

CBM AUSTRALIA

ABN 23 005 326 849



GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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CBM AUSTRALIA
A.B.N. 23 005 326 849
CHAIRMAN'S REPORT 2008

"Trust in the Lord with all your heart and lean not on your own understanding; in all your ways submit to him, and he will make your paths straight." Proverbs 3:5-6 (NIV)

In CBM's 100th year, CBM Australia passed a wonderful milestone. For the first time ever over \$20 million was expended on overseas development programs! Most importantly, it means more lives are changed as together we were able to do more! However, in the context of the current global financial crisis and our desire to continue to improve our services and reach more people, we are again reminded of our need to trust in the Lord, as Proverbs exhorts us.

In the first half of 2008 we were again humbled by the sustained levels of donations. However, donations were impacted in the last quarter of the year by the global economic downturn. Our supporters contributed over \$24 million to the work of CBM, including \$835,000 in donated medical equipment. Our expenditure on projects continues to grow with \$21.9 million spent on overseas projects during the year.

With the increase in overseas project payments and the decrease in donation income at the end of the year, CBM Australia recorded a deficit of \$3.8M. The increase in project support was funded from reserves accumulated during the years of strong income growth. CBM Australia continues to closely monitor income and expenditure to ensure we can meet our commitment to the world's poorest and marginalised people.

Project support continued for CBM's development initiatives helping people with disabilities. These include prevention, awareness raising, treatment, rehabilitation, education, training and other initiatives in furthering community inclusion for people with a disability. CBM continued to respond to community emergencies in Kenya, Myanmar and the Democratic Republic of Congo caused by famine, flood and conflict. Locally, CBM Australia has reaffirmed its commitment to ensuring persons with disabilities are part of the community and not excluded from it because of their disability. CBM Australia has established an Inclusive Development department that is working diligently to raise the awareness of disability in the Australian public, Government and non-government stakeholders and develop the capability of those involved in overseas development to incorporate disability in their programmes. As part of this, we are delighted to join in partnership with the Nossal Institute for Global Health at the University of Melbourne to develop world-class programs including training, research and technical advice on how to include people with a disability in development work.

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CHAIRMAN'S REPORT 2008

We are pleased that The Charitable Foundation has continued their partnership with CBM through three programs improving the lives of people with blindness and other disabilities in, Rwanda, Tanzania and Kenya. Likewise, I wish to record our appreciation to AUSAID for their significant continued partnership through providing funding (\$1.76 million) for our annual ANCP programs.

Our Second Chance Medical Equipment program shipped materials overseas valued at over \$370,000. Our talking book library service, which is delivered through Vision Australia Information Library Service (VAIS), continues to provide excellent service to over 1100 library users, enabling CBM to continue providing high quality Christian literature to Australians who have difficulty reading printed text. Our studio adds over 75 new titles a year to the audio library as well as regular magazines and devotionals, which combined total over 2100 talking books in VAIS.

Our voluntary Board continues to work tirelessly in directing CBM Australia and are pleased to see new members of the community taking an active role in leading our organisation. In May 2008 we welcomed Bill Austin to the board, although Bill had already been making a significant contribution as a guest on the Finance & Audit Committee during the previous 12 months. We would also like to say farewell to our good friend and colleague, Scott North, who retired in May 2008 after 20 years of faithful service.

Many contributed to our success in 2008 but it would be remiss of me if I did not record my sincere thanks and that of the Board to the management and staff of CBM, and to all the volunteers who work with us at CBM to grow our work. Their dedicated and tireless work is a perfect demonstration of Christ's love in action, enabling us to bring life changing opportunities to the many disadvantaged people with disabilities beyond our shores.

Finally, thank you to our donors for your support. We encourage your continued participation through prayer, service and financial support of our work.

Together we **can** do more.

Wolfgang Fischer
CHAIRMAN



CBM AUSTRALIA
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DIRECTORS' REPORT

The directors are pleased to present their report on CBM Australia ("CBM") for the year ended 31 December 2008.

BOARD DIRECTORS

The names of board directors in office at any time during or since the end of the year are:

David Lang	Melvin William (Bill) Austin (Appointed 12 May 2008)
Scott North (Retired 12 May 2008)	Peter Bickerton
Elizabeth Hamer	Wolfgang Fischer
Lawrence Horder	Wilma Zegelis

Board directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activity of CBM is the provision of development services for people with visual and other disabilities in Australia and overseas.

There was no significant change in the nature of the CBM's principal activity during the financial year.

OPERATING RESULTS

The net result of CBM for the year of operation ending on 31 December 2008 was a deficit of \$3,842,755. In 2007 it was a surplus of \$1,904,317. This was a result of lower than expected income in the last half of the year and the fulfilment of budgeted and additional project payments committed to earlier in 2008.

REVIEW OF OPERATIONS

CBM Australia has been able to improve and extend its services to people with a disability in many developing countries and in Australia. These services include medical, educational, rehabilitation and community outreach programs in 177 projects in over 40 countries and regions. In Australia, CBM continues to contribute the Christian content to the national talking book service facilitated by Vision Australia.

CBM is also playing a significant leadership role in inclusive development to promote, advocate, increase awareness and develop capacity with the Australian public and NGO's in disability and development. This includes providing the secretariat for the Australian Disability and Development Consortium, partnership with the Nossal Institute of Public Health (University of Melbourne) for training and research and engaging a Church Disability Access officer to support Australian churches in being disability inclusive.

In 2008, CBM also responded to disasters in Burma, Kenya, Bangladesh, Democratic Republic of Congo, Rwanda and India, providing emergency assistance.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs for the year ended 31 December 2008.

