

CBM AUSTRALIA

ABN 23 005 326 849



GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

The directors are pleased to present their report on CBM Australia for the year ended 31 December 2012.

BOARD DIRECTORS

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

Melvin William (Bill) Austin [Board Chair]
Shawn Choong (appointed 21 May 2012)
Anita Cossen (appointed 21 May 2012)
Helen Green
Chris Groom
Lawrence Horder (retired 21 May 2012)
David Lang (retired 21 May 2012)
Philip Ratcliff
Dale Sheppard (appointed 21 May 2012)
Benjamin Smith
Wilma Zegelis (retired 21 May 2012)

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

OBJECTIVES AND PRINCIPAL ACTIVITIES

CBM Australia's vision is for an inclusive world in which all persons with disabilities enjoy their human rights and achieve their full potential. To achieve this, the principal activities of CBM Australia are the alleviation of poverty for people with disabilities through the provision of development services for and the promotion of the rights and needs of people with visual and other disabilities overseas and in Australia.

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

OPERATING RESULTS

Total income of \$30.4 million was more than 2011 (\$28.0 million). Government income of \$10.1 million exceeded the \$6.3 million received in 2011.

Total expenditure for 2012 of \$30.5 million was higher than 2011 by \$2.1 million, resulting in a small operating deficit of \$71,541.

Project payments increased by \$2.1 million during 2012, reflecting an increased commitment for 2012 programs, due to new AusAID funding anticipated and received during the year. CBM spent \$2.2 million educating the public, other NGOs and government on the double impact of disability and poverty. This continues the Board strategy for increased emphasis on engaging more people and organisations to better leverage our work.

The directors regularly review a range of performance metrics including those appearing in Note 19

STRATEGIES FOR ACHIEVING CBM AUSTRALIA'S OBJECTIVES

CBM Australia seeks to raise funds and monitor the implementation of programs which improve and extend services to people with a disability in many developing countries and in Australia. These services include medical, educational, rehabilitation and community outreach programs across 72 projects in 18 countries and regions. In Australia, CBM continues to contribute the Christian content to the national talking book service operated by Vision Australia.

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CBM Australia 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 the Luke 14 program to support Australian churches in being disability inclusive.

In 2012, CBM also responded to disasters in East Africa, the Philippines and Congo.

INFORMATION ON DIRECTORS

Melvin William (Bill) Austin

Qualifications

- BSc (Hons) Civil Engineering, Leeds University, 1973
- MSc, DIC, Engineering Rock Mechanics, Imperial College, London University 1981
- Fellow of the Institute of Engineers, Australia
- Fellow of the Australian Institute of Company Directors

Experience

- CBM Australia Board Director since May 2008
- Director of Halcrow Pacific Pty Limited 1993-2011

Special Responsibilities

- Chair, CBM Australia Board (since May 2011)
- Member of the CBM Australia Board Development & Human Resources Committee, Finance & Audit Committee, and Risk Committee
- Director of the CBM International Board

Shawn Choong

Qualifications

- Bachelor of Medicine and Bachelor of Surgery (MB BCh BAO), University College Galway, Ireland, 1989
- Fellow of the Royal Australian and New Zealand College of Obstetricians and Gynaecologists
- Diploma of Diagnostic Ultrasound
- Certificate of Obstetrical and Gynaecological Ultrasound

Experience

- CBM Australia Board **Director since 21 May 2012**

Special Responsibilities

- Member of the CBM Australia Board Development & Human Resources Committee, Programs Committee, and Innovations & Community Engagement Committee

Anita Cossenias

Qualifications

- Bachelor of Commerce (Human Resources and Management), Deakin University, Melbourne, 1995

Experience

- CBM Australia Board **Director since 21 May 2012**

Special Responsibilities

- Chair of the CBM Australia Board Development & Human Resources Committee and member of the Risk Committee

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DIRECTORS' REPORT

Helen Green

Qualifications

- Registered General and Obstetric Nurse (RGON)
- Diploma in Management Studies
- Bachelor of Social Science 1st class honours (Health Development and Policy)
- Graduate of the Institute of Strategic Leadership

