

# **CBM AUSTRALIA**

**[Formerly: CHRISTIAN BLIND MISSION INTERNATIONAL (AUSTRALIA)]**

**ABN 23 005 326 849**



## **GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING 31 DECEMBER 2007**

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**CBM AUSTRALIA**  
**A.B.N. 23 005 326 849**  
**CHAIRMAN'S REPORT 2007**

In the Old Testament, the writer of Ecclesiastes describes the strength of partnership with the expression “.. A cord of three strands is not quickly broken” Eccl 4:12 (NIV). CBM Australia works in many strong partnerships including national disability organisations, governments and our generous supporters. In 2007, the entire family of Christian Blind Mission around the globe embarked on a re-branding process to become **“CBM – Together We Can Do More”**. As a result our name has changed to CBM Australia, in this our 100<sup>th</sup> year. *“Together We Can Do More”* reflects our strategic approach to engage and work in partnership to exponentially increase the positive work of CBM worldwide in the lives of people with disabilities. Ecclesiastes refers to three strands in a cord – for CBM the first strand is the essential role that God and our Christian faith plays in our development work.

In 2007 we were again humbled by the sustained record levels of donations. Our supporters contributed over \$25 million to the work of CBM, including \$700,000 in donated medical equipment. Our expenditure on projects continues to grow with over \$19.7 million spent on overseas projects last year.

A surplus of \$1.9 million for the year includes funds for longer term programs and also to prudently building financial reserves to the point where they are equivalent to the expected project expenditure for the next year, a sound risk management policy the Board has been pursuing over recent years.

Project support continued for CBM’s development initiatives for 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 Niger, Bangladesh and Asia following on from famine, flood and tsunami. Locally, CBM has appointed a Church Disability Access Officer to assist people with disabilities to better access activities in the Australian Christian community.

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 partnership (\$2.4 million) for our annual ANCP programs and the final year of

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**CHAIRMAN'S REPORT 2007**

a two year eye care program in which they have supported an Australian ophthalmologist working in Afghanistan.

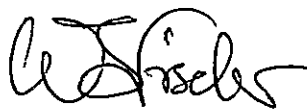
Our Second Chance Medical Equipment (formerly Gifts in Kind) program shipped materials overseas valued at over \$1.2 million. An extensive review of the function of the donated goods program in Australia and overseas took place during 2007. The result was a decision to concentrate more on an existing CBM project by sourcing and delivering specialised ophthalmic and medical equipment, as well as training and other ongoing support.

Our talking book library service, which is delivered through Vision Australia Information Library Service (VAILS), continues to provide excellent service to over 1500 library users, enabling CBM to continue the provision of quality Christian literature to Australians who have difficulty reading printed text.

Our voluntary Board continues to work tirelessly in directing CBM Australia and are pleased to see new members of the community interested in taking an active role in leading our organisation. At this point, we also say farewell to our good friend and colleague, Reinhold Gutknecht, who retired in May 2007 after over 20 years of service. Sue Allen also finished with the CBM board in August 2007 and her energy and application is greatly missed.

Many contributed to our success in 2007 but it would be remiss of me if I did not record my sincere thanks to the management and staff of CBM, and to all the volunteers who work with us at CBM to grow our ministry. Their dedicated and tireless work is a perfect demonstration of Christ's love in action, enabling us to bring relief to the many disadvantaged and suffering people beyond our shores who are afflicted by blindness and other disabilities. We welcome 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 2007.

### **BOARD DIRECTORS**

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

Sue Allen (Resigned 13 Aug 2007)	David Lang
Scott North	Peter Bickerton
Elizabeth Hamer	Wolfgang Fischer
Lawrence Horder	Reinhold Gutknecht (Resigned 28 May 2007)
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 who are blind and disabled 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 2007 was a surplus of \$1,904,317. In 2006 it was a surplus of \$4,471,036.