AFTER BALANCE DATE EVENTS

A significant bequest has been advised to CBM Australia in 2008. It is expected to be settled, in part, in early 2009, with additional proceeds also anticipated over the next 2 years. We are extremely grateful for the generous support of so many donors who leave a gift to CBM Australia in their will.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of CBM, the results of those operations, or the state of affairs of CBM in future financial years.

INFORMATION ON BOARD DIRECTORS

INFORMATION ON DIRECTORS

Melvin William (Bill) Austin

- Qualifications
- Leeds University, 1973
 - MSc, DIC Engineering Rock Mechanics, Imperial College, London University 1981
 - Fellow of the Institution of Engineers, Australia, Member of the Institution of Civil Engineers, UK
 - Fellow of the Australian Institution of Company of Directors
- Experience
- Board Member since May 2008
- Special Responsibilities
- Director of Halcrow Pacific Pty Limited since 1993
 - Member of the Finance and Audit Committee and Future Views Committee

Peter Bickerton

- Qualifications
- Bachelor of Applied Science (Built Environment)
 - Graduate Diploma in Architecture, Fellow of the Australian Institute of Architects, Registered and General House Builder
- Experience
- Board member since 1996. Director of Bickerton Masters Architecture since 1997
- Special Responsibilities
- Member of the Board Development and Personnel Committee

Wolfgang Fischer

- Qualifications
- Bachelor of Science (Honours)
- Experience
- Board member since 1994, Chairman since 1998, Managing Director of several private companies
- Special Responsibilities
- Chairman of Board: CBM e.V, Member of the CBM e.V. Audit & Finance Committee and Personnel Committee, Chair of the CBM e.V. Board Nomination Committee
 - Chairman of Board: CBMI, Member of the CBMI Audit & Finance Committee and Personnel Committee
 - Chairman of Board: CBM Australia. Chair of the Finance and Audit Committee and Member of the Board Development and Personnel Committee. (Mr Fischer is to retire May2009.)

Elizabeth Hamer

- Qualifications
- Bachelor of Dental Science
 - Member of the Australian Dental Association
 - Member of AICD
- Experience
- Board Member since 1999. Director of two private companies
- Special Responsibilities
- Member of the Board Development and Personnel Committee and the International Programs / Inclusive Development Committee
 - CBM Australia Board Chairperson elect (from May 2009).

Lawrence Horder

- Qualifications
- Bachelor of Arts, Major Psychology
- Experience
- Organisation Change Specialist ANZ Cadbury PLC
- Special Responsibilities
- Board member since 2006
 - Chair of the Board Development and Personnel Committee

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DIRECTORS' REPORT

David Lang

Qualifications

- Airline Pilot
- Registered Building Practitioner

Experience

- Board member since 2000

Special Responsibilities

- Chair of the International Programs / Inclusive Development Committee and Chair of the Future Views Committee

Scott North

Qualifications

- Certified Financial Planner, Accredited Mortgage Consultant

Experience

- Board Member since 1983. Company Secretary from 1989 to 2004.

Deputy Chairman CBM Board (Retired May, 2008)

Managing Director of Scott North Pty Ltd trading as Rathdowne Financial Management

Member of Christ Church Vestry

Private Pilot

Special Responsibilities

- Member of the International Programs Committees. Internal Audit Assistant to the Finance Committee. Pastoral Care Leader (Retired May, 2008)

Wilma Zegelis

Qualifications

- Bachelor of Ministries, Master of Arts (Theology)
Baptist Pastor

Experience

- Board member since 2006

Special Responsibilities

- Member of International Programs / Inclusive Development Committee and Future Views Committee
- CBM Assembly Delegate 2008

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DIRECTORS' REPORT

MEETINGS OF DIRECTORS

During the calendar year, 16 meetings of directors (including committees) were held. Attendances were:

	Board		Finance & Audit Committee		Board Development & Personnel Committee		International Programs / Inclusive Development Committee		Future Views Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Bill Austin**	2	2	2	2					1	1
Peter Bickerton	4	4			3	3				
Wolfgang Fischer	4	4	5	5	3	3				
Elizabeth Hamer ***	4	3			2	2	2	2	1	1
Lawrence Horder	4	3								
David Lang ***	4	4			1	1	2	2	1	1
Scott North *	2	2								
Wilma Zegelis	4	4					2	1	2	2

* Scott North retired from the Board on 12 May, 2008

** Bill Austin elected to the Board on 12 May, 2008

*** David Lang resigned from the Board Development & Personnel Committee in May, 2008

*** Elizabeth Hamer re-joined the Board Development & Personnel Committee in May, 2008

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DIRECTORS' REPORT

DIVIDENDS AND OPTIONS

The company is precluded from the declaration or payment of dividends by its Constitution. Any accumulated reserves remaining on winding up the company are to be distributed to like not for profit organisations. The company is a company limited by guarantee and as such cannot issue options.

LIKELY DEVELOPMENTS

The board do not have any future plans to change the operations of the company that will materially effect the financial statements that have not already been disclosed. However, the ongoing impacts of the current global economic conditions are being regularly monitored by the board and management in accordance with CBM Australia's risk management practices. The board has developed contingency plans for material drops in donation income, issues arising out of project payments and commitments and monitoring of investments.

ENVIRONMENTAL ISSUES

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

INDEMNIFYING OFFICERS

During or since the end of the financial year CBM has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

CBM Australia has paid a premium to insure each of the board directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of board director or officer of CBM, other than conduct involving a wilful breach of duty in relation to CBM. The total amount of the premium was \$16,872.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of CBM Australia or intervene in any proceedings to which CBM is a party for the purpose of taking responsibility on behalf of CBM for all or any part of those proceedings.

CBM Australia was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

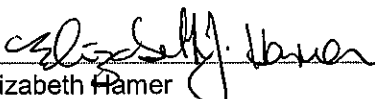
Signed in accordance with a resolution of the Board of Directors.