Experience

- CBM Australia Board Director since May 2010
- Chair CBM New Zealand Board

Special Responsibilities

- Member of the CBM Australia Finance & Audit Committee and Programs Committee
- Director of the CBM International Board
- Chair of CBM International Forum of Board Chairs

Christopher Groom

Qualifications

- Master of Business (International Business)
- Bachelor of Economics
- Graduate Diploma of Education
- CPA, Australian Society of Certified Practising Accountants
- Graduate of the Australian Institute of Company Directors

Experience

- CBM Australia Board Director since May 2009

Special Responsibilities

- Chair of the CBM Australia Finance & Audit Committee and member of the Innovations & Community Engagement Committee
- CBM International Assembly Delegate 2012, and member of the CBM International Finance Committee

Lawrence Horder

Qualifications

- Bachelor of Arts (Psychology)
- Member Australian Human Resources Institute

Experience

- CBM Australia Board Director since May 2006

Special Responsibilities

- Chair of the CBM Australia Board Development & Human Resources Committee and member of the Programs Committee
- **Retired** from the Board **21 May 2012**

David Lang

Qualifications

- Airline Pilot
- Registered Building Practitioner

Experience

- CBM Australia Board Director since May 2000

Special Responsibilities

- Member of the CBM Australia Programs Committee and the Innovations & Community Engagement Committee
- **Retired** from the Board **21 May 2012**

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Philip Ratcliff

Qualifications

- Bachelor of Commerce, Melbourne University, 1997
- Graduate of the Australian Institute of Company Directors

Experience

- CBM Australia Board Director since May 2011
- Director of Ratcliff & Associates (software development)

Special Responsibilities

- Chair of the CBM Australia Risk Committee and member of the Finance & Audit Committee

Dale Sheppard

Qualifications

- Bachelor of Applied Science, Disability Studies (Human Movement and Psychology), Deakin University, Melbourne, 2000

Experience

- CBM Australia Board **Director since 21 May 2012**

Special Responsibilities

- Chair of the CBM Innovations & Community Engagement Committee and member of the Programs Committee

Ben Smith

Qualifications

- Bachelor of Social Work (Hons), University of NSW, 1991
- Master of Public Health, University of Sydney, 1995
- Doctor of Philosophy, University of Sydney, 2002

Experience

- CBM Australia Board Director since May 2011

Special Responsibilities

- Chair of CBM Australia Programs Committee and member of the Finance & Audit Committee

Wilma Zegelis

Qualifications

- Master of Arts (Theology)
- Bachelor of Ministries

Experience

- CBM Australia Board Director since May 2006

Special Responsibilities

- Chair of CBM Australia Innovations & Community Engagement Committee and member of the Risk Committee
- **Retired** from the Board **21 May 2012**

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DIRECTORS' REPORT

MEETINGS OF DIRECTORS

During the 2012 calendar year, 20 Director's Meetings (including Committees) were held. Attendances, which include technology assisted attendances, were:

	Board		Finance & Audit Committee		Board Development & Human Resources Committee		Programs Committee		Innovations and Community Engagement Committee		Risk Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Bill Austin	5	5	6	6	4	4			2	2	1	1
Shawn Choong**	3	3			2	1	1	1	1	1		
Anita Cossenias**	3	3			2	2					1	1
Helen Green	5	4	6	6			2	1				
Chris Groom	5	5	6	6					2	2		
Lawrence Horder*	2	2			2	1	1	1				
David Lang*	2	1					1	1	1	1		
Philip Ratcliff	5	5	6	3							1	1
Dale Sheppard**	3	3					1	1	1	-		
Ben Smith	5	4	3	3	2	2	2	2				
Wilma Zegelis*	2	2							1	1		

***Retired from Board 21 May 2012**

****Nominated as a Board member 21 May 2012**

**CBM AUSTRALIA
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DIRECTORS' REPORT**

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2012 has been received and can be found on page 7 of this financial report.

Signed in accordance with a resolution of the CBM Australia Board of Directors

Director

.....
Chris Groom

Director

.....
Ben Smith

Dated this day of 2013.

