Other amounts transferred to/(from) reserves	11	(123,513)	123,513	-	-
Closing balance at 31 December 2011		1,340,805	973,362	50,000	2,364,167

During the year ended 31 December 2011, 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 11 - 28.

ActionAid Australia

Statement of Financial Position

As at 31 December 2011

	Note	31 December 2011 \$	31 December 2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	14	8,070,732	7,114,491
Trade and other receivables	15	227,604	233,227
Total current assets		<u>8,298,336</u>	<u>7,347,718</u>
Non-current assets			
Property, plant and equipment	16	609,438	628,659
Total non-current assets		<u>609,438</u>	<u>628,659</u>
Total assets		<u>8,907,774</u>	<u>7,976,377</u>
LIABILITIES			
Current liabilities			
Trade and other payables	17	292,950	821,176
Provisions - employee benefits	18	110,448	100,169
Other			
- Deferred revenue	19	6,113,254	3,818,262
Total current liabilities		<u>6,516,652</u>	<u>4,739,607</u>
Non-current liabilities			
Provisions - employee benefits	18	26,955	14,888
Non-current liabilities		<u>26,955</u>	<u>14,888</u>
Total liabilities		<u>6,543,607</u>	<u>4,754,495</u>
Net assets		<u>2,364,167</u>	<u>3,221,882</u>
EQUITY			
Restricted funds reserves		973,362	849,849
Unrestricted funds reserves		50,000	50,000
Retained earnings		1,340,805	2,322,033
Total equity		<u>2,364,167</u>	<u>3,221,882</u>

At 31 December 2011, 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 Statement of Financial Position is to be read in conjunction with the notes to the financial statement set out on pages 11 - 28.

ActionAid Australia

Statement of Cash Flows

For the year ended 31 December 2011

	Note	Year ended 31 December 2011	Year ended 31 December 2010
		\$	\$
Cash flows from operating activities			
Cash receipts from appeals, donations & fundraising activities		3,445,293	4,433,960
Cash receipts from AusAID grants		2,936,997	4,688,102
Cash receipts from other grants		5,417,807	2,499,791
Proceeds from other activities		247,300	386,674
Interest received		116,460	120,050
Cash payments to suppliers and employees		(3,954,837)	(2,347,238)
Cash payments for project expenditure		(7,238,557)	(7,548,775)
Net cash provided by operating activities	21	<u>970,463</u>	<u>2,232,564</u>
Cash flows from investing activities			
Proceeds from sale of non-current assets		21,000	
Payments for property, plant and equipment		<u>(35,222)</u>	<u>(35,370)</u>
Net cash provided by/(used in) investing activities		<u>(14,222)</u>	<u>(35,370)</u>
Net increase in cash and cash equivalents		956,241	2,197,194
Cash and cash equivalents at beginning of period		<u>7,114,491</u>	<u>4,917,297</u>
Cash and cash equivalents at 31 December	14	<u>8,070,732</u>	<u>7,114,491</u>

The Statement of Cash Flows is to be read in conjunction with the notes the financial statements set out on pages 11 - 28.

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2011

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 statements do not comply with International Financial Reporting Standards (IFRSs) as the Company has adopted the exemptions allowed for not-for-profit organisations under AASB 101 Presentation of Financial Statements.

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. 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 23rd April 2012.

(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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2011

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements. Certain comparative amounts have been reclassified to conform with the current year's presentation.

(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 reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange gains or losses are recognised in the Accountability and Administration line item of the Statement of Comprehensive Income, apart from foreign exchange gains or losses on restricted funds which are applied to those funds where contractually required.

(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 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 33.3% for computer equipment and software.

(c) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting 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 Statement of Comprehensive Income 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 reporting date.

Notes to the financial statements

For the year ended 31 December 2011

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 Statement of Comprehensive Income 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 reporting 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.

Notes to the financial statements

For the year ended 31 December 2011

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 received. 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, being non-reciprocal transfers, are calculated by reference to the fair value of the assets received when the Company gains control of the contribution, or the commercial value of services provided.