Director



Wolfgang Fischer

Director



Elizabeth Hamer

Dated this

16th

day of

March

2009.

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CBM AUSTRALIA**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2008, 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.

SAWARD DAWSON
Chartered Accountants



Partner: Tim Flowers

Date: 16 March 2009

Blackburn, Victoria



**CHARTERED
ACCOUNTANTS**

20 Albert Street / PO Box 256

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PRINCIPALS: Bruce Saward FCA Cliff Dawson FCA
Peter Shields CA Tim Flowers CA ASSOCIATE: Cathy Braun CA
Liability limited by a scheme approved under
Professional Standards Legislation
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Member of Russell
Bedford International

CBM AUSTRALIA
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INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 \$	2007 \$
REVENUE			
Donations & gifts - monetary & non-monetary		23,130,351	23,716,857
Legacies & bequests		2,223,165	1,950,406
Grants received			
- AusAID		1,761,487	2,381,359
- Office of disability, dept of family & community services		21,059	13,723
Investment income		916,416	1,276,112
Rental income		0	144,439
Other Income		60,731	38,528
Total revenue	2	<u>28,113,209</u>	<u>29,521,424</u>
EXPENSES			
Overseas projects			
- Funds to overseas projects		20,439,717	17,394,948
- Gifts in kind		400,967	1,334,545
- Other project costs		1,121,097	991,277
Domestic projects			
- Audio library		420,855	337,080
- Aborigines Welfare Fund		124,131	82,957
Community education		1,286,580	911,761
Fundraising costs			
- Public		4,121,946	3,170,386
- Government multilateral and private		70,534	27,942
Administration		3,970,137	3,366,211
Total expenses	3	<u>31,955,964</u>	<u>27,617,107</u>
Surplus/(Deficit) from Operating Activities		<u>(3,842,755)</u>	<u>1,904,317</u>

The accompanying notes form part of these financial statements.

CBM AUSTRALIA
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BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	7	5,773,874	6,573,314
Trade and other receivables	8	907,238	335,138
Inventories	9	641,695	186,803
Financial assets	10	6,341,085	11,192,624
Other current assets	11	0	120,518
Total current assets		<u>13,663,892</u>	<u>18,408,397</u>
NON-CURRENT ASSETS			
Property, plant and equipment	12	6,085,395	5,738,884
Total non-current assets		<u>6,085,395</u>	<u>5,738,884</u>
Total assets		<u>19,749,287</u>	<u>24,147,281</u>
CURRENT LIABILITIES			
Trade and other payables	13	2,702,345	1,585,052
Other current liabilities	11	110,840	0
Short term provisions	14	798,004	633,429
Total current liabilities		<u>3,611,189</u>	<u>2,218,481</u>
NON-CURRENT LIABILITIES			
Long term provisions	14	78,535	74,793
Total non-current liabilities		<u>78,535</u>	<u>74,793</u>
Total liabilities		<u>3,689,724</u>	<u>2,293,274</u>
Net assets		<u>16,059,563</u>	<u>21,854,007</u>
EQUITY			
Perpetual trusts		162,000	162,000
Financial assets reserve		(2,624,900)	(673,210)
Bequest reserve		1,572,971	1,547,867
General reserve		3,673,499	4,648,041
Committed funds reserve	15	13,275,993	16,169,309
Retained surplus		0	0
Total equity		<u>16,059,563</u>	<u>21,854,007</u>

The accompanying notes form part of these financial statements.

CBM AUSTRALIA
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Retained Surplus	Committed Funds Reserve	Bequest Reserve
		\$	\$	\$
Balance at 1 January 2007		-	15,269,500	1,239,800
Excess of revenue over expenses		1,904,317		
Transfers to and from reserves				
- committed funds reserve		(899,809)	899,809	
- bequest reserve		(308,067)		308,067
- general reserve		(696,441)		
- perpetual trusts				
Balance at 1 January 2008		-	<u>16,169,309</u>	<u>1,547,867</u>
Excess of revenue over expenses		(3,842,755)		
Transfers to and from reserves				
- committed funds reserve		2,893,316	(2,893,316)	
- bequest reserve		(25,104)		25,104
- general reserve		974,543		
- perpetual trusts				
Balance at 31 December 2008		-	<u>13,275,993</u>	<u>1,572,971</u>

	General Reserve	Financial Assets Reserve	Perpetual Trusts	Total
	\$	\$	\$	\$
Balance at 1 January 2007	3,951,600	115,937	162,000	20,738,837
Excess of revenue over expenses				1,904,317
Transfers to and from reserves				-
- committed funds reserve				-
- bequest reserve				-
- general reserve	696,441			-
- perpetual trusts				-
Revaluation increment/(decrement)		(789,147)		(789,147)
Balance at 1 January 2008	<u>4,648,041</u>	<u>(673,210)</u>	<u>162,000</u>	<u>21,854,007</u>
Excess of revenue over expenses				(3,842,755)
Transfers to and from reserves				-
- committed funds reserve				-
- bequest reserve				-
- general reserve	(974,542)			-
- perpetual trusts				-
Revaluation increment/(decrement)		(1,951,690)		(1,951,690)
Balance at 31 December 2008	<u>3,673,499</u>	<u>(2,624,900)</u>	<u>162,000</u>	<u>16,059,563</u>

The accompanying notes form part of these financial statements.