### **REVIEW OF OPERATIONS**

CBMI (Australia) has been able to improve and extend its services to people who are blind and disabled in many developing countries and throughout Australia. These services include medical, educational, rehabilitation and community outreach programs in 150 projects in over 40 countries and regions.

CBM is also playing a significant leadership role in advocacy and awareness of disability and development within the Australian NGO community. This includes chairing the Australian Disability and Development Consortium and engaging a Church Disability Access officer to support Australian churches in being disability inclusive.

A comprehensive program for the prevention, treatment and rehabilitation of women with fistula has been developed, and CBM's long term response to the Tsunami, particularly in community mental health has continued in Aceh, Indonesia.

In late 2007, CBM responded to the natural disasters in Bangladesh providing emergency assistance but also plans for longer term work in affected communities into 2008 and beyond.

### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

As part of a worldwide review of all aspects of CBM, the organisation has commenced a re-branding process to enhance the name and identity of the CBM family around the globe. As result, Christian Blind Mission International (Australia) changed its legal name to CBM Australia. There were no other significant changes in the state of affairs for the year ended 31 December 2007.

### **AFTER BALANCE DATE EVENTS**

No 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.

**CBM AUSTRALIA**  
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**DIRECTORS' REPORT**

**INFORMATION ON BOARD DIRECTORS**

**Sue Allen**

Qualifications

- Diploma of Business Studies (Accounting)
- Diploma of Financial Planning
- Certified Practising Accountant
- Chartered Accountant
- Certified Financial Planner

Experience

- Board member since 2003. Director of Kew East Financial Services Ltd and Radford Allen Financial Services Pty Ltd. Retired in August, 2007.

Special Responsibilities

- Chair of the Finance, Risk Management and Audit Committees

**Peter Bickerton**

Qualifications

- Bachelor of Applied Science (Built Environment)
- Graduate Diploma in Architecture
- Associate of the Royal Australian Institute of Architects
- Registered and General House Builder

Experience

- Board member since 1996. Director of Bickerton Masters Pty Ltd

Special Responsibilities

- Chair of the Personnel Committee and Member of Risk Management Committee

**Wolfgang Fischer**

Qualifications

- Bachelor of Science (Honours)

Experience

- Board member since 1994. Chairman since 1998. Managing Director several private companies

Special Responsibilities

- Chairman of CBM e.V. Presiding Board. Member of the CBM e.V. Audit & Finance and Personnel Committees.
- Chairman of CBM Board. Member of the CBM Audit & Finance and Personnel Committees
- Chairman of Directors – CBM Australia. Chairman of the Finance, Audit and Personnel Committees

**Reinhold Gutknecht**

Qualifications

- Retired Registered Building Practitioner

Experience

- Board member since 1985. Retired in May 2007.

Special Responsibilities

- Member of the Finance and Audit Committees.

**Elizabeth Hamer**

Qualifications

- Bachelor of Dental Science
- Member of AICD

Experience

- Board Member since 1999

Special Responsibilities

- Chair of the Future Views and International Programs Committees, and Member of the Board Evaluation Committee.

**Lawrence Horder**

Qualifications

- Bachelor of Arts, Major Psychology
- Human Resources Business Partner Supply Chain Cadbury Schweppes

Experience

- Board member since 2006

Special Responsibilities

- Member of Board Evaluation and Risk Management Committees

**David Lang**

Qualifications

- Airline Pilot and Registered Building Practitioner

Experience

- Board member since 2000

Special Responsibilities

- Chair of the Evaluation Committee and Member of International Programs Committee.

**CBM AUSTRALIA**  
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**DIRECTORS' REPORT**

**Scott North**

Qualifications

- Certified Financial Planner  
Accredited Mortgage Consultant

Experience

- Board Member since 1983. Company Secretary from 1989 to 2004.  
Deputy Chairman  
Managing Director of Scott North Pty Ltd trading as Rathdowne Financial Management  
Member of Christ Church Vestry  
Private Pilot

Special Responsibilities

- Member of the Personnel and International Programs Committees.  
Internal Audit Assistant to the Finance Committee. Pastoral Care Leader.