Volunteer and in-kind contributions have been included in the Company's Statement of Comprehensive Income 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 Statement of Financial Position.

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

(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.

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2011

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 11.

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 the 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 12.

(j) Trade and other payables

Trade and other payables are stated at cost.

(k) Trade and other receivables

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

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits expiring within three months, and are carried at fair value of the amounts deposited.

(m) Net financing costs

Interest revenue is recognised in the Statement of Comprehensive Income 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.

(n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for AASB 9 Financial Instruments, which becomes mandatory for the Company's 2013 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

ActionAid Australia
Notes to the financial statements

For the year ended 31 December 2011

	Year ended 31 December 2011	Year ended 31 December 2010
	\$	\$
4 Non-monetary donations and gifts		
Volunteer services donated by Australians for the delivery of overseas development projects and community education	93,195	99,291
Administration, fundraising and other volunteer services	92,495	83,639
In-kind contribution of services by legal firms (Sparke Helmore, DLA Phillips Fox, Williamson Legal and Minter Ellison)	33,723	23,652
Total non-monetary donations and gifts	219,413	206,582
5 Other Australian Grants		
Australian government grants (excluding AusAID)	-	796,971
Other grants	56,709	97,070
Total other Australian grant income	56,709	894,041
6 Investment income		
Interest income	116,460	120,050
7 Other income		
Membership subscriptions	764	2,155
Funds from ActionAid International	214,364	384,000
Other income	32,713	519
Total income from other activities	247,841	386,674

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2011

8 International Programs and Community Education Expenditure

Program	Country/Region	Total Disbursed	AusAID	Other
Community Resilience & Livelihoods	Bangladesh	46,996		46,996
Community Resilience & Livelihoods	Cambodia	147,255		147,255
Human Security During Conflicts & Emergencies	Cambodia	214,722	190,341	24,381
Education	Cambodia	64,240		64,240
Food Rights	Cambodia	101,166	101,166	
Human Security During Conflicts & Emergencies	Haiti	3,598		3,598
Community Resilience & Livelihoods	Indonesia	2,369,266	(520)	2,369,786
Food rights	Kenya/Uganda	337,661	337,661	
Human Security During Conflicts & Emergencies	Myanmar	(2,910)		(2,910)
Governance	Myanmar	51,121		51,121
Food Security	Nepal	27,229		27,229
Protection	Nepal	3,627	3,627	
Community Resilience & Livelihoods	oPt*	1,455,782	1,358,397	97,386
Youth mobilisation and governance	oPt*	19,748		19,748
Women empowerment	oPt*	23,278	23,278	
Governance	Pakistan	25,656	25,656	
Human Security During Conflicts & Emergencies	Pakistan	632,150	368,959	263,190
Education	South Africa	4,493		4,493
Water and Sanitation	Tanzania	5,000		5,000
Community Resilience & Livelihoods	Uganda	140,944		140,944
Food Rights	Uganda	39,000	39,000	
Water & Sanitation	Zimbabwe	53,810		53,810
Year ended 31 December 2011		5,763,832	2,447,565	3,316,267
Year ended 31 December 2010		6,176,845	2,896,601	3,280,244

* occupied Palestinian territories

Year ended 31 December 2011 \$	Year ended 31 December 2010 \$
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Other Overseas Project Costs

Project Monitoring and Administration	780,691	594,033
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Community Education

Development of protection manual	-	(659)
1GOAL: Education for All (AusAID-funded)	26,666	241,118
Other community education activities	667,367	537,438
	694,033	777,897