CBM AUSTRALIA
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CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts</i>			
Donations		22,131,003	22,967,023
Receipts from appropriations/grants		2,223,165	2,510,072
Bequests		2,841,417	1,950,406
Other		205,945	82,012
<i>Payments</i>			
Wages and salaries		(4,148,503)	(3,763,696)
Suppliers		(5,355,706)	(2,810,719)
Payments to overseas projects		(21,730,423)	(19,879,871)
Other		-	-
<i>Net cash provided by (used in) operating activities</i>	6	<u>(3,833,102)</u>	<u>1,055,227</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of plant and equip.		(765,665)	(582,722)
Proceeds from sale of plant and equipment		43,162	1,874,135
Interest & Investment Income received		306,273	922,465
Proceeds from sale investments		7,094,024	-
Purchase of investments		(3,644,132)	(12,076,999)
Other		-	83,701
<i>Net cash provided by (used in) investing activities</i>		<u>3,033,662</u>	<u>(9,779,420)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	(25,681)
<i>Net cash provided by (used in) financing activities</i>		<u>-</u>	<u>(25,681)</u>
Net increase (decrease) in cash held		(799,440)	(8,749,874)
Cash at the beginning of the year		6,573,314	15,323,188
CASH AT END OF YEAR	7	<u><u>5,773,874</u></u>	<u><u>6,573,314</u></u>

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the company CBM Australia, a company limited by guarantee, incorporated and domiciled in Australia.

The financial report of CBM Australia complies with all Australian equivalents to International Financial Reporting Standards (IFRS) to the extent applicable.

The following is a summary of the material accounting policies adopted by CBM in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Income Tax

The income of CBM is exempt from income tax under current legislation. No provision for tax has been made for the year ended 31 December 2008.

CBM has Australian Tax Office endorsement as a charity with public benevolent institution status. It operates the CBMI Audio Library, the CBMI (Australia) Overseas Development Fund and the CBMI Aborigines Welfare Fund, donations to any of which are tax deductible. CBM Australia is also the trustee for the CBMI Eternal Giving Gift Fund, which is also a Designated Gift Recipient fund.

b. Inventories

Gifts In Kind (GIK) inventory consists of material donated for distribution to overseas projects. Inventory is measured at the lower of current replacement cost and net realisable value. For fundraising purposes, the CBM Australia Gifts in Kind program is known as Second Chance Medical Equipment (SCME).

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant, equipment and motor vehicles are measured on the cost basis less depreciation and impairment losses.

Land and buildings are measured on the cost basis less depreciation and impairment losses.

The carrying amount of all assets is reviewed annually by directors to ensure that it is not in excess of the recoverable amount from these assets.

The depreciable amount of all fixed assets including buildings is depreciated on a straight line basis over their useful lives to CBM commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Plant, equipment and motor vehicles.	From 12.5% to 33.33%
Buildings (inc. improvements)	3.33%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to CBM are classified as finance leases. CBM Australia does not have any material finance leases.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

e. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available for sale financial assets

Available-for-sale financial assets include any financial assets not included in the above category. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to the Financial Assets Reserve.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments.

Impairment

At each reporting date, CBM assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Our advice from our fund managers, GSJB Were, is that the decline in current investment values is not a permanent reduction in values and, as such, the current market decline is reflected in the Asset Revaluation Reserve (refer Note 1m). On this basis, no financial instruments were impaired at 31 December 2008.

f. Impairment of Assets

At each reporting date, the directors review the carrying values of assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

No impaired assets were identified at 31 December 2008.

g. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the entity is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Exchange differences arising on the translation of monetary items are recognised in the income statement. However, for international project payments, CBM Australia makes a commitment in Australian dollars only and the exchange variation risk is assumed by CBMeV in Germany, who facilitate all project payments in Euro, USD and other functional currencies. For internal management purposes, CBM Australia records exchange variation in internal accounts as the difference between the budget rate that the AUD commitment was made for the current year's expenditure and the actual rate the funds were converted into Euro by CBMeV. This enables CBM Australia to monitor transfers against the original project pledge in AUD.

h. Employee Benefits

Provision is made for CBM's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated cash flows based on the probability of those cash flows occurring.

Contributions are made by CBM to employee superannuation funds and are charged as expenses when incurred.

i. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments (including term deposits) able to be readily convertible to known amounts of cash with minimal risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet. The directors have deemed long-term term deposits to be cash and cash equivalents as they can be withdrawn at short notice with minimal interest penalty.

j. Revenue

Donations are recognised when received.

Bequest donations are recognised when the funds are received. CBM Australia has a number of bequests notifications at any point in time, but the exact amount of the bequest usually is not known until the bequest distribution is actually received. In accordance with AASB 7, the exception is when CBM Australia is advised of a specific measurable amount and can establish that probate has been granted and the Estate will not be contested.

Government grants are recognised as income when invoiced to the extent that amounts invoiced relate to the year of income. Where funds relate to future years' activities and there is an obligation to repay those funds if not they are spent for the approved purpose then such funds are recognised as a liability until they are expended.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Investment revenue is recognised through the year when distributions are advised by fund managers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Donations of Gifts in Kind are recognised as income based on a valuation upon the receipt of the goods.

- k. Overseas project payments**
Because most CBM Australia overseas projects involve medium to long term arrangements with partner organisations, CBM budgets for payments to overseas projects up to 20 months in advance. The expected level of contribution is based on forecast income levels for the current year, given the difficulty of being able to predict future years' patterns of donations.
Consequently, for internal management purposes, a key performance ratio is the proportion of current year project payments to prior year income.
- l. Perpetual Trust Reserve**
A number of perpetual trusts have been established with CBM Australia as trustee, the income of which is donated to CBM. This reserve reflects the capital available in the perpetual trusts.
- m. Financial Assets Reserve**
The Financial Assets Reserve exists to recognise the unrealised movement in market value of financial assets as at year end.
- n. Committed Funds Reserve**
The Board of CBM has established a policy of raising the level of the Committed Funds Reserve to the value of the expected payments for overseas projects in the following year. This policy is seen as a prudent means of minimising impacts of variations in levels of donations on planned project activity (generally medium to long term in nature).
For 2008, the Reserve balance has been reduced, reflecting the use of committed funds reserves for 2008 project payments.
- o. Bequest Reserve**
The Bequest Reserve has been created to preserve value in CBM to meet unforeseen circumstances. The account balance represents the average value of bequests for the last four years.
- p. General Reserve**
The General Reserve was created for the purpose of preserving funds in the organisation for income generation activities in support of administrative functions. Additions each year are made from non donation income.
- q. Goods and Services Tax (GST)**
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.
Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.
- r. Comparative Figures**
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.
- s. Critical accounting estimates and judgments**
The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within CBM.