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Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2012, 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: Peter Shields

Date: 4 March 2013

Blackburn, Victoria

CBM AUSTRALIA
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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$	2011 \$
REVENUE			
Donations & gifts - monetary & non-monetary			
- Monetary		15,927,226	17,357,195
- Non-monetary		0	0
Bequests & Legacies		2,747,670	2,457,159
Grants received			
- AusAID		10,060,957	6,322,868
- Other Australian		0	0
- Other Overseas		0	0
Investment income		1,006,986	1,089,602
Other Income		667,793	736,727
Revenue for International Political or Religious Proselytisation Programs		0	0
TOTAL REVENUE	2	<u>30,410,632</u>	<u>27,963,551</u>
EXPENDITURE			
International Aid and Development Programs Expenditure			
International programs			
- Funds to international programs		16,781,696	14,655,510
- Program Support Costs		3,017,559	2,021,441
Community education		2,200,831	2,554,341
Fundraising costs			
- Public		5,155,696	4,940,650
- Government, multilateral and private		144,579	105,105
Accountability and Administration		2,450,521	3,435,441
Non-monetary expenditure		0	0
Total International Aid and Development Programs Expenditure		<u>29,750,881</u>	<u>27,712,488</u>
Expenditure for International Political or Religious Proselytisation Programs		0	0
Domestic programs expenditure (monetary & non-monetary)		731,292	705,203
TOTAL EXPENDITURE	3	<u>30,482,173</u>	<u>28,417,691</u>
EXCESS/(SHORTFALL) OF REVENUE OVER EXPENDITURE		<u>(71,541)</u>	<u>(454,140)</u>
Other comprehensive income:			
Net movement in the financial assets reserve		617,221	18,641
Other comprehensive income for the year		<u>617,221</u>	<u>18,641</u>
Total comprehensive income for the year		<u>545,680</u>	<u>(435,498)</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	5	7,984,573	8,424,661
Trade and other receivables	6	339,895	461,420
Inventories		0	0
Financial Assets	7	12,167,587	10,792,263
Other financial assets	8	166,751	64,699
Total current assets		<u>20,658,805</u>	<u>19,743,043</u>
NON-CURRENT ASSETS			
Trade and other receivables		0	0
Other financial assets		0	0
Property, plant and equipment	9	5,270,239	5,456,535
Investment property	9	14,280	14,280
Intangibles		0	0
Other non-current assets		0	0
Total non-current assets		<u>5,284,519</u>	<u>5,470,815</u>
TOTAL ASSETS		<u>25,943,324</u>	<u>25,213,858</u>
CURRENT LIABILITIES			
Trade and other payables	10	5,895,808	5,809,000
Borrowings		0	0
Current tax liabilities		0	0
Other financial liabilities		0	0
Provisions	11	1,120,714	1,014,569
Total current liabilities		<u>7,016,522</u>	<u>6,823,569</u>
NON-CURRENT LIABILITIES			
Borrowings		0	0
Other financial liabilities		0	0
Provisions	11	199,974	209,140
Other		0	0
Total non-current liabilities		<u>199,974</u>	<u>209,140</u>
TOTAL LIABILITIES		<u>7,216,496</u>	<u>7,032,709</u>
NET ASSETS		<u>18,726,828</u>	<u>18,181,149</u>
EQUITY			
Perpetual trusts		152,000	152,000
Financial Assets Reserve		762,218	144,997
Bequest reserve		2,127,262	2,127,263
General reserve		3,299,192	3,855,733
Committed funds reserve	12	12,386,156	11,901,156
Retained surplus/(Loss)		0	0
TOTAL EQUITY		<u>18,726,828</u>	<u>18,181,149</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Retained Surplus \$	Committed Funds Reserve \$	Bequest Reserve \$
Balance at 1 January 2011		-	12,481,985	2,000,573
Excess/(Shortfall) of revenue over expenses		(454,140)		
Transfers to and from reserves				
- committed funds reserve		580,829	(580,829)	
- bequest reserve		(126,690)		126,689
- general reserve				
- perpetual trusts				
Balance at 1 January 2012		<u>-</u>	<u>11,901,156</u>	<u>2,127,262</u>
Excess/(Shortfall) of revenue over expenses		(71,541)		
Transfers to and from reserves				
- committed funds reserve - ADDC		15,000	(15,000)	
- committed funds reserve - Other			500,000	
- bequest reserve				
- general reserve		56,541		
- perpetual trusts				
Balance at 31 December 2012		<u>-</u>	<u>12,386,156</u>	<u>2,127,262</u>