ActionAid Australia
Notes to the financial statements

For the year ended 31 December 2011

	Year ended 31 December 2011	Year ended 31 December 2010
9. Accountability and administration expenses	\$	\$
Accountability and administration expenses	963,898	772,631
Foreign exchange losses/(gains)	(2,713)	195,324
Total accountability and administration expenses	<u>961,185</u>	<u>967,955</u>
10 Personnel expenses		
Salaries, wages and allowances	2,533,084	2,568,039
Superannuation	185,459	177,560
Increase/(decrease) in liability for annual leave and long-service leave	22,346	39,438
Other associated personnel expenses	21,212	16,629
Total personnel expenses	<u>2,762,101</u>	<u>2,801,666</u>
11 Transfers to/(from) Restricted Reserves		
Transfers in		
Restricted funds raised	749,393	631,746
Transfer from retained earnings	-	-
Total transfers in	<u>749,393</u>	<u>631,746</u>
Transfers out		
Other restricted funds used	567,193	130,232
Restricted funds transfer to grant (other grant)	58,687	
Total transfers out	<u>625,880</u>	<u>130,232</u>
Net transfers from restricted reserves	<u>123,513</u>	<u>501,514</u>

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2011

	Year ended 31 December 2011	Year ended 31 December 2010
12 Transfers to/(from) Unrestricted Reserves	\$	\$
Net transfers from unrestricted reserves	-	-
	-	-
13 Auditors' remuneration		
Audit services		
Auditors of the Company		
<i>KPMG Australia</i>		
Audit and review of financial reports	32,000	30,000
	31 December 2011	31 December 2010
	\$	\$
14 Cash and cash equivalents		
Cash at bank	4,943,337	3,465,678
Cash at deposit	3,127,395	3,648,813
Cash and cash equivalents in the Statement of Cash Flows	8,070,732	7,114,491

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 26.

15 Trade and other receivables

Trade receivables	541	12,152
Travel advances	7,569	6,254
Prepayments	19,494	14,821
Other receivables	200,000	200,000
	227,604	233,227

ActionAid Australia **Notes to the financial statements**

For the year ended 31 December 2011 **16 Plant and equipment**

Cost	Land and Buildings \$	Motor Vehicles \$	Computers & IT Equipment \$	Furniture and fixtures \$	Total \$
Balance at 1 January 2010	660,000	33,608	99,211	106,973	899,792
Acquisitions	-	-	35,370	-	35,370
Disposals	-	-	-	-	-
Balance at 31 December 2010	660,000	33,608	134,581	106,973	935,162
Balance at 1 January 2011	660,000	33,608	134,581	106,973	935,162
Acquisitions	-	34,522	700	-	35,222
Disposals	-	(33,608)	-	-	(33,608)
Balance at 31 December 2011	660,000	34,522	135,281	106,973	936,776
Depreciation and amortisation					
Balance at 1 January 2010	119,466	8,867	79,297	56,369	263,999
Depreciation charge for the period	7,719	6,722	16,722	11,341	42,504
Disposals	-	-	-	-	-
Balance at 31 December 2010	127,185	15,589	96,019	67,710	306,503
Balance at 1 January 2011	127,185	15,589	96,019	67,710	306,503
Depreciation charge for the period	7,719	6,748	16,672	10,614	41,753
Disposals	-	(20,918)	-	-	(20,918)
Balance at 31 December 2011	134,904	1,419	112,691	78,324	327,338
Carrying amounts					
At 1 January 2010	540,534	24,741	19,914	50,604	635,793
At 31 December 2010	532,815	18,019	38,562	39,263	628,659
At 1 January 2011	532,815	18,019	38,562	39,263	628,659
At 31 December 2011	525,096	33,103	22,590	28,649	609,438

Valuations of land and buildings

The independent valuation of freehold land and buildings carried out as at 12 January 2012 on the basis of open market values for existing use resulted in a valuation of freehold land and buildings of \$2,400,000. The valuation company was Woodbury Bell Pty Limited.