**Wilma Zegelis**

Qualifications

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

Experience

- Board member since 2006

Special Responsibilities

- Member of International Programs and Future Views Committees

**CBM AUSTRALIA**  
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**DIRECTORS' REPORT**

**MEETINGS OF BOARD DIRECTORS**

During the calendar year, 22 meetings of board directors (including committees) were held. Attendances were:

	Board		Finance Committee		Personnel Committee		Board Development Committee		International Programs Committee		Future Views Committee		Audit Committee		Risk Management 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	Eligible to Attend	Attended	Eligible to Attend	Attended
Sue Allen **	3	3	4	3									1	1	2	1
Peter Bickerton	4	4			1	1									3	3
Wolfgang Fischer	4	4	4	4	1	0							1	1		
Reinhold Gultknecht*	1	0	2	2			1	0					1	1		
Elizabeth Hamer	4	4					4	4	2	2	2	2				
Lawrence Horder	4	3					4	3							3	2
David Lang	4	4					4	2	2	1						
Scott North	4	3			1	0			2	2						
Wilma Zegelis	4	4							2	2	2	2				

\* Retired from Board Membership 28 May 2007

\*\* Retired from Board Membership 13 August 2007

**CBM AUSTRALIA**  
**A.B.N. 23 005 326 849**  
**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.

**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 \$18,395.

**PROCEEDINGS ON BEHALF OF COMPANY**

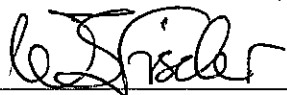
No person has applied for leave of Court to bring proceedings on behalf of CBM Australia or intervene in any proceedings to which CBM is a party for the purpose of taking responsibility on behalf of CBM for all or any part of those proceedings.


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   
Scott North

Dated this 29<sup>th</sup> day of February 2008.



**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 2007 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: 29<sup>th</sup> February 2008

Blackburn, Victoria



**CBM AUSTRALIA**  
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**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 \$	2006 \$
<b>REVENUE</b>			
Donations & gifts - monetary & non-monetary		23,716,857	23,977,937
Legacies & bequests		1,950,406	1,388,811
Grants received			
- AusAID		2,381,359	1,900,457
- Office of disability, dept of family & community services		13,723	12,525
Investment income		1,276,112	696,489
Rental income		144,439	223,696
Other income		38,528	22,543
Gain on sale of fixed assets		0	0
<b>Total revenue</b>	<b>2</b>	<u><b>29,521,424</b></u>	<u><b>28,222,458</b></u>
<b>EXPENSES</b>			
Overseas projects			
- Funds to overseas projects		17,394,948	14,544,462
- Gifts in kind		1,334,545	1,360,805
- Other project costs		991,277	757,840
Domestic projects			
- Audio library		337,080	375,230
- Aborigines Welfare Fund		82,957	59,550
Community education		911,761	604,284
Fundraising costs			
- Public		3,170,386	2,923,800
- Government multilateral and private		27,942	27,178
Administration		3,366,211	3,098,273
<b>Total expenses</b>	<b>3</b>	<u><b>27,617,107</b></u>	<u><b>23,751,422</b></u>
<b>Excess of revenue over expenses from continuing operations</b>		<u><b>1,904,317</b></u>	<u><b>4,471,036</b></u>

The accompanying notes form part of these financial statements.