	General Reserve \$	Financial Assets Reserve \$	Perpetual Trusts \$	Total \$
Balance at 1 January 2011	3,855,733	126,358	152,000	18,616,648
Excess/(Shortfall) of revenue over expenses				(454,140)
Transfers to and from reserves				
- committed funds reserve				-
- bequest reserve				-
- general reserve				-
- perpetual trusts				-
Investment Impairments within Retained Surplus		772,942		772,942
Revaluation increment/(decrement)		(754,301)		(754,301)
Balance at 1 January 2012	<u>3,855,733</u>	<u>144,997</u>	<u>152,000</u>	<u>18,181,149</u>
Excess/(Shortfall) of revenue over expenses				(71,541)
Repayment of Trust Funds				-
Transfers to and from reserves				
- committed funds reserve - ADDC				-
- committed funds reserve - Other	(500,000)			-
- bequest reserve				-
- general reserve	(56,541)			-
- perpetual trusts				-
Investment Impairments within Retained Surplus				-
Revaluation increment/(decrement)		617,221		617,221
Balance at 31 December 2012	<u>3,299,192</u>	<u>762,218</u>	<u>152,000</u>	<u>18,726,828</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts</i>			
Donations		15,927,226	17,337,887
Receipts from appropriations/grants		11,287,608	11,111,919
Bequests		2,747,670	2,457,159
Interest & Investment Income received		1,068,680	1,065,548
Other		1,131,662	736,727
<i>Payments</i>			
Suppliers, Wages and salaries		(8,924,620)	(7,734,849)
Payments to Overseas projects		(19,799,255)	(16,664,259)
Payments to Domestic projects & Community Education		(2,932,123)	(3,247,652)
Other		-	-
<i>Net cash provided by (used in) operating activities</i>		506,848	5,062,480
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(195,681)	(192,384)
Proceeds from sale of property, plant and equipment		26,870	-
Proceeds on sale of investment securities		510,772	-
Payment for investments		(3,285,896)	(3,551,312)
Redemption of Term Deposit		2,000,000	500,000
Other		(3,000)	(26,377)
<i>Net cash provided by (used in) investing activities</i>		(946,935)	(3,270,073)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Other financing movements		-	-
<i>Net cash provided by (used in) financing activities</i>		-	-
Net increase (decrease) in cash held		(440,087)	1,792,407
Cash at the beginning of the year		8,424,661	6,632,254
CASH AT END OF YEAR	5	7,984,574	8,424,661

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

CBM Australia (CBM) has elected to early adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Financial statements have 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.

Accounting Policies

a. Income Tax

The income of CBM is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. No provision for tax has been made for the year ended 31 December 2012.

b. Inventories

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition. There was no inventory balance at 31 December 2012.

c. Property, Plant and Equipment

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Plant, equipment, office fit out and motor vehicles	From 12.5% to 33.33%
Buildings and significant structural improvements	3.33%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. 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 legal ownership, are transferred to CBM Australia (CBM), are classified as finance leases.

CBM Australia (CBM) 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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie. trade date accounting is adopted).

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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 subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Available for sale financial assets

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

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.

Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

Impairment

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

CBM Australia (CBM) has reviewed all current investments and identified that there are no investments with significant or prolonged declines in value.

f. Impairment of Assets

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

g. 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.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

h. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

j. Revenue

Donations are recognised when received.

Bequest donations are recognised when the funds are received. CBM Australia (CBM) has a number of bequest notifications at any point in time, but the exact amount of the bequest usually is not known until the bequest distribution is actually received.

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 they are not 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

As most CBM Australia (CBM) 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 (CBM) 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 approximate 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 2012, the Reserve balance has been increased with funds transferred from the General Reserve.

o. Bequest Reserve

The Bequest Reserve has been created to preserve funds in CBM Australia (CBM) to meet unforeseen circumstances. The account balance represents the average value of bequests for the last four years. In 2012, the Bequest Reserve was not adjusted.