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Key estimates — Impairment

CBM assesses impairment at each reporting date by evaluating conditions specific to CBM that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of any assets for the year ended 31 December 2008.

Key judgments — Doubtful debts provision

A review was conducted of accounts receivable at 31 December 2008 which determined that all debts were recoverable in full. Consequently, no provision for debtor impairment has been made at 31 December 2008.

Key judgments — Income in advance / unexpended grants

Grants received in advance represents 2008/09 ANCP funds received from AusAID but unspent at the end of the financial year. Under the terms of the contract in place with AusAID, such funds are to be returned if they are not spent. The directors believe that this represents a liability and has been recorded as such as at 31 December 2008.

NOTE 2: REVENUE	2008	2007
	\$	\$
Operating activities		
Donations	22,228,254	22,985,575
Bequests	2,223,165	1,950,406
Interest revenue from other entities	199,426	583,112
Investment Income	716,990	692,999
Government grants received	1,782,546	2,395,082
Gifts in Kind	902,097	731,283
Other revenue	60,731	38,528
	<u>28,113,209</u>	<u>29,376,985</u>
Non-operating activities		
Rental Income	0	144,439
	<u>0</u>	<u>144,439</u>
	<u>28,113,209</u>	<u>29,521,424</u>

NOTE 3: EXCESS OF REVENUE OVER EXPENSES FROM ORDINARY ACTIVITIES

Included in Total Expenses are the following items:

	2008	2007
	\$	\$
Expenses:		
Rental expenses on operating leases	23,739	91,701
Loss on Sale of Property Plant & Equipment	19,913	30,494
Depreciation	356,079	285,858

Significant Revenue and Expenses:

There were no significant revenue or expense items or write offs requiring further explanation.

Foreign Currency Gains and losses are not recorded as exchange rate risk is assumed by CBMeV, Germany. Refer Note 1.g.

Lease expired on 30 Rutland Rd October 2007. Rental in 2008 is for SCME Warehouse only.

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel

2007

John Jeffries (Chief Executive Officer)

Andrew Kay (Supporter Partnerships Director) (Appointed April 2007)

David Lewis (International Field Director)

Stephen Lockrey (Operations Director and Company Secretary)

Ron Pitcher (Human Resources Director)

2008

John Jeffries (Chief Executive Officer)

Andrew Kay (Supporter Partnerships Director) (Resigned 27 October 2008)

David Lewis (International Field Director)

Stephen Lockrey (Operations Director and Company Secretary)

Ron Pitcher (Human Resources Director)

Kirsty Thompson (Inclusive Development Director) (Appointed 1 July 2008)

Heath McSolvin (Supporter Partnerships Director) (Appointed 6 November 2008)

	Gross Salaries	Super-annuation	Long Service Entitlements (Accrued in 2008)	Total
	\$	\$	\$	\$
2008				
Total compensation	665,279	155,396	18,875	839,550
2007				
Total compensation	557,686	134,144	12,277	704,107

No key management personnel (management director) of CBM Australia has received, or has become entitled to receive, a benefit or remuneration benefit because of a contract that the management director, or a firm of which the management director is a member, or an entity in which the management director has a substantial financial interest, has made with CBM Australia during the year ended 31 December 2008 or at any other time.

NOTE 5: AUDITORS' REMUNERATION

	2008	2007
	\$	\$
Remuneration of the auditor of CBM for:		
— auditing or reviewing the financial report	14,075	13,000
— assistance with financial statement preparation	5,345	4,099
— auditing or reviewing of other regulatory reports	2,875	1,750

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NOTE 6: RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO OPERATING RESULT

	2008	2007
	\$	\$
Operating result	(3,842,755)	1,904,317
<i>Non cash items in profit</i>		
Depreciation & amortisation	356,079	285,858
Loss (Profit) on disposal of investments	125,454	(95,516)
Loss (Profit) on sale of plant and equipment	19,913	56,152
Reinvested investment income	(675,496)	(552,621)
Interest earned classified as investing	(306,273)	(922,465)
<i>Changes in assets and liabilities</i>		
Increase in trade creditors	58,422	(1,811)
Increase in other current liabilities	1,058,871	(291,443)
Increase in employee provisions	168,317	53,329
Increase/(Decrease) in current receivables	(572,100)	118,832
Movement in current inventories	(454,892)	653,215
Movement in other current assets	231,358	(152,620)
<i>Net cash used in operating activities</i>	<u>(3,833,102)</u>	<u>1,055,227</u>

NOTE 7: CASH & CASH EQUIVALENTS

	2008	2007
	\$	\$
Cash at bank and in hand	4,873,205	4,569,135
Short-term bank deposits	900,669	2,004,179
	<u>5,773,874</u>	<u>6,573,314</u>

The short-term deposits can be withdrawn at short notice with minimal interest penalty. The effective interest rate on short-term bank deposits was 5.89% (2007 was 7.06%).

NOTE 8: RECEIVABLES

	2008	2007
	\$	\$
CURRENT		
Trade receivables	40,272	53,688
Accrued interest	58,057	123,409
Bequest Receivable	576,800	0
GST & Imputation Credits Receivable	232,109	158,041
	<u>907,238</u>	<u>335,138</u>

Receivables include a bequest of shares confirmed to CBM Australia on 24th December 2008. For additional information, refer Note 20: Subsequent Events.