**CBM AUSTRALIA**  
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**BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	6,573,314	15,323,188
Trade and other receivables	8	335,138	407,989
Inventories	9	186,803	840,018
Financial assets	10	11,192,624	1,130,769
Other current assets	11	120,518	0
<b>Total current assets</b>		<u>18,408,397</u>	<u>17,701,964</u>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	8	0	45,981
Property, plant and equipment	12	5,738,884	5,581,873
<b>Total non-current assets</b>		<u>5,738,884</u>	<u>5,627,854</u>
<b>Total assets</b>		<u>24,147,281</u>	<u>23,329,818</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	1,585,052	1,878,306
Other current liabilities	11	0	32,102
Short term provisions	14	633,429	627,248
<b>Total current liabilities</b>		<u>2,218,481</u>	<u>2,537,656</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	13	0	25,681
Long term provisions	14	74,793	27,644
<b>Total non-current liabilities</b>		<u>74,793</u>	<u>53,325</u>
<b>Total liabilities</b>		<u>2,293,274</u>	<u>2,590,981</u>
<b>Net assets</b>		<u>21,854,007</u>	<u>20,738,837</u>
<b>EQUITY</b>			
Perpetual trusts		162,000	162,000
Financial assets reserve		(673,210)	115,937
Bequest reserve		1,547,867	1,239,800
General reserve		4,648,041	3,951,600
Committed funds reserve	15	16,169,309	15,269,500
Retained surplus		0	0
<b>Total equity</b>		<u>21,854,007</u>	<u>20,738,837</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 2007**

	Note	Retained Surplus	Committed Funds Reserve	Bequest Reserve
		\$	\$	\$
<b>Balance at 1 January 2006</b>		-	12,737,606	1,159,715
Excess of revenue over expenses		4,471,036		
Transfers to and from reserves				
- committed funds reserve		(2,531,894)	2,531,894	
- bequest reserve		(80,085)		80,085
- general reserve		(1,849,057)		
- perpetual trusts		(10,000)		
<b>Balance at 1 January 2007</b>		<u>-</u>	<u>15,269,500</u>	<u>1,239,800</u>
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				
<b>Balance at 31 December 2007</b>		<u>-</u>	<u>16,169,309</u>	<u>1,547,867</u>

	General Reserve	Financial Assets Reserve	Perpetual Trusts	Total
	\$	\$	\$	\$
<b>Balance at 1 January 2006</b>	2,102,543	11,824	152,000	16,163,688
Excess of revenue over expenses				4,471,036
Transfers to and from reserves				-
- committed funds reserve				-
- bequest reserve				-
- general reserve	1,849,057			-
- perpetual trusts			10,000	-
Revaluation increment/(decrement)		104,113		104,113
<b>Balance at 1 January 2007</b>	<u>3,951,600</u>	<u>115,937</u>	<u>162,000</u>	<u>20,738,837</u>
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)
<b>Balance at 31 December 2007</b>	<u>4,648,041</u>	<u>(673,210)</u>	<u>162,000</u>	<u>21,854,007</u>

The accompanying notes form part of these financial statements.

**CBM AUSTRALIA**  
**A.B.N. 23 005 326 849**  
**CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 \$	2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Receipts</i>			
Donations		22,967,023	22,406,545
Receipts from appropriations/grants		2,510,072	2,953,860
Bequests		1,950,406	1,388,811
Other		82,012	336,477
<i>Payments</i>			
Wages and salaries		(3,763,696)	(3,295,328)
Suppliers		(2,810,719)	(2,884,451)
Payments to overseas projects		(19,879,871)	(16,620,359)
Other		-	-
<i>Net cash provided by (used in) operating activities</i>	6	1,055,227	4,285,555
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of plant and equip.		(582,722)	(131,216)
Proceeds from sale of plant and equipment		1,874,135	32,500
Interest received		922,465	608,658
Proceeds from sale investments		-	-
Purchase of investments		(12,076,999)	(70,640)
Other		83,701	33,314
<i>Net cash provided by (used in) investing activities</i>		(9,779,420)	472,616
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		(25,681)	-
<i>Net cash provided by (used in) financing activities</i>		(25,681)	-
Net increase (decrease) in cash held		(8,749,874)	4,758,171
Cash at the beginning of the year		15,323,188	10,565,017
<b>CASH AT END OF YEAR</b>	7	<b>6,573,314</b>	<b>15,323,188</b>

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 2007.