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. Changes each year are made from non donation income. In 2012, funds were transferred from the General reserve to Committed Funds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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.

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.

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 for the year ended 31 December 2012.

Key judgments – Doubtful debts provision

A review was conducted of accounts receivable at 31 December 2012 which determined that all debts were recoverable in full. Consequently, no provision for debtor impairment has been made at 31 December 2012.

Key judgments – Income in advance / unexpended grants

Grants received in advance represent funds received from AusAID in 2012 for expenditure in 2013 programs. This includes funding for two programs under the Umbrella Agreement with AusAID. 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 2012.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 2: REVENUE	2012	2011
	\$	\$
Operating activities		
Donations	15,927,226	17,357,195
Bequests	2,747,670	2,457,159
Interest revenue from other entities	142,169	90,733
Investment Income	864,817	998,869
Government grants received	10,060,957	6,322,868
Gifts in Kind	0	0
Other revenue	667,793	736,727
	<u>30,410,632</u>	<u>27,963,551</u>

NOTE 3: EXPENSES FROM ORDINARY ACTIVITIES

Included in Total Expenses are the following items:

	2012	2011
	\$	\$
Expenses:		
Rental expenses on operating leases	54,782	39,391
Exchange (Gain)/ Loss	5,538	3,018
Loss on Sale of Property Plant & Equipment	873	2,093
Loss on Financial Asset	69,296	45,466
Impairment Loss on Financial Assets	0	772,942
Depreciation	354,235	405,053
Employee Benefits	7,310,524	6,587,268

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

The total remuneration paid to key management personnel of the company during the year are as follows:

	2012	2011
	\$	\$
Key management personnel compensation	1,288,637	1,142,209

No key management personnel of CBM Australia (CBM) has received, or has become entitled to receive, a benefit or remuneration benefit because of a contract that the management personnel, or a firm of which the management personnel is a member, or an entity in which the management personnel has a substantial financial interest, has made with CBM Australia during the year ended 31 December 2012 or at any other time.

NOTE 5: CASH & CASH EQUIVALENTS

	2012	2011
	\$	\$
Cash at bank and in hand	5,077,373	7,924,661
Short-term bank deposits	2,907,200	500,000
	<u>7,984,573</u>	<u>8,424,661</u>

In 2012, Short term bank deposits include At Call cash management accounts and short term (under 3 months) term deposits. The effective interest rate on short-term bank deposits was 4.70% (2011 was 6.11%).

NOTE 6: RECEIVABLES

	2012	2011
	\$	\$
CURRENT		
Trade receivables	182,115	208,905
Accrued interest	23,187	84,881
Other Receivables	0	966
GST & Imputation Credits Receivable	134,593	166,668
	<u>339,895</u>	<u>461,420</u>

There are no balances within trade and other receivables that contain assets that are impaired and are past due and therefore no provision for Bad or Doubtful Debts has been raised. It is expected that these balances will be received when due.

Credit Risk - Trade and Other Receivables:

CBM Australia does not have any material credit risk exposure to any single receivable or group of receivables.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 7: FINANCIAL ASSETS

	2012	2011
	\$	\$
CURRENT		
Available-for-sale financial assets		
- Units held in Listed Funds	2,869	53,879
- Units held in Unlisted funds	11,702,718	8,276,384
Held-to-maturity financial assets	462,000	2,462,000
TOTAL CURRENT FINANCIAL ASSETS	<u>12,167,587</u>	<u>10,792,263</u>

Available-for-sale financial assets comprise investments of units in listed and unlisted managed funds. There are no fixed returns or fixed maturity dates attached to these investments.

Held to Maturity financial assets comprise bank term deposits.