ActionAid Australia
Notes to the financial statements

For the year ended 31 December 2011

	31 December 2011 \$	31 December 2010 \$
17 Trade and other payables		
Trade payables	147,016	782,664
ActionAid International Intercompany	122,108	-
Accruals	23,826	38,512
	<u>292,950</u>	<u>821,176</u>
18 Provisions - employee benefits		
Current		
Liability for annual leave	<u>110,448</u>	<u>100,169</u>
Non Current		
Liability for long service leave	<u>26,955</u>	<u>14,888</u>
19 Deferred revenue		
AusAID grants	2,465,477	2,873,729
Other grants	<u>3,647,777</u>	<u>944,533</u>
	<u>6,113,254</u>	<u>3,818,262</u>
20 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	4,080	4,870
One year or later and no later than five years	<u>12,332</u>	<u>16,420</u>
	<u>16,412</u>	<u>21,290</u>

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2010

	31 December 2011 \$	31 December 2010 \$
21 Reconciliation of cash flows from operating activities		
Cash flows from operating activities		
Surplus for the period	(857,715)	932,568
Adjustments for:		
Depreciation	41,753	42,504
Gain on sale of property, plant and equipment	(8,310)	-
Operating surplus before changes in working capital and provisions	(824,272)	975,072
Decrease in trade and other receivables	5,623	55,584
Increase/(decrease) in employee benefits	22,348	39,438
Increase/(decrease) in trade and other payables	1,766,764	1,162,470
Cash used in operations	1,797,735	1,257,492
Net cash from operating activities	970,463	2,232,564

22 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 35 Ordinary Members (of which 27 were individual members, 2 were corporate members and 6 were life members) of the Company at 31 December 2011.

23 Table of cash movements for designated purposes

Projects for which funds raised during the reporting period were more than 10% of the total income of \$9,809,666.

Project/purpose	Cash available at 1 January 2011	Cash raised during the period	Cash disbursed during the period	Cash available at 31 December 2011
AMENCA 2 program, oPt*	1,593,575	1,366,604	1,329,794	1,630,385
Aceh cocoa farmers, Indonesia	827,746	4,254,114	2,346,701	2,735,159
Total for other non-designated purposes	4,693,170	6,564,139	7,552,121	3,705,188
Total	7,114,491	12,184,857	11,228,616	8,070,732

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

Of the cash available at balance date for all other purposes of \$3,705,188 an amount of \$2,721,072 is committed to funding a specific project or to be used for a designated purpose.

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2011

24 Fundraising appeals conducted during the 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 \$2,364,167 (31 December 2010: \$3,221,883) includes amounts to be applied to meet the purpose and objective of specific appeals.

	Year ended 31 December 2011	Year ended 31 December 2010
	\$	\$
(c) Results of fundraising appeals		
Gross proceeds from fundraising appeals	3,445,293	4,433,960
Less: Direct fundraising costs	(1,489,704)	(1,053,701)
Net surplus - public fundraising appeals	1,955,589	3,380,259
Government, multilateral & corporate grants	5,780,659	6,221,333
Less: fundraising cost	(69,110)	(61,847)
Net surplus - govt, multilateral & corporate	5,711,549	6,159,486
Other income	364,301	506,724
Total revenue net of direct fundraising costs	8,031,439	10,046,469

(d) Application of net surplus obtained from fundraising appeals

Distributions	7,238,556	7,548,775
Fundraising costs – indirect	689,413	597,171
Administration expenses	961,185	967,955
Add: Non-distributed funds at end of the period	2,364,167	3,221,882
Less: Non-distributed funds at beginning of period	(3,221,882)	(2,289,314)
	8,031,439	10,046,469

(e) Fundraising conducted jointly with traders

During the year, ActionAid Australia engaged the services of five traders for the purposes of face-to-face fundraising and telephone appeals. Most of the donation income secured by the traders will be received and recognised in future periods and not in the period in which the cost of securing the income is incurred.