There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected that these balances will be received when due.

NOTE 9: INVENTORIES

	2008	2007
	\$	\$
CURRENT		
Inventories at current replacement value	641,695	186,803
	641,695	186,803

Large donations of glasses and frames were made in 2008. It is expected CBM Australia will distribute these donations during the course of 2009.

NOTE 10: FINANCIAL ASSETS

	2008	2007
	\$	\$
Listed Investments, at market value		
Units held in Managed funds	104,112	408,912
Unlisted Investments, at market value		
Units held in Managed funds	6,236,973	10,783,712
	6,341,085	11,192,624

The change in market values of investments reflects the redemption of some investments to fund project commitments and the decrease in market values (Note 1.e,m – Asset Revaluation reserve).

NOTE 11: OTHER CURRENT LIABILITIES & ASSETS

Other current assets / (liabilities) comprise Project Advances which represent funds advanced to CBMeV (Germany) to meet project commitments which have not yet been spent. Funds are kept in a separate Deutsche Bank trust account.

As at 31 December 2008, the account was overdrawn, representing an obligation to repay CBMeV. This is recorded as a current liability and was repaid on 4th January 2009. As at 31 December 2007, the account contained a positive funds balance.

	2008	2007
	\$	\$
Prepaid project advances	-	120,518
Project advances accrued	(110,840)	-
	(110,840)	120,518

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NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	2008	2007
	\$	\$
Plant, equipment and motor vehicles		
Cost	1,086,031	1,086,335
Accumulated depreciation	(600,430)	(776,116)
	485,601	310,219
 Land and buildings		
Cost	6,316,840	5,961,756
Accumulated depreciation	(717,046)	(533,091)
	5,599,794	5,428,665
 TOTAL	6,085,395	5,738,884

(a) Movements in Carrying Amounts - 2008	Freehold land	Buildings	Plant, Equipment and Motor Vehicles	Total
Balance at 1 January 2008	1,084,280	4,344,385	310,219	5,738,884
Additions	0	355,085	390,515	745,600
Disposals	0	0	(43,010)	(43,010)
Depreciation expense	0	(183,955)	(171,124)	(356,079)
Carrying amount at the end of the year	1,084,280	4,515,514	485,601	6,085,395
Movements in Carrying Amounts - 2007	Freehold land	Buildings	Plant, Equipment and Motor Vehicles	Total
Balance at 1 January 2007	1,084,280	4,168,467	329,126	5,581,873
Additions	-	357,614	225,258	582,872
Disposals	-	(15,204)	(124,799)	(140,003)
Depreciation expense	-	(166,492)	(119,366)	(285,858)
Carrying amount at the end of the year	1,084,280	4,344,385	310,219	5,738,884

NOTE 13: TRADE & OTHER PAYABLES

	2008	2007
	\$	\$
CURRENT		
Trade payables	359,679	301,257
Unsecured liabilities	160,500	160,500
Grants received in advance	2,182,166	1,123,295
	2,702,345	1,585,052

Grants received in advance represents 2008/09 ANCP funds received from AusAID but unspent at the end of the financial year. Under the terms of the contract in place with AusAID, such funds are to be returned if not spent. According to current project expenditure plans, it is expected that the funds will be fully utilised in the first half of 2009.

Unsecured liabilities are interest free loans from donors, repayable at call.

NOTE 14: PROVISIONS

	2008	2007
	\$	\$
Employee entitlements		
Opening balance	708,222	654,892
Additional provisions raised during year	449,937	356,020
Amounts used	(281,620)	(302,690)
Closing balance	876,539	708,222
Analysis of total provisions		
Current	798,004	633,429
Non-current	78,535	74,793
	876,539	708,222
Employee numbers		
Part time	28	29
Full time	53	46
	81	75

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria for employee benefits have been included in Note 1.

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NOTE 15: COMMITTED FUNDS

Committed Funds	2008	2007
	\$	\$
Committed Funds - General	10,702,335	11,632,816
Committed Funds - Iraq	10,280	10,280
Committed Funds - Tsunami	0	337,124
Committed Funds – Womens' Health	1,944,734	1,951,223
Committed Funds – Other Emergencies	618,643	2,237,866
	<u>13,275,993</u>	<u>16,169,309</u>
 MOVEMENTS DURING THE YEAR		
Opening balance	16,169,309	15,269,500
Transferred from retained earnings	(2,893,316)	899,809
Net movement during year	<u>(2,893,316)</u>	<u>899,809</u>
Closing balance	<u>13,275,993</u>	<u>16,169,309</u>

The committed funds reserve has been created to minimise the impacts of variations in the levels of donations on planned project activity (generally medium to long term in nature). It is intended that the level of reserves be set at the amount of expected direct project expenditure on overseas projects in the following year.

NOTE 16: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Non cancellable operating leases contracted for but not capitalised in the financial statements.

	2008	2007
	\$	\$
Payable –minimum lease payments		
- not later than 12 months	1,985	22,855
- between 12 months and 5 years	0	1,905
- greater than 5 years	0	0
	<u>1,985</u>	<u>24,760</u>

The property lease for 35 Lusher Road, Croydon is a non-cancellable lease of 12 months concluding in January 2009. The lease does not include an automatic right to sub-let and will continue in 2009 based on monthly rental payments only.

NOTE 17: FINANCIAL INSTRUMENTS

a. Financial Risk Management

CBM's financial instruments consist mainly of cash, short term bank deposits, investments in managed funds, accounts receivable and payable, advances for project payments, grants in advance, interest free loans from supporters and operating leases.

The purpose of financial instruments is to maintain the value of reserves for future project commitments with any surpluses used to offset administration and fund raising costs.

CBM does not have any derivative instruments at 31 December 2008.

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk. Risks are managed on a day to day basis by the Operations Director and the Accountant operating within guidelines determined by the Finance Committee of the Board and with advice from GSJBWere who manage CBM Australia's investment fund portfolio. The Finance Committee reviews the guidelines at its meetings as well as reviewing specific investments and performance through regular reporting and direct advice from GSJBWere.

Interest rate risk

CBM does not have any interest bearing liabilities. There is no plan to change the current practice.

Foreign currency risk

The vast majority of overseas project payments are budgeted and remitted in Australian dollars. Risks associated with any change in purchasing power due to fluctuations in foreign currencies are managed by our overseas associate CMBBeV, a German resident entity that administers projects on behalf on the independent CBM national associations. A small number of overseas payments are made in foreign currency, but based on an Australian Dollar budget. As a result, CBM has minimal exposure to fluctuations in foreign currencies.

Liquidity risk

CBM manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained. The Board has adopted the policy of raising the level of available funds to the point where cash on hand and investments at the end of a financial year provide for expected project expenditure for the next financial year. In 2008, CBM used some of the investment resources and reserves, generated during previous high growth years, to fund project commitments. This practice may continue in 2009.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit exposure to any single receivable or group of receivables under financial instruments entered into by the company.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

b. Interest rate risk exposure

CBM's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

	Note	Fixed interest maturing in:				Non interest bearing	Total \$
		Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$		
2008							
Financial Assets							
Cash assets	7		5,773,874				5,773,874
Receivables	8					907,238	907,238
Investments	10					6,341,085	6,341,085
Other Current Financial Assets	11						
		0	5,773,874	0	0	7,248,323	13,022,197
Weighted average interest rate			5.89%				
Financial Liabilities							
Trade creditors	13					359,679	359,679
Interest free loans	13					160,500	160,500
Grants In Advance	13					2,182,166	2,182,166
Other Current Financial Liabilities	11					110,840	110,840
		0	0	0	0	2,813,185	2,813,185
2007							
Financial Assets							
Cash assets	7		6,573,314				6,573,314
Receivables	8					335,138	335,138
Investments	10					11,192,624	11,192,624
Other Current Financial Assets	11					120,518	120,518
			7,028,970	0	0	11,648,280	18,221,594
Weighted average interest rate			7.06%				
Financial Liabilities							
Trade creditors	13					301,257	301,257
Interest free loans	13					160,500	160,500
Grants In Advance	13					1,123,295	1,123,295
		0	0	0	0	1,585,052	1,585,052

Trade and Sundry payable expected to be paid within the next six months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The net fair values of listed investments have been valued at the quoted redeemable value at balance date adjusted for transaction costs expected to be incurred. For other assets and liabilities the net fair value approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2008		2007	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets				
Available for sale financial assets at fair value	6,341,085	6,341,085	11,192,624	11,192,624

Available-for-sale financial assets are measured at fair value, reflecting current market value at 31 December 2008. For other financial assets and liabilities, measured at amortised cost, the nature and timing of future cash flows was reviewed and no material differences existed between carrying value and net fair value. No discounting was performed.

Sensitivity Analysis

CBM Australia has performed a sensitivity analysis relating to interest rate risk at balance date.

This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 31 December 2008, the effect on the surplus/(deficit) and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2008	2007
	\$	\$
<i>Change in Surplus / (Deficit)</i>		
- Increase in interest rate by 2%	115,477	131,466
- Decrease in interest rate by 2%	(115,477)	(131,466)
<i>Change in Equity</i>		
- Increase in interest rate by 2%	115,477	131,466
- Decrease in interest rate by 2%	(115,477)	(131,466)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 18: INTANGIBLE INCOME

Resources received in the form of voluntary help or beneficial loan arrangements, are not included in the financial statements. Nevertheless the directors recognise and appreciate the value to CBM Australia of services voluntarily given by corporations, groups and individuals.

In 2008, a number of people volunteered their time to help in CBM's international development and domestic programs as well as administration support. In 2008, volunteer hours exceeded 880 days. The value placed on the hours volunteered by these people has been calculated, according to the requirements of the Non Government Organisations Package of Information, to be \$120,014. This contribution has not been recognised in the income statement.

NOTE 19: TRUST FUNDS

CBM Australia holds three sums of money in Trust from which income is derived and distributed to CBM. The balance of these funds at 31 December 2008 and the distributions in 2008 are as follows:

	2008	2007
	\$	\$
P & A Favaloro Charitable Trust – Held on deposit with ESANDA Investments	40,000	40,000
Distribution (24/03/2008) paid interest of 6.65% p.a.	2,667	2,280
Doug Sandell Trust – Held on deposit with ESANDA Investments	112,000	112,000
Distribution (24/03/2008) paid interest of 6.65% p.a.	7,468	6,384
Warren Trust – Held on deposit with ESANDA Investments	10,000	10,000
Distribution (17/03/2008) paid interest of 6.40% p.a.	640	555

NOTE 20: SUBSEQUENT EVENTS

A significant bequest was gifted to CBM Australia during 2008. It is expected to be settled, in part, in early 2009, with additional proceeds also anticipated over the next 2 years. Some of the proceeds have been recorded as income for 2008 based on the confirmation from the executors that CBM will receive a parcel of shares as partial settlement of the estate. A transfer form was received for these shares on 24th December 2008 and a market valuation of \$576,800 was based on this date. Refer Note 8 Receivables.

NOTE 21: CHANGE IN ACCOUNTING POLICY

The following Australian Accounting Standards issued or amended which are applicable to CBM Australia but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	AASB Standard Affected	Nature of Change in Accounting Policy and Impact	Application Date of the Standard	Application Date for the Company
AASB 2007-6 Amendments to Australian Accounting Standards	Amendments to Australian Accounting Standard – [AASB 1, 101, 107, 111, 116, 138]	The revised AASB 123: Borrowing costs issued June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact on the amounts included in the company's financials as the company already capitalises borrowing costs related to qualifying assets.	1 January 2009	1 January 2009
AASB 123: Borrowing costs	AASB 123: Borrowing costs	As above	1 January 2009	1 January 2009
AASB 2007-8 Amendment to Australian Accounting Standards	AASB 101: Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of recognised income and expenditure.	1 January 2009	1 January 2009
AASB 101: Presentation of Financial Statements	AASB 101: Presentation of Financial Statements	As above	1 January 2009	1 January 2009
AASB 1004: Contributions	AASB 1004: Contributions	The revised AASB 1004: Contributions has been based on the review of the requirements of AAS 27: Financial Reporting by Local Governments, AAS 29: Financial Reporting by Governments. Specific considerations have been made in relation to Contributions, Liabilities Assumed by Other Entities, Government Department Disclosures relating to Revenue, Restructures of Administrative Arrangements and Compliance with Parliamentary Appropriations and Other Externally-Imposed Requirements by Government Department, to ensure that these are appropriately addressed in AASB 1004. It is not expected that the revisions to AASB 1004 will result in a material change and measurement policies of CBM.	1 January 2009	1 January 2009

All other pending Standards issued between the previous financial report and the current reporting date have no application to CBM Australia.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 22: INFORMATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991

Following changes in NSW legislation, the following information is no longer required, however, CBM Australia believes the information furnished is still helpful and relevant to disclose.

Fundraising activities conducted

Direct mail
 Major gifts program
 Bequest program
 Telemarketing
 Media awareness

Comparisons by monetary figures and percentages	2008	2007
	\$	\$
Gross income from fundraising appeals	25,353,516	25,667,263
Direct costs of fundraising appeals	4,121,946	3,170,386
Direct costs of fundraising as a percentage of gross income from fundraising appeals	16.3%	12.4%
Net surplus from fundraising appeals	21,231,570	22,496,877
Net surplus from fundraising as a percentage of gross income from fundraising appeals	83.7%	87.6%
Total cost of direct services (overseas projects, domestic projects plus community education)	23,793,347	21,052,568
Total expenditure (excluding direct costs of fundraising appeals)	27,834,018	24,446,721
Total cost of direct services as a percentage of total expenditure	85.5%	86.1%
Transfers to reserves	(3,842,755)	1,904,317
Total income received (including net surplus from fundraising)	23,920,730	26,323,096
Total cost of direct services as a percentage of total income received (2008 percentage due to use of reserves to fund project commitments)	99.2%	79.9 %

NOTE 23: TABLE OF CASH MOVEMENTS FOR DESIGNATED PURPOSES

CBM's membership of the Australian Council for International Development (ACFID) requires reporting of cash movements where cash received for a designated purpose in any one financial period exceeds 10% of total revenue. During 2006, cash received for the Asian Tsunami appeal and Women's Health appeal exceeded 10% of cash received for the period. Details of cash receipts and disbursements are set out below. No other individual appeals have exceeded 10%.

	Cash available at beginning of financial year	Cash raised during financial year	Cash disbursed during financial year	Cash available at end of financial year
Tsunami	337,124	0	337,124	0
Women's Health	1,951,223	0	6,489	1,944,734
Total for other purposes	4,284,967	34,886,762	35,342,589	3,829,140
TOTAL	6,573,314	34,886,862	35,686,202	5,773,874

Cash disbursed in relation to the Tsunami appeal (event to December 2006) was spent as follows:

Administration	336,891
Program support	100,482
Spent overseas on projects	3,115,311
TSUNAMI Appeal Total Expenditure:	3,552,684

Money spent overseas on projects was used in reconstruction efforts, rehabilitative services, economic and social development as well as advocacy and awareness raising for people with disabilities (PWDs). Please contact CBM on 1800 678 069 for more detailed information regarding the Asia Tsunami appeal. This fund has now been fully expended.

Women's Health programs will focus on prevention and treatment of and rehabilitation from obstetric fistula and other women's health issues. This includes training of community workers and hospital staff and expanding treatment and rehabilitation facilities and activities.

NOTE 24: RELATED PARTY TRANSACTIONS

The legitimate out of pocket expenses of Board Directors incurred in carrying out the duties of a Board Director were reimbursed as permitted by the Constitution.

Other than the above, CBM had no related party transactions.

NOTE 25: MEMBER'S GUARANTEE

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 31 December 2008 the number of members was 17.

NOTE 26: COMPANY DETAILS

The registered office of the company is:

CBM Australia
 56 Rutland Road, Box Hill, Victoria 3128.
 Phone 1800 678 069

The principal place of business is the same as the registered office.

CBM AUSTRALIA
A.B.N. 23 005 326 849
DIRECTORS' DECLARATION

The directors of CBM Australia declare that:

1. The financial statements and notes, as set out on pages 9 to 29, are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 31 December 2008 and of the performance for the year ended on that date of CBM;
2. In the directors' opinion there are reasonable grounds to believe that CBM will be able to pay its debts as and when they become due and payable.

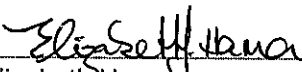
This declaration is made in accordance with a resolution of the Board of Directors.

Director



Wolfgang Fischer

Director



Elizabeth Hamer

Dated this *16th* day of *March* 2009



**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
CBM AUSTRALIA LIMITED****www.youraccountant.com.au****Report on the Financial Report**

We have audited the accompanying financial report of CBM Australia, which comprises the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of CBM Australia on 16 March 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of CBM 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 31 December 2008 and of their performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

**Saward Dawson Chartered Accountants**Name of partner: **Tim Flowers**

Blackburn, Victoria

Dated this 16 March 2009