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

NOTE 8: OTHER CURRENT ASSETS

	2012	2011
	\$	\$
Prepaid project advances	166,751	64,699
	<u>166,751</u>	<u>64,699</u>

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 2012, the account had a positive funds balance.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2012	2011
	\$	\$
Plant, equipment and motor vehicles		
Cost	1,067,393	1,049,860
Accumulated depreciation	(874,738)	(786,681)
	<u>192,655</u>	<u>263,179</u>
Land and buildings		
Cost	6,577,537	6,491,810
Accumulated depreciation	(1,485,673)	(1,284,174)
	<u>5,091,864</u>	<u>5,207,636</u>
TOTAL	<u>5,284,519</u>	<u>5,470,815</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

(a) Movements in Carrying Amounts – 2012	Freehold land	Buildings	Plant, Equipment and Motor Vehicles	Total
Balance at 1 January 2012	1,084,280	4,123,356	263,179	5,470,815
Additions/Revaluations	0	85,728	109,953	195,681
Disposals	0	0	(27,742)	(27,742)
Depreciation expense	0	(201,499)	(152,736)	(354,235)
Carrying amount at the end of the year	<u>1,084,280</u>	<u>4,007,585</u>	<u>192,654</u>	<u>5,284,519</u>

Land & buildings include two plots of land donated in 2001 in NSW. The land is zoned Non Urban and no significant change in value will be realised until re-zoning and redevelopment takes place.

CBM's property and Westpac term deposits are held as security by Westpac bank for CBM's liabilities to the bank. There were no liabilities to Westpac bank as at 31 December 2012.

NOTE 10: TRADE & OTHER PAYABLES

	2012	2011
	\$	\$
CURRENT		
Trade payables	673,202	783,899
Unsecured liabilities	191,000	194,000
Grants received in advance	5,031,606	4,831,101
	<u>5,895,808</u>	<u>5,809,000</u>

Grants received in advance represent funds received from AusAID in 2012 for expenditure in 2013 programs. This includes two programs funded under the Umbrella Agreement with AusAID. Under the terms of the contract in place with AusAID, such funds are to be returned if they are not spent. According to current project expenditure plans, it is expected that the funds will be fully utilised in 2013.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 11: PROVISIONS

	2012	2011
	\$	\$
Employee entitlements		
Opening balance	1,223,709	1,022,102
Additional provisions raised during year	636,554	677,128
Amounts used	<u>(539,575)</u>	<u>(475,521)</u>
Closing balance	<u>1,320,688</u>	<u>1,223,709</u>
Analysis of total provisions		
Current	1,120,714	1,014,569
Non-current	<u>199,974</u>	<u>209,140</u>
	<u>1,320,688</u>	<u>1,223,709</u>

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.

NOTE 12: COMMITTED FUNDS

Committed Funds	2012	2011
	\$	\$
Committed Funds - General	11,564,429	10,406,410
Committed Funds – Women’s Health	264,528	415,689
Committed Funds – Horn of Africa	0	631,326
Committed Funds – Other Emergencies	557,199	447,731
	<u>12,386,156</u>	<u>11,901,156</u>
MOVEMENTS DURING THE YEAR		
Opening balance	11,901,156	12,481,985
Transferred to/(from) retained earnings	(485,000)	(580,829)
Net movement during year	<u>(485,000)</u>	<u>(580,829)</u>
Closing balance	<u>12,386,156</u>	<u>11,901,156</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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 13: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

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

	2012	2011
	\$	\$
Payable –minimum lease payments		
- not later than 12 months	46,965	46,956
- between 12 months and 5 years	140,868	187,824
- greater than 5 years	0	0
	187,833	234,780

Operating leases consist primarily of office printing equipment.

NOTE 14: FINANCIAL INSTRUMENTS

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 value for future project commitments and to generate income to offset administration and fund raising costs.

CBM Australia (CBM) does not have any derivative instruments at 31 December 2012.

The main risks the company is exposed to through its financial instruments are market risk, liquidity risk and credit risk. Risks are managed on a day to day basis by the Operations Director (from December 2012 the Chief Operating Officer) and the Finance Manager operating within guidelines determined by the Finance and Audit Committee of the Board and with advice from JBWere who manage CBM Australia’s (CBM) 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 JBWere.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2012	2011
		\$	\$
Financial assets			
Cash and cash equivalents	5	7,984,573	8,424,661
Loans and receivables	6	339,895	461,420
Financial assets at fair value through profit or loss	7	0	0
Available-for-sale financial assets	7	11,705,587	8,330,263
Held-to-maturity investments	7	462,000	2,462,000
Other Current Financial Assets	8	166,751	64,701
Total financial assets		20,658,805	19,743,045
Financial liabilities			
Financial liabilities at amortised cost:			
— trade and other payables	10	5,895,808	5,809,000
Total financial liabilities		5,895,808	5,809,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Net Fair Values

- (i) For listed available-for-sale financial assets and financial assets at fair value through profit or loss the fair values have been based on closing quoted bid prices at the end of the reporting period.