CBM has Australian Tax Office endorsement as a tax concession 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).

Campaign inventory consists of material purchased for specific fundraising programs and valued at greater than \$5.00 per unit.

**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 2007

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.

No financial instruments were impaired at 31 December 2007.

**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 2007.

**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.

**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.

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 2007, the Reserve balance reflects budgeted payments for 2008.

**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.

*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 2007.

*Key judgments — Doubtful debts provision*

A review was conducted of accounts receivable at 31 December 2007 which determined that all debts were recoverable in full. Consequently, no provision for debtor impairment has been made at 31 December 2007.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

*Key judgments — Income in advance / unexpended grants*

Grants received in advance represents 2007/08 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 2007.

<b>NOTE 2: REVENUE</b>	<b>2007</b>	<b>2006</b>
	\$	\$
<b>Operating activities</b>		
Donations	22,985,575	22,391,458
Bequests	1,950,406	1,388,811
Interest revenue from other entities	583,112	596,320
Investment Income	692,999	100,169
Government grants received	2,395,082	1,912,983
Trading Sales	0	120
Gifts in Kind	731,283	1,586,480
Other revenue	38,528	22,423
	<u>29,376,985</u>	<u>27,998,762</u>
<b>Non-operating activities</b>		
Rental Income	144,439	223,696
Gain on disposal of property, plant and equipment	0	0
	<u>144,439</u>	<u>223,696</u>
	<u><b>29,521,424</b></u>	<u><b>28,222,458</b></u>

**NOTE 3: EXCESS OF REVENUE OVER EXPENSES FROM ORDINARY ACTIVITIES**

Included in Total Expenses are the following items:

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>Expenses:</b>		
Foreign currency translation losses/(gains)	409,304	130,219
Bad and doubtful debts relating to trade receivables	0	0
Rental expenses on operating leases	91,701	96,476
Depreciation	285,858	327,446

**Significant Revenue and Expenses:**

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

**NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION**

**Key Management Personnel**

**2006**

John Jeffries (Chief Executive Officer)  
Jonathan Krause (Supporter Partnerships Director) (Resigned 10 October 2006)  
David Lewis (International Field Director)  
Stephen Lockrey (Operations Director and Company Secretary)  
Ron Pitcher (Human Resources Director) (appointed 8 November 2006)

**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)

	<b>Gross Salaries</b>	<b>Super- annuation</b>	<b>Long Service Leave Entitlements</b>	<b>Total</b>
	\$	\$	\$	\$
<b>2007</b>				
Total compensation	557,686	134,144	12,277	704,107
<b>2006</b>				
Total compensation	497,125	75,740	10,007	582,871

No director of CBM has received, or has become entitled to receive, a benefit or remuneration benefit because of a contract that the director, or a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made with CBM during the year ended 31 December 2007 or at any other time.

**NOTE 5: AUDITORS' REMUNERATION**

	<b>2007</b>	<b>2006</b>
	\$	\$
Remuneration of the auditor of CBM for:		
— auditing or reviewing the financial report	13,000	10,500
— assistance with financial statement preparation	4,099	2,586
— auditing or reviewing of other regulatory reports	1,750	1,500

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

	2007	2006
	\$	\$
Operating result	1,904,317	4,471,036
<i>Non cash items in profit</i>		
Depreciation & amortisation	285,858	327,447
Loss (Profit) on disposal of investments	(95,516)	-
Loss (Profit) on sale of plant and equipment	56,152	-
Reinvested investment income	(552,621)	-
<i>Changes in assets and liabilities</i>		
Increase in trade creditors	(1,811)	(8,737)
Increase in other current liabilities	(291,443)	772,345
Increase in employee provisions	53,329	1,948
Increase/(Decrease) in current receivables	118,832	(99,144)
Movement in current inventories	653,215	(613,430)
Movement in other current assets	(152,620)	42,748
Interest earned classified as investing	(922,465)	(608,658)
<i>Net cash used in operating activities</i>	<u>1,055,227</u>	<u>4,285,555</u>

**NOTE 7: CASH & CASH EQUIVALENTS**

	2007	2006
	\$	\$
Cash at bank and in hand	4,569,135	4,094,349
Short-term bank deposits	2,004,179	11,228,839
	<u>6,573,314</u>	<u>15,323,188</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 7.06% (2006 was 6.32%).

**NOTE 8: RECEIVABLES**

	2007	2006
	\$	\$
<b>CURRENT</b>		
Trade receivables	53,688	52,421
Accrued interest	123,409	260,792
GST receivable	158,041	94,776
	<u>335,138</u>	<u>407,989</u>
<b>NON CURRENT</b>		
Trade receivables	0	45,981
	<u>0</u>	<u>45,981</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

**NOTE 9: INVENTORIES**

	2007	2006
	\$	\$
<b>CURRENT</b>		
Inventories at cost	0	104,100
Inventories at current replacement value	186,803	735,919
	<u>186,803</u>	<u>840,019</u>

**NOTE 10: FINANCIAL ASSETS**

	2007	2006
	\$	\$
<b>Listed Investments, at market value</b>		
Units held in Managed funds	408,912	0
<b>Unlisted Investments, at market value</b>		
Units held in Managed funds	10,783,712	1,130,769
	<u>11,192,624</u>	<u>1,130,769</u>

**NOTE 11: OTHER CURRENT LIABILITIES & ASSETS**

Other current liabilities (assets) 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.

For 2007, the account contained a positive funds balance. For 2006 the account was overdrawn, representing an obligation to repay CBMeV.

	2007	2006
	\$	\$
Prepaid project advances	120,518	-
Project advances accrued	-	(32,102)
	<u>120,518</u>	<u>(32,102)</u>

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT**

	2007	2006
	\$	\$
<b>Plant, equipment and motor vehicles</b>		
Cost	1,086,335	1,122,930
Accumulated depreciation	<u>(776,116)</u>	<u>(793,804)</u>
	<u>310,219</u>	<u>329,126</u>
<b>Land and buildings</b>		
Cost	5,961,756	5,696,767
Accumulated depreciation	<u>(533,091)</u>	<u>(444,020)</u>
	<u>5,428,665</u>	<u>5,252,747</u>
<b>TOTAL</b>	<u><u>5,738,884</u></u>	<u><u>5,581,873</u></u>

(a) 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	<u>1,084,280</u>	<u>4,344,385</u>	<u>310,219</u>	<u>5,738,884</u>

Movements in Carrying Amounts - 2006	Freehold land	Buildings	Plant, Equipment and Motor Vehicles	Total
Balance at 1 January 2006	1,084,280	4,306,466	419,858	5,810,604
Additions	-	37,799	93,417	131,216
Disposals	-	-	(32,500)	(32,500)
Depreciation expense	-	(175,798)	(151,649)	(327,447)
Carrying amount at the end of the year	<u>1,084,280</u>	<u>4,168,467</u>	<u>329,126</u>	<u>5,581,873</u>

**NOTE 13: TRADE & OTHER PAYABLES**

	2007	2006
	\$	\$
<b>CURRENT</b>		
Trade payables	301,257	300,068
Unsecured liabilities	160,500	163,500
Grants received in advance	<u>1,123,295</u>	<u>1,414,738</u>
	<u>1,585,052</u>	<u>1,878,306</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

**NOTE 13: TRADE & OTHER PAYABLES cont....**

Cont.....	2007 \$	2006 \$
NON CURRENT	0	25,681
Security deposits	0	25,681

Grants received in advance represents 2007/08 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 2008.

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

**NOTE 14: PROVISIONS**

	2007 \$	2006 \$
<b>Employee entitlements</b>		
Opening balance	654,892	652,945
Additional provisions raised during year	356,020	268,915
Amounts used	(302,690)	(266,968)
Closing balance	708,222	654,892
 <b>Analysis of total provisions</b>		
Current	633,429	627,248
Non-current	74,793	27,644
	708,222	654,892
 <b>Employee numbers</b>		
Part time	29	17
Full time	46	45
	75	62

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 15: COMMITTED FUNDS**

<b>Committed Funds</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Committed Funds - General	11,632,816	9,742,801
Committed Funds - Iraq	10,280	21,382
Committed Funds - Tsunami	337,124	798,962
Committed Funds – Womens' Health	1,951,223	2,440,773
Committed Funds – Other Emergencies	2,237,866	2,265,582
	<u>16,169,309</u>	<u>15,269,500</u>

**MOVEMENTS DURING THE YEAR**

Opening balance	15,269,500	12,737,606
Transferred from retained earnings	899,809	2,531,894
Net movement during year	<u>899,809</u>	<u>2,531,894</u>
Closing balance	<u>16,169,309</u>	<u>15,269,500</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.

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Payable –minimum lease payments		
- not later than 12 months	22,855	87,435
- between 12 months and 5 years	1,905	24,252
- greater than 5 years	0	0
	<u>24,760</u>	<u>111,687</u>

The property lease for 30 Rutland Road, Box Hill, is a non-cancellable lease which concluded in October 2007.

The property lease for 35 Lusher Road, Croydon is a non-cancellable lease of 12 months concluding in January 2007. The option to renew the lease for a further 2 years was taken up in January 2007 and therefore expires in January 2009. The lease does not include an automatic right to sub-let.



**CHRISTIAN BLIND MISSION INTERNATIONAL (AUSTRALIA)**  
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**DIRECTORS' DECLARATION**

**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 main purpose of financial instruments is to raise additional funds and minimise the value of donations required for administration and fund raising.

CBM does not have any derivative instruments at 31 December 2007.

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. The Finance Committee reviews the guidelines at its meetings as well as reviewing specific investments.

**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 CMBeV, 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 approximates expected project expenditure for the next financial year.

**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 2007**

**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		
		\$	\$	\$	\$	\$	\$
<b><u>2007</u></b>							
<b>Financial Assets</b>							
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
			<b>7,028,970</b>	<b>0</b>	<b>0</b>	<b>11,192,624</b>	<b>18,221,594</b>
Weighted average interest rate			<b>7.06%</b>				
<b>Financial Liabilities</b>							
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
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,585,052</b>	<b>1,585,052</b>
<b><u>2006</u></b>							
<b>Financial Assets</b>							
Cash assets	7	3,911,554	9,221,619	1,507,220	500,000	182,695	15,323,088
Receivables	8		21,599			432,371	453,970
Investments	10					1,130,769	1,130,769
Other Current Financial Assets	11						0
		<b>3,911,554</b>	<b>9,243,218</b>	<b>1,507,220</b>	<b>500,000</b>	<b>1,745,835</b>	<b>16,907,827</b>
Weighted average interest rate		<b>4.5%</b>	<b>6.25%</b>	<b>6.73%</b>	<b>6.40%</b>		
<b>Financial Liabilities</b>							
Trade creditors	13					300,068	300,068
Interest free loans	13					163,500	163,500
Grants in advance	13					1,414,738	1,414,738
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,878,306</b>	<b>1,878,306</b>

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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

	2007		2006	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
<b>Financial assets</b>				
Available for sale financial assets at fair value	11,192,624	11,192,624	1,130,769	1,130,769

Available-for-sale financial assets are measured at fair value, reflecting current market value at 31 December 2007. 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.

**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 2007, a number of people volunteered their time to help in CBM's international development and domestic programs as well as administration support. Following a review of the volunteer's role within the organisation which increased of the role and coordination of CBM's volunteers, this total doubled in 2007, exceeding 1500 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 \$179,825. 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 2007 and the distributions in 2007 are as follows:

	2007 \$	2006 \$
<b>P &amp; A Favaloro Charitable Trust</b> – Held on deposit with ESANDA Investments	40,000	40,000
Distribution (24/03/2007) paid interest of 6.65% p.a.	2,280	2,260
<b>Doug Sandell Trust</b> – Held on deposit with ESANDA Investments	112,000	112,000
Distribution (24/03/2007) paid interest of 6.65% p.a.	6,384	6,328
<b>Warren Trust</b> – Held on deposit with ESANDA Investments	10,000	10,000
Distribution (16/03/2007) paid interest of 6.40% p.a.	555	0

**NOTE 20: SUBSEQUENT EVENTS**

There were no significant events after balance date impacting CBM Australia.

**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
2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]	All options that exist under IFRSs are included in the Australian equivalents to IFRSs.	1 July 2007	1 January 2008
2007-5	Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities [AASB 102]	Requires inventory held for distribution by CBM Australia to be measured at cost, adjusted where applicable for any loss of service potential.	1 July 2007	1 January 2008
2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	All options that exist under IFRSs are included in the Australian equivalents to IFRSs.	1 July 2007	1 January 2008

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

**Fundraising activities conducted**

Direct mail  
 Major gifts program  
 Bequest program  
 Telemarketing  
 Media awareness

<b>Comparisons by monetary figures and percentages</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Gross income from fundraising appeals	25,667,263	25,356,748
Direct costs of fundraising appeals	3,170,386	2,923,800
Direct costs of fundraising as a percentage of gross income from fundraising appeals	12.4%	11.5%
Net surplus from fundraising appeals	22,496,877	22,432,948
Net surplus from fundraising as a percentage of gross income from fundraising appeals	87.6%	88.5%
Total cost of direct services (overseas projects, domestic projects plus community education)	21,052,568	17,702,171
Total expenditure (excluding direct costs of fundraising appeals)	24,446,721	20,827,622
Total cost of direct services as a percentage of total expenditure	86.1%	85.0%
Transfers to reserves	1,904,317	4,471,036
Total income received (including net surplus from fundraising)	26,323,096	25,261,480
Total cost of direct services as a percentage of total income received	79.9 %	70.0%

**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.

	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	798,962	0	461,838	337,124
Women's Health	2,446,773	14,462	504,012	1,957,223
Total for other purposes	12,077,453	29,816,914	37,615,400	4,278,967
<b>TOTAL</b>	<b>15,323,188</b>	<b>29,831,376</b>	<b>38,581,250</b>	<b>6,573,314</b>

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

Administration	336,891
Program support	100,512
Spent overseas on projects	2,778,157

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 refer to: [www.cbm.org.au](http://www.cbm.org.au) or contact CBM for more detailed information regarding the Asia Tsunami appeal.

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 2007 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.

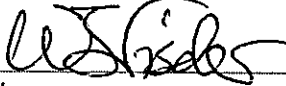
**CBM AUSTRALIA**  
**A.B.N. 23 005 326 849**  
**DIRECTORS' DECLARATION**

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 2007 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

  
\_\_\_\_\_  
Scott North

Dated this

*29<sup>th</sup>* day of *February* 2008

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
CBM AUSTRALIA LIMITED**Whitehorse Business Awards 2007  
Winner Best Overall Business  
Mayoral Corporate Citizenship Award**Report on the Financial Report**

We have audited the accompanying financial report of CBM Australia, which comprises the balance sheet as at 31 December 2007 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 29 February, 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 2007 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 29<sup>th</sup> day of February 2008**CHARTERED  
ACCOUNTANTS**20 Albert Street / PO Box 256  
Blackburn Victoria 3130  
T: 03 9894 2500 F: 03 9894 1622  
contact@youraccountant.com.auPRINCIPALS: Bruce Saward FCA Cliff Dawson FCA Peter Shields CA Tim Flowers CA  
ASSOCIATE: Cathy Braun CA**www.youraccountant.com.au**