Revenue raised as a result of traders	993,665	780,212
Total payments to traders (excluding GST)	(1,017,009)	(674,870)
Net revenue raised	(23,344)	105,342

Notes to the financial statements

For the year ended 31 December 2011

24 Fundraising appeals conducted during the year (continued)

(f) Comparisons of certain monetary figures and percentages

	Year ended 31 December 2011		Year ended 31 December 2010	
	\$	%	\$	%
Direct cost of fundraising/ Gross income from fundraising	1,489,704/ 3,445,293	43	1,053,701/ 4,433,960	24
Net surplus from fundraising/ Gross income from fundraising	1,995,589/ 3,445,293	57	3,380,259/ 4,433,960	76
Total projects funded/ Total expenditure	7,238,556/ 10,447,968	69	7,548,775/ 10,229,449	74
Total projects funded/ Total income less transfer to reserves	7,238,556/ 9,466,740	76	7,548,775/ 10,660,503	71

25 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	Bill Armstrong AO	Sonia Zavesky
Tuong Quang Luu AO	Kevin Bailey (to 16 June 2011)	Nicola Davies
Megs Alston (from 16 Jun 2011)	Gordon Weiss (from 16 June 2011)	James Pyne
Susan Brennan (from 24 February 2011)	Dr Sekai Shand (to 15 February 2011)	

Executives

Archie Law	Chief Executive Officer
Greg Taylor	Chief Financial Officer (to 1 July 2011)
Palash Roy	Chief Financial Officer (from 1 July 2011)
Elizabeth Mann	General Manager, Human Resources (to 7 October 2011)
Morgane Daumarie	General Manager, Human Resources (from 4 October 2011)
Catherine Esposito	General Manager, International Programs
Helen Wright	General Manager, Fundraising & Communications (to 30 November 2011)
Lena Aahlby	General Manager, Campaigns (to 2 December 2011)
Maeva Freeman	Head of Fundraising (from 1 December 2011)
Mark Chenery	Head of Community Engagement (from 1 December 2011)

Transactions with key management personnel

The directors did not receive any remuneration or superannuation benefits during the period 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.

Below are the details of executive remuneration during the year ended 31 December 2011:

	Salary payments	Short Term Bonus	Non- monetary	Post Employment Superannuation	Total
Archie Law	167,500	-	15,372	15,075	197,947
Other executives	424,683	-	-	38,221	462,905
	592,183	-	15,372	53,296	660,852

Notes to the financial statements**For the year ended 31 December 2011****25 Key management personnel (continued)****Other transactions with the Company**

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

26 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:

		Carrying amount	
	Note	31 December 2011	31 December 2010
Cash and cash equivalents	14	8,070,732	7,114,491
		<u>8,070,732</u>	<u>7,114,491</u>

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

	Carrying amount	
	31 December 2011	31 December 2010
ActionAid International	-	12,152
	<u>-</u>	<u>12,152</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 31 December 2011 had been settled in full at the date of this report.

(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 \$6,382,376 (31 December 2010: \$4,600,926). This includes \$2,465,477 of Australian government grants not yet spent (31 December 2010: \$2,873,729) and \$3,647,777 of other grants not yet spent (31 December 2010: \$944,533). 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.

Notes to the financial statements

For the year ended 31 December 2011

26 Financial risk management (continued)

(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 Palestine and Indonesia.

The Company's exposure to foreign currency risk at balance date was as follows, based on notional amounts (in AUD). The currencies to which the Company was exposed at balance date (or at 31 December 2011) were United States Dollars (USD), Indonesian Rupiahs (IDR), and Israeli Shekels (ILS).

31 December 2011	USD	IDR	ILS
Cash and cash equivalents	1,721,396	2,825,502	25,226
Trade receivables		4,016	-
Trade payables	(35,490)	(8,883)	-
Net exposure	1,685,906	2,820,635	25,226

31 December 2010	USD	IDR	ILS
Cash and cash equivalents	928,696	816,953	6,662
Trade receivables	-		-
Trade payables	(22,418)	(5,088)	-
Net exposure	906,278	811,865	6,662

The following significant exchange rates applied at balance date:

31 December 2011	USD	IDR	ILS
Reporting date spot rate	1.0156	9,293	3.8747
31 December 2010	USD	IDR	ILS
Reporting date spot rate	1.0163	9,142	3.6125

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 31 December 2011 would have decreased (increased) the surplus for the period 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 31 December 2010.

31 December 2011	USD	IDR	ILS
Decrease (increase) to surplus	153,264	256,421	2,293
31 December 2010	USD	IDR	ILS
Decrease (increase) to surplus	82,389	73,806	606

A 10 percent weakening of the Australian dollar against the above currencies at 31 December 2011 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.

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2011

26 Financial risk management (continued)

(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 \$8,070,732 (31 December 2010: \$7,114,491) are subject to floating interest rates and fixed rates for periods not exceeding 90 days. The weighted average interest rate at balance date was 2.38% pa (31 December 2010: 4.2% pa). Of this amount \$4,572,200 (31 December 2010: \$937,786) was non-interest bearing.

Financial liabilities

Of the creditors and unacquitted grants of \$6,382,376 (31 December 2010: \$4,600,926), interest earned on \$2,465,477 (31 December 2010: \$2,873,729) 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.

A change of 100 basis points in interest rates at the reporting date would increase (decrease) per annum interest earned by the amounts shown below. The analysis is performed on the same basis for 31 December 2010.

	100bp increase	100bp decrease
	\$	\$
31 December 2011		
Cash and cash equivalents	219,940	(150,264)
31 December 2010		
Cash and cash equivalents	370,605	(243,310)

Fair values

The carrying amounts shown in the Statement of Financial Position 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
		\$	\$	\$	\$	\$	\$	\$
31 December 2011								
Cash and cash equivalents	14	2.38%	8,070,732	8,070,732	-	-	-	-
31 December 2010								
Cash and cash equivalents	14	4.2%	7,114,491	7,114,491	-	-	-	-

ActionAid Australia

Notes to the financial statements

For the year ended 31 December 2011

27 Subsequent events

After reporting date, the company entered into a commercial loan agreement for \$1,000,000 with a repayment period of 5 years. The purpose of the loan is to invest in face to face fundraising acquisition to increase the supporter base for the organisation.

Other than this commercial loan there has not arisen in the interval between the end of the 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

28 Related party transactions

The company entered in to following related party transaction with ActionAid International relating to fund transfer for sponsorship programs and fund received for fundraising investments. There has not been any fixed arrangement for the outstanding cash settlement.

	Year ended 31 December 2011	Year ended 31 December 2010
	\$	\$
ActionAid International (balance outstanding)	122,108	-

29 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

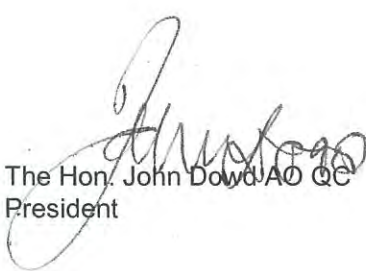
ActionAid Australia Director's Declaration

In the opinion of the directors of ActionAid Australia:

- (a) the financial statements and notes set out on pages 7 to 28 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 31 December 2011, 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 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 23rd day of April 2012

Signed in accordance with a resolution of the Directors:



The Hon. John Dowd AO QC
President



James Pyne
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 Statement of Comprehensive Income gives a true and fair view of all income and expenditure of ActionAid Australia with respect to fundraising appeal activities for the year ended 31 December 2011;
- 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 31 December 2011;
- 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 year ended 31 December 2011; 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 23rd day of April 2012

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to be 'Archie Law', written in a cursive style.

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) which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes 1 to 29 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those 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 of the financial report that gives a true and fair view 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, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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.



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

Independence

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

Auditor's opinion pursuant to the Corporations Act 2001

In our opinion the financial report of ActionAid Australia 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 31 December 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; 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 financial year ended 31 December 2011;
- b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2011 to 31 December 2011, 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 January 2011 to 31 December 2011 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and
- d) there are reasonable grounds to believe that ActionAid Australia will be able to pay its debts as and when they fall due.

KPMG

KPMG

Cameron Roan
Partner

Sydney

23 April 2012