In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

- (ii) Fair values of held-to-maturity investments are based on cost.

NOTE 15: 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 2012, over 108 people volunteered their time to help in CBM's international development and domestic programs as well as administration support. In 2012, volunteer hours contributed were 998 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 \$148,646, including 3,368 hours in support of international (overseas) programs. This contribution has not been recognised in the Statement of Comprehensive income.

NOTE 16: TRUST FUNDS

CBM Australia (CBM) holds two sums of money in Trust from which income is derived and distributed to CBM. The balance of these funds at 31 December 2012 and the distributions in 2012 are as follows:

	2012	2011
	\$	\$
P & A Favaloro Charitable Trust – Held on deposit in Goldman Sachs Investment Notes	40,000	40,000
Interest Earned in 2012	2,500	2,373
Doug Sandell Trust –Held on deposit in Goldman Sachs Investment Notes	112,000	112,000
Interest Earned in 2012	7,000	6,608

Trusts are consolidated into 12 month term deposits maturing in April annually, distributions paid quarterly.
Interest rate of 6% and 7% p.a.

NOTE 17: SUBSEQUENT EVENTS

There were no significant events after 31 December 2012.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 18: TABLE OF CASH MOVEMENTS FOR DESIGNATED PURPOSES

CBM Australia'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.

Details of cash receipts and disbursements are set out below. No other individual appeals exceeded 10% in 2012.

	Cash available at beginning of financial year	Cash raised during financial year	Cash disbursed during financial year	Cash available at end of financial year
Women's Health	415,689	0	151,161	264,528
Total for other purposes	8,008,972	34,289,625	34,578,552	7,720,045
TOTAL	8,424,661	34,289,625	34,729,713	7,984,573

Women's Health programs 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 19: FINANCIAL RATIOS

The Board regularly reviews key performance measures including those listed below:

Key Performance Measures	2012	2011
Direct costs of fundraising as a percentage of gross income from fundraising appeals	27.6%	24.9%
Net surplus from fundraising as a percentage of gross income from fundraising appeals	72.4%	75.1%
Total cost of direct services as a percentage of total expenditure	89.8%	84.9%
Total cost of direct services as a percentage of total income received	90.0%	86.6%

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 20: CONTINGENT LIABILITIES

Estimates of the potential financial effect of contingent liabilities that may become payable

	2012	2011
	\$	\$
Overdraft Facility		
The company has an overdraft facility with Westpac Banking Corporation. Management have determined that CBM Australia is not likely to default on the facility.	1,500,000	1,500,000
	1,500,000	1,500,000
The company had a direct debit limit facility with Commonwealth Bank of Australia. Management have determined that CBM Australia is not likely to default on the facility.		200,000
	1,500,000	\$1,700,000

NOTE 21: 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 Australia (CBM) had no related party transactions.

NOTE 22: 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 2012, the number of members was 23.

NOTE 23: 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.

Please contact CBM on 1800 678 069 should you require further information on the annual financial statements.

CBM AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS' DECLARATION

The directors of CBM Australia declare that:

1. The financial statements and notes, as set out on the preceding pages, are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards – Reduced Disclosure Requirements; and
 - b. give a true and fair view of CBM Australia's financial position as at 31 December 2012 and of its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that CBM Australia 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

.....
Chris Groom

Director

.....
Ben Smith

Dated this day of 2013

CBM Australia

Independent Audit Report to the members of CBM Australia

Report on the Financial Report

We have audited the accompanying financial report of CBM Australia, which comprises the statement of financial position as at 31 December 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, 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 that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the financial report 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 have 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 xxxx 2013, would be in the same terms if provided to the directors as at the date of this auditor's report.

CBM Australia

Independent Audit Report to the members of CBM Australia

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 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*; and

Saward Dawson Chartered Accountants

Peter Shields

20 Albert Street

Blackburn VIC 3130

Dated: