World Vision

Australia

A.B.N. 28 004 778 081

Annual Statements & Accounts

for the year ended 30 September 2010

I certify that this is a true copy of all accounts required to be laid before the company at the Annual General Meeting, together with a copy of every other document required by Section 316 of the Corporations Act 2001 to be laid before the Annual General Meeting.

Company Secretary
(S K Huang)
26 November 2010

World Vision Australia
A.B.N. 28 004 778 081

Annual Statements & Accounts
30 September 2010

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These reports are presented in Australian dollars. World Vision Australia is a public company limited by guarantee, incorporated and domiciled in Australia.

Principal Registered Office in Australia:
1 Vision Drive
Burwood East, Victoria 3151
(03) 9287 2233

Directors
A Robinson, (Chairman), S Adams, (Deputy Chairman) L Baur, C Carter, R Goudswaard, J Harrower, B Pipella, M Prince, and D Shepherd.

Chief Executive
T Costello

Company Secretary
S K Huang (1 October 2010)

Auditor:
PricewaterhouseCoopers
Freshwater Place
2 Southbank Boulevard
Southbank, Victoria 3006

Banker:
Australia and New Zealand Banking Group Limited
Level 5 (Podium) 530 Collins Street
Melbourne, Victoria 3000

Website address: www.worldvision.com.au

Directors' Report

The Directors present their report with respect to the results of the company for the financial year ended 30 September 2010 and the state of the company's affairs at that date. The directors in office at the date of this report are:

ANNE ROBINSON (CHAIRMAN). BA. LLB (HONS). FAICD TEP
Anne Robinson joined the Board in 2000 and was elected as Chairman in November 2005. Anne is principal of the legal firm, Prolegis, which provides legal services to not-for-profit organisations. She graduated BA LLB with first class honours in international trade law and has published papers on international law, ecclesiastical law and religious freedom. She has been involved in governance of a number of Christian Ministry organisations for 30 years. Anne is also Chairman of the Australian Charity Law Association and has been involved in much of the current charity law reform agenda in various capacities, including as a member of the Australian Government's National Compact Sector Advisory Group.
Special Responsibilities: Executive Committee (Chairman), Member of Board Development & People Committee.

SHANNON ADAMS. LLB, FAICD
Shannon Adams joined the Board in 2005. Shannon is a lawyer who has advised financial institutions and insurers for over 27 years. He has been the managing partner of several legal firms and is presently a partner at Langes+. He specialises in financial services, insurance law and corporate governance, with a strong emphasis on the mutuals sector.
Special Responsibilities: Audit Committee (Chairman), Executive Committee.

DR. LOUISE BAUR. AM BSC (MED). MB, BS (HONS). FRACP. PHD
Louise Baur joined the Board in 2007. Louise is Professor in both the Discipline of Paediatrics & Child Health and the Sydney School of Public Health at the University of Sydney. She is a consultant paediatrician at The Children's Hospital at Westmead, the main paediatric institution in Sydney. She has long-standing expertise in various aspects of child health and public health. In 2010 Louise was made a Member of the Order of Australia (AM) "for service to medicine, particularly in the field of paediatric obesity as a researcher and academic and to the community through support for a range of children's charities".
Special Responsibilities: Board Development & People Committee.

COLIN CARTER. B.COM, MBA
Colin Carter joined the Board in 2008. Colin has over 31 years consulting experience advising on business strategy, corporate governance and organisational issues. Colin retired from full time consulting work with The Boston Consulting Group in 2001 and has since been a director of Origin Energy Ltd and a Commissioner of the Australian Football League. Colin currently serves on the boards of Wesfarmers Limited, Seek Limited and the Geelong Football Club as a non-executive director. He is also a director of The Cape York Institute for Policy and Leadership and the Indigenous Enterprise Partnership and Chairman of the AFL Foundation.
Special Responsibilities: Board Development & People Committee (Chairman).

ROB GOUDSWAARD. B. EC, GRAD DIP CORP FIN, F FIN, FAICD
Rob Goudswaard joined the Board in 2008. He is currently the CEO and a Director of Rural Finance Corporation based in Bendigo. Prior to this, Rob had 30 years experience with Australia and New Zealand Banking Group Limited in various roles including Chief Risk Officer Institutional, Managing Director Regional, Rural & Small Business Banking, General Manager of Personal Banking Asia and Pacific and Chief Operating Officer with ANZ Small to Medium Business. He is a Fellow of the Williamson Leadership Community Program and an Alumni of Melbourne Business School, London Business School and Wharton/RAM University of Pennsylvania. Rob has a Bachelor of Economics from Latrobe University and a Postgraduate degree in Corporate Finance from RMIT and attended the Senior Management Programmes at Melbourne Business School and London Business School.
Special Responsibilities: Audit Committee.

BISHOP JOHN HARROWER. OAM, BE, BA, CENG CEI; MICHEME. THL, ADV DIP MISSL STUD. MA (THEOL), FAICD
Bishop John Harrower joined the Board in 2006. John graduated with honours in Chemical Engineering from University of Melbourne in 1970 and worked as a petroleum engineer with Mobil Oil. During these years he pursued studies in economics and political science, completing a Bachelor of Arts. A change of direction stemming from an invitation to work as a university lay chaplain took him to the Anglican Missionary training college in Melbourne in 1977. John lived and worked in Argentina for nine years in university chaplaincy, book publishing and distribution. He was ordained a priest in 1986 and was installed as the 11th Bishop of Tasmania in 2000. In that same year he was awarded a Medal of The Order of Australia "for service to the community through the Anglican Church and as a missionary". John holds senior positions on mission boards and national committees of the Anglican Church.
Special Responsibilities: Audit Committee.

BARRY PIPELLA. FAICD
Barry Pipella joined the Board in 2005. Previously he was the Vice President for Sector and Sales (Australia and New Zealand) for IBM Global Technology Services where he was responsible for the growth of application and infrastructure outsourcing and hosting services in the region. Subsequent to year end he was appointed Executive Director of Strategic Sales at Telstra Corporation Limited.
Special Responsibilities: Audit Committee.

MICHAEL PRINCE. BA (HONS). MASTER OF CHRISTIAN STUDIES. DIP PROF COACHING
Michael Prince joined the Board in 2006. Michael is a director of The Winding Staircase, a consultancy group offering services in coaching, coach training, and leadership development. He brings significant experience in International Development in Asia and the Pacific. He graduated with a Bachelor of Arts from the University of Western Australia and a Master of Arts in Christian Studies from Regent College, Vancouver, Canada.
Special Responsibilities: Executive Committee, Board Development & People Committee.

DONNA SHEPHERD. BA, MIIM, GAICD
Donna Shepherd joined the World Vision Australia Board in 2008 and the World Vision International Board in 2010. Donna is the Managing Director of Creating Communities Australia, a community and economic development consultancy. Donna holds a Masters in International Administration from the School for International Training in Vermont USA. She has worked in the USA, Tunisia, Ecuador and Australia and has extensive experience in social planning, strategic planning, community engagement, communications and training. Donna is currently also on the Indigenous Advisory Group for World Vision Australia and the Envirodevelopment Board for the Urban Development Institute of Australia WA. She has previously served on the boards of University of Western Australia Extension, Southern Arc, Ausdance WA, Chrissie Parrot Dance Collective and the Independent Filmmakers Association.
Special Responsibilities: Audit Committee.

Other Directors who held office during the year:

JOHN CONN. BA (ACCOUNTING). GRAD DIP (ARTS). GRAD DIP OF FINANCIAL PLANNING. FAICD
John Conn joined the Board in 2004. John is a former General Manager at Australia and New Zealand Banking Group Limited. He is a Fellow of the Australian Institute of Company Directors and has attended senior executive programs at the Australian Graduate School of Management and the University of Washington, USA.

GEORGE SAVVIDES. BE (HONS). MBA. FAICD
George Savvides joined the Board in 1998 and was also previously a Director of World Vision International. He established a career in the healthcare industry with CIG Healthcare, Smith and Nephew, and Sigma Co Ltd and is currently Managing Director of Medibank Private Ltd. George graduated in Engineering at the University of NSW and obtained an MBA from the University of Technology in Sydney. He is a Councillor of the International Federation of Health Plans, a Fellow of the Australian Institute of Company Directors and an Executive Member of Australian Health Insurance Association.

COMPANY SECRETARY

SEAK-KING HUANG B.A./ LL.B (HONS)

Seak-King Huang commenced with World Vision Australia in June 2006. Prior to this, Seak-King was a partner with Clayton Utz and has 20 years experience as a lawyer. She is also General Counsel of World Vision Australia. She is on the board of Kilvington Grammar School and will shortly commence on the board of Light FM.

Attendance at Meetings	Full Board Meeting		Board Development and People Committee		Audit Committee	
	A	B	A	B	A	B
Current directors						
A Robinson (i)	8	8	3	2	7	5
S Adams	8	7	-	-	7	7
L Baur	8	6	3	3	-	-
C Carter	8	7	3	3	-	-
J Conn (ii)	8	7	3	3	-	-
R Goudswaard	8	8	-	-	7	6
J Harrower	8	5	-	-	7	6
B Pipella	8	7	-	-	7	6
M Prince	8	7	3	1	-	-
G Savvides (iii)	8	7	-	-	7	5
D Shepherd	8	8	-	-	7	7

Column A indicates the number of meetings which the director was eligible to attend.
Column B indicates the number of meetings attended by the director.

(i) The Chairman is an ex-officio member of each committee.
(ii) Resigned on 24 September 2010
(iii) Maximum term expired on 24 September 2010

Principal Activity

The principal activities of the Company during the year were international development, relief and advocacy. No significant change in those activities has occurred during this period.

Results

The surplus for the year was $3,295,647 (2009: -$12,941,514). The year's results were affected by:
(1) The Haiti Earthquake Appeal which provided an additional $10.1 million of income.
(2) An increase of $17.5 million in AusAID grant funding.
(3) A reduction in donated goods of $24.4 million of which $5.1 million is a result of a change of valuation methodology for FY10 in comparison to the prior methodology.
(4) A realised foreign exchange loss of $19.4 million as a result of the appreciation of the Australian dollar against the US dollar.

Dividends

The Company's constitution does not permit dividends and therefore no dividends have been recommended or paid for the year under review.

Review of Operations

In 2010 our total revenue was $346.7 million, an increase of 0.03% over 2009. In the same period, we disbursed $343.4 million, resulting in a surplus for the year of $3.3 million.

	FY10 (inc Asian Tsunami Appeal) $m	FY10 (Excl Asian Tsunami Appeal) $m	FY09 (inc Asian Tsunami Appeal) $m	FY09 (Excl Asian Tsunami Appeal) $m
Revenue	346.7	346.7	346.5	346.5
Disbursements	343.4	342.7	359.5	355.5
Surplus/(Deficit)	3.3	4.0	(13.0)	(9.0)

Contributions to overseas and domestic projects during 2010 totalled $272.0 million, a decrease of 7.1% over 2009.

Funds raised from the Australian public totalled $263.9 million, an increase of 5.6% over 2009. Revenue from child sponsorship decreased in 2010 by 0.8% to $200.8 million. In 2010, there were 395,893 children in various countries sponsored through the child sponsorship program resulting in a benefit for many families and communities. Donated goods revenue decreased by $24.4 million. Of this amount, $5.1m of the decrease was due to a change in accounting estimates during the period (Note 3a).

The total costs of fundraising and administration as a percentage of revenue (excluding the Asian Tsunami Appeal) was 19.5% in 2010 (18.5% in 2009 - a retrospective adjustment has been made to the previously reported 2009 percentage to reflect new ACFID requirements which affect how administration costs incurred by the World Vision International Partnership are classified). Fundraising as a percentage of revenue increased from 9.0% in 2009 to 10.9% in 2010 (an increase of $6.4 million), but this was partially offset by a reduction in administration costs as a percentage of revenue from 9.5% in 2009 to 8.6% in 2010 (a saving of $3.1million).

Cash on hand has increased compared to 2009 primarily due to the following factors: A cash surplus was carried forward (for Australia Programs and Strategic Initiatives Fund), accounts payables have increased, and cash reserved from the prior financial year for acquisitions of fixed assets was not fully utilised during the current period.

The net assets position of the Company as at 30 September 2010 was also affected negatively by the movement in the USD/AUD exchange rate. In line with its hedging policy, the Company currently takes out forward contracts to hedge future commitments in US dollars. As at 30 September 2010, as a result of changes in exchange rates, the movement in fair value of hedging contracts resulted in a decline in net assets compared to the prior year ($12.0m liability in 2009 to $13.6m liability at 30 September 2010).

Significant Changes in the State of Affairs

No significant changes occurred in the state of affairs of the company during the financial year.

Matters Subsequent to the End of the Financial Year

Apart from the ongoing uncertainty being experienced in the global economy and its impact on World Vision Australia, since the year end no item, transaction or event of a material or unusual nature has arisen that is likely, in the opinion of the Directors, to substantially affect the results of the company's operations in the future.

Likely Developments and Expected Results of Operations

World Vision Australia continues to focus on international aid and relief. No change to this principal activity is likely.

Directors' Benefits

No Director of the company has received or has become entitled to receive a benefit, because of a contract made by the company, other than as described in Note 21 to the accounts.

Insurance of Officers
The company has paid premiums to insure directors and officers against liabilities incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as an officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The total amount of the premium paid for this insurance was $18,679 (2009: $18,679). This premium has not been included in the notes on Remuneration of Directors and Key Management Personnel (Notes 21 and 22).

Environmental Regulations
World Vision Australia's operations are not subject to any particular or significant environmental regulations under any law of the Commonwealth or of a State or Territory. Notwithstanding, the Directors are not aware of any breaches of any environmental regulations.

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

Rounding of amounts
The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest tenth of a million dollars, unless otherwise stated.

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

Chairman

Director

Melbourne, 26 November 2010

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

Auditor's Independence Declaration

As lead auditor for the audit of World Vision Australia for the year ended 30 September 2010, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of World Vision Australia during the period.

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
26 November 2010

Liability limited by a scheme approved under Professional Standards Legislation

World Vision Australia
A.B.N. 28 004 778 081

Annual Financial Report
30 September 2010

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This financial report covers World Vision Australia as an individual entity. The financial report is presented in the Australian currency.

World Vision Australia (WVA) is a public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1 Vision Drive
Burwood East, Victoria 3151

A description of the nature of its principal activates is included in the Directors' Report on page 3, which is not part of this financial report.

The financial report was authorised for issue by the Directors on 26 November 2010. The company has the power to amend and reissue the financial report.

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Income Statement

for the year ended 30 September 2010

	Notes	2010 $	2009 $
REVENUE			
Donations and gifts			
Monetary			
- Pledge programs	4a	208,776,998	209,655,827
- Appeals, donations & gifts	4a	55,115,390	40,179,011
Non-monetary			
- Donated Goods	4c	13,684,639	38,097,851
- Grants (Multilateral)		21,875,446	30,193,255
		299,452,473	318,125,944
Bequests and Legacies	4d	2,311,723	3,206,508
Grants			
- AusAID		35,569,211	18,025,346
- Other Australian		2,088,760	426,270
- Other Overseas		3,312,285	3,698,953
		40,970,256	22,150,569
Investment Income		2,784,975	1,630,428
Fair Value gain on financial assets through Profit and Loss	9	23,600	63,800
Other Income		1,151,160	1,401,210
TOTAL REVENUE		**346,694,187**	**346,578,459**
EXPENDITURE			
International Aid and Development Programs Expenditure			
International Programs			
- Funds to international programs	5	259,805,613	281,170,057
- Program support costs		9,246,701	7,754,728
		269,052,314	288,924,785
Community Education		3,794,574	3,909,451
Fundraising costs - Public		37,699,912	31,286,069
Accountability and Administration		29,868,098	32,938,338
Total International Aid and Development Programs Expenditure		**340,414,898**	**357,058,643**
Domestic Programs Expenditure - Cash		2,983,642	2,461,330
TOTAL EXPENDITURE	6	**343,398,540**	**359,519,973**
Excess / (Shortfall) of Revenue over Expenditure		**3,295,647**	**(12,941,514)**

The above income statement should be read in conjunction with the accompanying notes.

Note:
For the purposes of the Australian Council for International Development Code of Conduct, at the end of 30 September 2010, World Vision Australia had no transactions in the following categories; Revenue for International political or religious Proselytisation programs, Fundraising costs – Government, multilateral and private, Non-monetary expenditure, and Expenditure for International political or religious Proselytisation programs.

Statement of comprehensive income

for the year ended 30 September 2010

	Notes	2010	2009
		$	$
Excess / (Shortfall) of Revenue over Expenditure		3,295,647	(12,941,514)
Other comprehensive income / (loss)			
Changes in the fair value of cash flow hedges	17	(1,603,887)	(20,221,152)
Other comprehensive income / (loss) for the year		**(1,603,887)**	**(20,221,152)**
Total comprehensive income / (loss) for the year		**1,691,760**	**(33,162,666)**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

World Vision Australia
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Balance Sheet

as at 30 September 2010

	Notes	2010 $	2009 $
ASSETS			
Current Assets			
Cash & cash equivalents	7	31,067,558	23,252,846
Trade and other receivables	8	714,449	724,333
Financial Assets at fair value through profit & loss	9	820,569	754,600
Inventories	10	306,906	357,447
Donated goods	11	507,274	1,426,922
Other	12	452,799	470,114
Total Current Assets		**33,869,555**	**26,986,262**
Non-Current Assets			
Property, Plant and Equipment	14	23,927,886	25,198,401
Investment Property	13	303,946	311,976
Total Non-Current Assets		**24,231,832**	**25,510,377**
TOTAL ASSETS		**58,101,387**	**52,496,639**
LIABILITIES			
Current Liabilities			
Trade & Other Payables	15	7,249,137	5,352,265
Unrealised Currency Hedge Payable	17	13,647,271	12,043,384
Provisions	16	3,243,420	2,911,533
Total Current Liabilities		**24,139,828**	**20,307,182**
Non-Current Liabilities			
Provisions	18	789,030	708,688
Total Non-Current Liabilities		**789,030**	**708,688**
TOTAL LIABILITIES		**24,928,858**	**21,015,870**
NET ASSETS		**33,172,529**	**31,480,769**
Equity			
Reserves	17	(13,647,271)	(12,043,384)
Retained Earnings		46,819,800	43,524,153
TOTAL EQUITY		**33,172,529**	**31,480,769**

The above balance sheet should be read in conjunction with the accompanying notes.

Note:
For the purposes of the Australian Council for International Development Code of Conduct, at the end of 30 September 2010, World Vision Australia had no transactions in the following categories; Assets held for sale, Current & non-current other financial assets, Non-current trade & other receivables, Non-current financial assets, Intangibles, Other non-current assets, Other current liabilities, Current & non-current Borrowings, Current tax liabilities, Other current & non-current financial liabilities, and Other non-current liabilities.

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Statement of Changes in Equity

for the year ended 30 September 2010

	Retained Earnings $	Reserves - $	Total $
Balance at 1 October 2008	**56,465,667**	**8,177,768**	**64,643,435**
Total comprehensive income for the year	(12,941,514)	(20,221,152)	(33,162,666)
Balance at 30 September 2009	**43,524,153**	**(12,043,384)**	**31,480,769**
Total comprehensive income for the year	3,295,647	(1,603,887)	1,691,760
Balance at 30 September 2010	**46,819,800**	**(13,647,271)**	**33,172,529**

Note:
For the purposes of the Australian Council for International Development Code of Conduct, at the end of 30 September 2010, World Vision Australia had no transactions in the 'Other' category.

Cash Flow Statement

for the year ended 30 September 2010

	Notes	2010	2009
		$	$
Cash flows from operating activities			
Receipts from donors and merchandising (inc. GST)		305,942,086	275,879,052
Interest received		2,741,856	1,727,714
Payments to field offices, suppliers and employees (inc. GST)		(300,236,023)	(278,135,663)
Net cash generated / (used) by operating activities	18a	**8,447,919**	**(528,897)**
Cash flows from investing activities			
Payment for property, plant & equipment		(643,570)	(949,320)
Proceeds from sale of property, plant & equipment		9,165	0
Net cash used in investing activities		**(634,405)**	**(949,320)**
Net increase / (decrease) in cash held		**7,813,514**	**(1,478,217)**
Cash at beginning of financial year		23,079,964	24,558,181
Cash at end of the financial year	7, 18b	**30,893,478**	**23,079,964**

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements as at 30 September 2010

1. Summary of significant accounting policies

a) Basis of accounting

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with the Australian Council of International Development Code of Conduct
This company adheres to the Australian Council for International Development (ACFID) Code of Conduct on Financial Reporting and has opted to adopt the requirements of Section 5 of the Code for this financial year.

Historical cost convention
The financial reports have been prepared in accordance with the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

Financial statement presentation
The company has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

b) Centralised accounting

The Melbourne office receives all income and is responsible for all expenditure. Branch accounting records have been maintained in accordance with statutory requirements for all state governments.

c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

World Vision Australia is a not-for-profit organisation and receives the principal part of its income from donations. Amounts donated by their nature can be recognised only when they are received by World Vision Australia.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest Income
Interest income is recognised on a time proportion basis using the effective interest method.

(ii) Donated Goods
These are accepted on the basis they will provide a future benefit. Revenue is brought to account when the goods are received and is recorded at fair value, which is represented by either wholesale value or an independent valuation.

(iii) Grants
Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Notes to the Financial Statements as at 30 September 2010 (continued)

c) Revenue recognition (continued)

(iv) Sale of goods

World Vision Australia sells indigenous artwork. Revenue is recognised when the risks and rewards of the goods have passed to the buyer.

(v) Rendering of services

Revenue is recognised when the service is rendered.

d) Income tax

No income tax is payable as the company is exempt under Division 50 of Income Tax Assessment Act 1997.

e) Property, plant and equipment

Land is recorded at cost. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their useful lives, as follows:

	Years
Buildings	40
Computer Hardware	3-4
Plant and equipment	5-10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement in the period when the disposal occurs.

f) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Notes to the Financial Statements as at 30 September 2010 (continued)

g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to, the taxation authority are presented as operating cash flow.

h) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised as a provision. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised as a provision and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

i) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

World Vision Australia has certain operating leases for offices where we have an obligation to return the premises to their original condition when the lease expires or is terminated. A provision for refurbishment costs is recognised over the period of the lease, measured at the expected future cost of refurbishment discounted to a present value at each reporting date.

Notes to the Financial Statements as at 30 September 2010 (continued)

j) Cash & cash equivalents

Cash includes cash on hand, traveller's cheques, foreign currency, deposits held at call with financial institutions and commercial bills with original maturities of three months or less that are held with financial institutions that are readily convertible to cash and have an insignificant risk of changes in value.

Funds awaiting remittance to field countries are normally invested in short term deposits and are included as cash and cash equivalents.

k) Foreign currency transactions and balances

Foreign currency transactions are converted to Australian currency at the rates of exchange applicable at the date of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the prevailing rate when incurred.

Foreign currencies held at balance date are converted to Australian dollars at exchange rates ruling at that date.

l) Comparative figures

Where required by accounting standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

m) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement not more than 30 days from the date of recognition, and no more than 30 days for other debtors. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original term of the receivable.

n) Investment property

An investment property received by way of a bequest and is stated at deemed cost less accumulated depreciation. The investment property is held per the terms of the bequest. Useful life is 40 years, with the property being depreciated over its useful life using the straight-line method.

o) Trade and other creditors

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition.

p) Inventory and donated goods

Indigenous art inventory and donated goods are held at the lower of cost and current replacement cost. Donated goods are recorded at cost which is represented by either wholesale value or an independent valuation. Donated goods are held in inventory until the risks and rewards have passed to the receiving entity.

Notes to the Financial Statements as at 30 September 2010 (continued)

q) Foreign currency hedging

World Vision Australia remits cash to fund overseas projects to the Partnership Treasury Office in US Dollars. This central function coordinated by the Partnership Treasury Office ensures the efficient disbursement of funds to projects provided by World Vision Australia and other support offices. WVA enters into a series of forward foreign exchange agreements to provide certainty of the total US Dollars available to fund projects.

WVA documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. WVA also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of these agreements is recognised in the balance sheet and the hedge relationships entered into are subject to an effectiveness test. Effective unrealised gains and losses are deferred in equity until such time as the remittances occur and any ineffectiveness is taken to the income statement as incurred. WVA expects all current hedge relationships to be highly effective going forward.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or expenses.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss within other revenue or other expenses. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

r) Financial assets at fair value through profit or loss

A financial asset is classified in this category if held principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement in the period in which they arise.

s) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (Note 25). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Notes to the Financial Statements as at 30 September 2010 (continued)

t) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2010 reporting periods. The company's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1January 2013 but is available for early adoption. The company is yet to assess its full impact, however, preliminary assessment indicates that no changes in classification of gains/losses are expected. The company has not yet decided when to adopt AASB 9.

2. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used as hedging instruments, i.e. not for trading or other speculative purposes. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk and aging analysis for credit risk.

Risk management is carried out by senior management under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future transactions and current field program commitments and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. Management's policy is to manage foreign exchange risk against the functional currency. Management are required to hedge foreign exchange risk exposure arising from future transactions and current field program commitments using forward contracts.

The Company's risk management policy is to hedge between 85% and 100% of anticipated cash flows (mainly field payments) in US dollars on a rolling quarterly basis for the subsequent 12 months.

Notes to the Financial Statements as at 30 September 2010 (continued)

Approximately 100% (2009: 100%) of projected purchases of foreign currency will occur concurrently with anticipated cash flows, which qualifies the transactions as "highly probable" forecast transactions for hedge accounting.

The Company's exposure to foreign currency risk at the reporting date was as follows:

	30 September 2010 USD $	30 September 2009 USD $
Forward Exchange Contracts: Buy foreign currency (cash flow hedges)	149,384,659	72,426,730

Organisation Sensitivity
Based on the financial instruments held at 30 September 2010, had the Australian dollar weakened/ strengthened by 10% against the US dollar with all other variables held constant, the Company's surplus for the year would have been unchanged. Equity would have been $17,651,860 higher / $14,442,431 lower (2009: $9,309,001 higher / $7,616,455 lower) had the Australian Dollar forward rate weakened / strengthened by 10% against the US dollar. The Company's exposure to other foreign exchange movements is not material.

(ii) Cash flow and fair value interest rate risk
The Company's main interest rate risk arises from short term investments. Term deposits issued at variable rates expose the Company to cash flow interest rate risk. Term deposits issued at fixed rates expose the organisation to fair value interest rate risk. During 2010 and 2009, the Company's term deposits and investments were at variable rates and were denominated in Australian Dollars. As at the reporting date, the Company had the following variable rate term deposits and investments:

	30 September 2010 $	30 September 2009 $
Term Deposits	26,300,000	17,800,000
Cash and bank balances	4,767,558	5,452,846
Total	31,067,558	23,252,846

Organisation sensitivity
At 30 September 2010, if interest rates had changed by -/+100 basis points from the year-end rates with all other variables held constant, surplus and equity for the year would have been $62,551 lower/higher (2009: $414,743 lower/higher).

(b) Credit risk
Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to other World Vision partnership offices, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'AA' are accepted. The Company's total credit risk as at 30 September 2010 is $31,067,558 (2009: $23,252,846) and consists mainly of cash and term deposits.

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through term deposits and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

Notes to the Financial Statements as at 30 September 2010 (continued)

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying values less impairment provisions of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The fair value of financial assets through the profit and loss is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. The fair value of the unrealised currency hedge payable is derived using a valuation technique that is based from observable market data. In determining the fair value, the Company had applied judgement that the impact of prepayment rates, rates of estimated credit losses and interest rates or discount rates are immaterial as the underlying hedge instrument is expected to be settled within next 12 months.

3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Pharmaceutical Donations

World Vision Australia uses independent sources for valuing pharmaceutical donations by referencing to published listings. In cases where multiple listings are contained in the publication, the Company will use the lowest of the listed values. Occasionally the exact pharmaceutical donated is not included in the publication. In these cases a value is estimated based on the closest comparable listing.

During the year, management has implemented a change to the valuation referencing which has been deemed to provide a more valid and accurate recording of donated pharmaceutical goods values. This is a change in accounting estimates and the effect had been applied prospectively. The change had resulted in a decrease of $5.1m of Income and Disbursements for the current year.

For the financial year ended 30 September 2010, $13,137,215 (2009: $33,890,549) of Income and $13,137,215 (2009: $33,890,549) of Disbursements were recognised from Pharmaceutical donations. There was no amount held as inventory as at 30 September 2010 (2009: $0).

Other Donated Goods

World Vision Australia uses the wholesale value or an independent valuation for valuing donated goods. During 2010, $22,422,870 (2009: $34,400,557) of Income and $23,342,518 (2009: $44,475,774) of Disbursements were recognised as Donated Goods. As at 30 September 2010 $507,274 (2009: $1,426,922) was held in inventory.

Cash-Flow Hedges

During the year, the amount of field payments that had not been hedged was $8,999,778 (2009: $12,682,420).

Notes to the Financial Statements as at 30 September 2010 (continued)

(b) Critical judgments in applying the entity's accounting policies

Other than that mentioned in Note 2(d), there are no areas that significant judgement has been applied to the Company that has a significant impact to the Financial Statements.

		2010	2009
		$	$
4a.	**Monetary Donations & Gifts**		
	Pledge programs		
	- Child Sponsorship	200,776,180	202,431,152
	- Other	8,000,818	7,224,675
	Total	**208,776,998**	**209,655,827**
	Appeals, donations & gifts		
	- Emergency relief appeals	18,349,737	2,963,247
	- Other appeals	22,816,582	21,765,546
	- Other cash donations & gifts	13,949,071	15,450,218
	Total	**55,115,390**	**40,179,011**
4b.	**Asian Tsunami Appeal Report**		
	Cash held in Australia at beginning of year	**780,922**	**4,810,771**
	Disbursements		
	Funds remitted to World Vision International	0	3,067,516
	Funds for bilateral arrangements	665,377	958,183
	Total program disbursements	**665,377**	**4,025,699**
	Funds spent on program support	1,006	4,150
	Net Disbursements	**666,383**	**4,029,849**
	Cash held in Australia at end of year	**114,539**	**780,922**
4c.	**Donated Goods**		
	Goods donated by Australian Corporations	547,424	4,207,302
	Medicines donated by International Agencies	13,137,215	33,890,549
	Food donated by International Agencies	21,875,446	30,193,255
	Total	**35,560,085**	**68,291,106**
4d.	**Bequests and Legacies**		
	Child Sponsorship	67,214	70,963
	Other	2,244,509	3,135,545
	Total	**2,311,723**	**3,206,508**

Notes to the Financial Statements as at 30 September 2010 (continued)

5. Disbursements to Overseas Projects by Country

Region/Country	2010 $	2009 $
Burundi	894,834	1,576,346
Ethiopia	8,909,324	10,899,608
Kenya	6,078,234	10,783,518
Northern Sudan	5,447,349	8,588,402
Rwanda	2,586,855	3,861,825
Somalia	2,360,106	3,136,443
Sudan	8,585,180	5,968,054
Tanzania	4,155,819	9,823,158
Uganda	8,458,059	12,341,825
East Africa	**47,475,760**	**66,979,179**
Angola	53,102	0
Congo	1,168,316	1,624,040
Lesotho	4,443,062	3,457,530
Malawi	5,808,239	9,585,494
Mozambique	5,809,880	9,673,837
Regional Office	386,212	187,854
South Africa	2,173,066	2,722,923
Swaziland	2,926,750	3,055,057
Zambia	6,242,002	10,460,865
Zimbabwe	6,164,071	10,253,883
Southern Africa	**35,174,700**	**51,021,483**
Chad	1,442,374	1,816,627
Ghana	2,162,560	2,306,898
Mali	72,398	0
Mauritania	79,490	33,174
Niger	388,995	0
Regional Office	225,476	652,953
Senegal	2,901,264	2,891,356
West Africa	**7,272,557**	**7,701,008**
Africa Regional	1,397,489	2,837,821
AFRICA	**91,320,506**	**128,539,491**

Notes to the Financial Statements as at 30 September 2010 (continued)

Afghanistan	931,629	1,474,789
Albania	228,329	1,089,907
Armenia	65,083	1,335,686
Azerbaijan	950,732	1,794,969
Bosnia	323,784	62,200
Cyprus	332,354	0
Georgia	70,674	68,031
Jer/WBank/Gaza	2,429,596	4,005,758
Lebanon	1,594,179	1,684,311
MEER Region	118,125	986,683
Pakistan	4,501,968	3,154,955
Romania	0	228,813
Uzbekistan	114,549	296,664
Russia	0	6,636
MEERO	**11,661,002**	**16,189,402**
Bangladesh	3,524,921	5,282,462
Cambodia	4,769,953	5,710,152
China	2,499,067	2,769,531
East Timor	2,327,609	2,751,043
India	6,184,566	6,999,851
Indonesia	4,555,285	6,141,288
Laos	7,502,865	3,608,586
Mongolia	2,270,387	5,207,091
Myanmar	6,160,920	5,939,576
Nepal	1,244,242	1,929,709
North Korea	45,818	50,914
Pacific Development Group	7,083,769	7,081,946
Philippines	3,580,237	3,939,274
Sri Lanka	5,199,788	5,301,400
Thailand	2,234,455	3,026,530
Vietnam	13,626,591	39,281,685
Asia Pacific Region	1,929,399	1,424,324
Asia Pacific	**74,739,872**	**106,445,362**

Notes to the Financial Statements as at 30 September 2010 (continued)

Bolivia	1,048,688	537,304
Brazil	3,496,100	4,661,505
Chile	2,716,350	3,121,446
Colombia	1,843,517	2,661,363
Dominican Republic	0	0
Ecuador	2,903,965	4,076,752
Guatemala	2,681,802	3,805,060
Haiti	4,815,356	2,327,087
Honduras	2,988,722	4,387,295
Nicaragua	2,867,986	3,889,981
Peru	3,927,318	5,391,201
Regional Office	528,777	934,448
Latin America	**29,818,581**	**35,793,442**
Global Operations – Ministry (1)	14,624,302	15,726,229
Other International Projects	554,608	1,401,929
Sub-total	**222,718,871**	**304,095,855**
Partnership Treasury Office (2)	37,086,742	(22,925,798)
Total Cash and Donated Goods Disbursed to International Projects (4)	**259,805,613**	**281,170,057**
Global Operations – Administration (3)	6,600,888	6,846,878
TOTAL	**266,406,501**	**288,016,935**

Note: Classifications of disbursements to countries has been revised in the current year to reflect disbursements made from both current year earnings and reserves. Prior year amounts have been reclassified for comparability.

(1) Funding of our global management and expertise. World Vision Australia is part of the World Vision International Partnership which operates in 90 countries. By sharing our experiences through World Vision International Partnership we improve efficiency and maximise economies of scale. Programs are implemented via the network of national offices under the oversight of the World Vision International Partnership which co-ordinates activities such as the transfer of funds and strategic operations. Our technical experts, strategists and global leaders in the international partnership office help with global strategy and specialty expertise.

The World Vision International Partnership also engages in international advocacy activities on issues such as debt relief, HIV and AIDS and child rights.

(2) Represents the excess/(shortfall) of disbursements to the partnership office by World Vision Australia. Any disbursements in excess of current year income will be funded from prior year reserves and reduce the amount held in the Partnership Treasury Office. Any disbursements less than the current year income will increase the funds at the Partnership Treasury Office pending future disbursement to projects.

(3) Funding of World Vision International Partnership global administration costs classified in Administration & Accountability in the Income Statement.

(4) Represents amount paid to the partnership office for International program expenditure for the year.

Notes to the Financial Statements as at 30 September 2010 (continued)

		2010 $	2009 $
6.	**Disbursements**		
	Disbursements to overseas projects per Note 5.	266,406,501	288,016,935
	Employee benefits expense	44,937,568	45,700,245
	Advertising, Printing & Postage	19,003,624	14,644,524
	Rent and Occupancy	1,989,818	1,825,329
	Depreciation	1,918,450	2,268,791
	Other	9,142,579	7,064,149
	Total	**343,398,540**	**359,519,973**

Current Assets

7.	**Cash & cash equivalents**		
	Cash at bank and cash on hand	4,767,558	5,452,053
	Travellers cheques and foreign currencies	0	793
	Deposits at Call (a)	26,300,000	17,800,000
	Total	**31,067,558**	**23,252,846**

(a) Deposits at call
The Deposits have interest rates between 5.05% and 5.62% (2009: between 2.9% and 3.7%). These deposits have a weighted average investment term of 87 days (2009: 90 days), but remain at call.

8.	**Receivables**		
	Australian Taxation Office – GST	384,047	293,634
	Debtors	290,008	430,699
	Other	40,394	0
	Total	**714,449**	**724,333**

9.	**Financial Assets at fair value through profit or loss**		
	Opening carrying amount	754,600	0
	Additions	42,369	690,800
	Revaluation	23,600	63,800
	Closing carrying amount	**820,569**	**754,600**

Revaluation gains relate to the revaluation of shares bequeathed to the Company during the year. In line with the Company's accounting policy these have been re-valued to the quoted market value as at 30 September 2010.

Notes to the Financial Statements as at 30 September 2010 (continued)

		2010	2009
10.	**Inventories**	$	$
	Indigenous art work	262,088	357,447
	Other	44,818	0
	Total	**306,906**	**357,447**

Inventories recognised as an expense during the year ended 30 September 2010 amounted to $271,302 (2009: $305,128).

11.	**Donated Goods**		
	Donated goods - awaiting shipment	507,274	279,712
	Donated goods - in transit	0	1,147,210
	Total	**507,274**	**1,426,922**

Donated Goods from Australian and overseas corporations recognised as a disbursement during the year ended 30 September 2010 amounted to $14,528,344 (2009: $78,366,324).

Write-downs of Donated Goods due to the loss of service potential recognised as an expense during the year ended 30 September 2010 amounted to $0 (2009: $6,821).

12.	**Other Current Assets**		
	Prepayments	381,433	402,921
	Other receivables	71,366	67,193
	Total	**452,799**	**470,114**

Non-Current Assets

13.	**Investment property**		
	Property from a bequest	303,946	311,976

Reconciliation of Movements in Investment Property

Investment property		
Opening carrying amount	311,976	320,000
Additions	0	0
Disposals	0	0
Depreciation expense	(8,030)	(8,024)
Closing carrying amount	**303,946**	**311,976**

Notes to the Financial Statements as at 30 September 2010 (continued)

	2010 $	2009 $
14. Property, Plant & Equipment		
Property		
Land	5,140,000	5,140,000
Buildings	18,025,615	17,970,106
Accumulated depreciation	(2,633,559)	(2,175,232)
Total Property	**20,532,056**	**20,934,874**
Computer Hardware		
At cost	5,902,632	6,190,680
Accumulated depreciation	(5,071,119)	(4,740,890)
Total Computer Hardware	**831,513**	**1,449,790**
Plant & Equipment		
At cost	6,816,655	6,420,005
Accumulated depreciation	(4,252,338)	(3,606,268)
Total Plant & Equipment	**2,564,317**	**2,813,737**
Total Carrying amount of Property, Plant & Equipment	**23,927,886**	**25,198,401**

Reconciliation of Movements in Property, Plant & Equipment

Property		
Opening carrying amount	20,934,874	21,331,594
Additions	55,509	53,867
Work in Progress	0	7,533
Disposals	0	0
Depreciation expense	(458,327)	(458,120)
Closing carrying amount	**20,532,056**	**20,934,874**
Computer Hardware		
Opening carrying amount	1,449,790	2,011,035
Additions	191,411	553,518
Work in Progress	0	8,994
Disposals	(3,665)	(103,003)
Depreciation expense	(806,023)	(1,020,754)
Closing carrying amount	**831,513**	**1,449,790**
Plant & Equipment		
Opening carrying amount	2,813,737	3,218,551
Additions	209,882	180,129
Work in Progress	186,768	145,279
Disposals	0	0
Depreciation expense	(646,070)	(730,222)
Closing carrying amount	**2,564,317**	**2,813,737**

Notes to the Financial Statements as at 30 September 2010 (continued)

	2010 $	2009 $
Current Liabilities		
15. Accounts Payable		
Trade creditors	1,482,021	902,899
Accrued creditors	3,341,557	4,258,402
GST payable	1,947,675	0
Other payable	477,884	190,964
Total	**7,249,137**	**5,352,265**
16. Provisions		
Annual leave	1,988,986	1,885,011
Long service leave	1,247,836	1,026,522
Other	6,598	0
Total	**3,243,420**	**2,911,533**
17. Hedging Reserve – cash flow hedges		
(i) Balance 1 October	(12,043,384)	8,177,769
Fair value revaluation	(20,992,618)	(15,702,078)
Charged / (credited) to income statement on settlement	19,388,731	(4,519,075)
Balance 30 September	**(13,647,271)**	**(12,043,384)**

(ii) The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, and described in Note 1(q). Amounts are recognised in profit and loss when the associated hedged transactions affect profit and loss. The Company has agreed to sell A$172.5m at an effective exchange rate of 0.94 over the next 12 months.

Non Current Liabilities		
18. Provisions		
Long service leave	590,805	546,425
Operating lease & other contractual obligations	198,225	162,263
Total	**789,030**	**708,688**

Notes to the Financial Statements as at 30 September 2010 (continued)

18a. Reconciliation of net cash provided by operating activities to deficit of revenue over Disbursements

	2010	2009
	$	$
Surplus / (Deficit) of Revenue over Disbursements	**3,295,647**	**(12,941,514)**
Non-Cash Flows in Operating Activities		
Revaluation on financial assets at fair value through P&L	(23,600)	(63,800)
Gain on disposal of property, plant & equipment	(5,500)	(16,655)
Write off of property, plant & equipment	0	119,660
Depreciation	1,918,450	2,217,120
Additions to financial assets held at fair value through P&L	(42,369)	(690,800)
Changes in Assets and Liabilities		
Decrease in receivables and prepayments	9,884	741,906
Decrease/(Increase) in inventories & donated goods	970,189	10,067,418
Increase in other current assets	17,315	(18,783)
(Decrease)/Increase in accounts payable	1,895,674	64,083
Decrease in provisions	412,229	(7,532)
Net Cash provided by Operating Activities	**8,447,919**	**(528,897)**

18b. Composition of Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and investments in money market instruments, net of outstanding bank overdrafts and deposits held on behalf of donors.

Cash at the end of the financial year as shown in the Statement of Cash Flows reconciled to the related items in the Statement of Financial Position is as follows:

Cash on hand & at bank (Note 7)	31,067,558	23,252,846
Cash held on behalf of donors #	(174,080)	(172,882)
	30,893,478	**23,079,964**

Cash held on behalf of donors is accrued in Accounts Payable (Note 15).

18c. Table of Cash Movements for Designated Purposes

	Cash available at 1 October 2009	Cash raised during year	Cash disbursed during year	Cash available at 30 September 2010
	$	$	$	$
Asian Tsunami Appeal	780,922	0	666,383	114,539
Other purposes	22,299,042	308,693,107	300,213,210	30,778,939
Total	**23,079,964**	**308,693,107**	**300,879,593**	**30,893,478**

Notes to the Financial Statements as at 30 September 2010 (continued)

19. Financial Instruments

19a. Terms, conditions and accounting policies

The Company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Policies, Terms and Conditions
Financial Assets			
Cash & cash equivalents	7	- Cash is recognised at its face value. - Cash in excess of liability requirements is invested in bank commercial bills and capital investment funds.	- Deposits at call have a weighted average investment term of 90 days. - The interest rate is the current market rate applicable at rollover.
Debtors	8	- Trade receivables are carried at the original invoice amounts due.	- Credit sales are on 30 day terms.
Financial assets at fair value through profit or loss	9	- Financial assets at fair value through profit or loss are financial assets held for trading. Gains or losses arising from changes in the fair value are presented in the income statement within other income or expenses in the period in which they arise.	- Shares held as part of a bequest to be converted to cash at a future date depending on the share price.
Financial Liabilities			
Trade creditors	15	- Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.	- The Company endeavours to settle trade liabilities on a 30 day term to take advantage of settlement discounts.
Unrealised Currency Hedge Payable	17	- WVA's board policy is to hedge 100% of anticipated field project payments in the subsequent 6 months, 75% between 6-9 subsequent months, and 55% between 9-12 subsequent months. Unrealised gains and losses on forward purchased currency contracts are deferred in equity until such time as the remittances occur.	- WVA has entered into a number of forward exchange currency contracts at reporting date. The contracts were held at standard terms and conditions.
Other liabilities	16 & 18	- Liabilities are recognised for amounts to be paid in the future.	- Other liabilities include donor invested funds that are repayable immediately on request. Interest on these funds is utilised in continuing programming commitments.

Notes to the Financial Statements as at 30 September 2010 (continued)

19b. Fair values

There is no material variance between an asset or liability's carrying value and fair value.

19c. Credit risk exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

19d. Interest rate risk

WVA is subject to normal commercial interest rate fluctuations on its bank accounts and money market instruments. WVA's exposure to interest rate risks and the effective interest rates of financial assets recognised and unrecognised at the year end, are as follows:

			Fixed interest rate maturing in:											
Financial Instruments	Floating Interest rate		1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Financial Assets														
Cash & cash equivalents	4,717,271	5,408,532	26,300,000	17,800,000	0	0	0	0	50,287	44,314	31,067,558	23,252,846	5.4%	3.7%
Currency Hedge	0	0	0	0	0	0	0	0	0	0	0	0	n.a.	n.a.
Debtors	0	0	0	0	0	0	0	0	714,449	724,333	714,449	724,333	n.a.	n.a.
Financial assets at fair value through profit or loss	0	0	0	0	0	0	0	0	820,569	754,600	820,569	754,600	n.a.	n.a.
Total	**4,717,271**	**5,408,532**	**26,300,000**	**17,800,000**	**0**	**0**	**0**	**0**	**1,585,305**	**1,523,247**	**32,602,576**	**24,731,779**		

There was no assessed interest rate risk for financial liabilities.

Notes to the Financial Statements as at 30 September 2010 (continued)

19e. Maturity of financial liabilities

Analysis of financial liabilities measured in undiscounted cash flows into relevant maturity grouping as follows:

Financial Instruments	Floating Interest rate		1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Financial Liabilities														
Trade creditors	0	0	7,249,137	5,352,265	0	0	0	0	7,249,137	5,352,265	7,249,137	5,352,265	n.a.	n.a.
Currency hedge	0	0	13,647,271	12,043,384	0	0	0	0	13,647,271	12,043,384	13,647,271	12,043,384	n.a.	n.a.
Provisions	0	0	3,243,420	2,911,533	679,569	626,442	0	0	4,032,450	3,620,221	4,032,450	3,620,221	n.a.	n.a.
Total	**0**	**0**	**24,139,828**	**20,307,182**	**679,569**	**626,442**	**0**	**0**	**24,928,858**	**21,015,870**	**24,928,858**	**21,015,870**		

Notes to the Financial Statements as at 30 September 2009 (continued)

19e. Foreign currency risk

World Vision Australia has entered into a number of forward exchange currency contracts at reporting date designed as a hedge of anticipated field project payments that are denominated in US dollars. Forward contracts are used to manage foreign exchange risk. Under the contracts, the Company has agreed to sell A$172.5m at an effective exchange rate of 0.94 over the next 12 months.

20. Superannuation commitments

During the financial year the Company contributed to a number of superannuation funds, as nominated by each employee. The Company has a legally enforceable obligation to contribute to employees' funds at a rate of 9% of wages and salaries.

21. Remuneration of Directors

No amounts were received from or are payable by the Company to Directors of the Company. The directors give their services to the Company without charge, however the Directors may be reimbursed certain travel and other expenses incurred in connection with the business of World Vision Australia.

22. Remuneration of Key Management Personnel

	Short-term benefits			Post-employment benefits		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Total $
2010						
T.Costello	220,484	0	0	35,321	0	255,805
G.Dawson (1)	146,690	0	0	18,225	0	164,915
C.Lenneberg	155,068	0	0	13,619	0	168,687
D.Patterson	262,186	0	0	20,805	0	282,991
F. McLeay (2)	42,118	0	0	2,601	0	44,719
P.Ronalds (3)	91,676	0	0	6,661	0	98,337
M.Gow	136,921	0	0	10,286	0	147,207
B.Mitchell	133,919	0	0	11,791	0	145,710
J. Ward	124,294	0	0	11,044	0	135,338
Total	1,313,356	0	0	130,353	0	1,443,709
2009						
T.Costello	229,358	0	0	20,642	0	250,000
K.Burke	161,201	0	0	13,665	0	174,866
G.Dawson	147,159	0	0	11,181	0	158,340
C.Lenneberg	137,982	0	0	12,418	0	150,400
D.Patterson	247,913	0	0	20,235	0	268,148
F. McLeay	124,313	0	0	8,605	0	132,918
P.Ronalds	177,611	0	0	13,988	0	191,599
M.Gow	88,881	0	0	6,641	0	95,522
B.Mitchell	84,678	0	0	7,706	0	92,384
Total	1,399,096	0	0	115,081	0	1,514,177

(1) Resigned 31 October 2010
(2) Resigned 8 January 2010
(3) Resigned 12 March 2010

Staff members included as Key Management Personnel include all members of the Executive Team, whether or not they report directly to the CEO.

Notes to the Financial Statements as at 30 September 2009 (continued)

23. Remuneration of auditors

Amounts received or receivable by our auditors, PricewaterhouseCoopers for:

	2010	2009
	$	$
Auditing the financial accounts for the current year	91,600	89,020
Other assurance services	6,000	3,000
	97,600	**92,020**

24. Contingencies

As at 30 September 2010, management had assessed that no contingent liabilities were required. (2009: Nil).

25. Commitments

Lease commitments

World Vision Australia leases offices in all States, and one warehouse under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	1,095,227	776,138
Later than one year but not later than five years	566,439	876,355
Later than five years	0	0
	1,661,666	**1,652,493**

26. Related parties disclosure

No Director or any associated party received, or became entitled to receive, any fee or payment in relation to services provided to World Vision Australia.

27. Board membership

The Directors of the Company holding that office, or who have held that office, at any time during the financial year are Ms Anne Robinson, Mr John Conn, Mr George Savvides, Mr Barry Pipella, Mr Michael Prince, Mr Shannon Adams, Dr Louise Baur, Bishop John Harrower, Mr. Robert Goudswaard, Ms. Donna Shepherd, and Mr. Colin Carter.

28. Members' guarantee

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member (Director) is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the Company. As at the 30 September 2010 the number of members was 9 (2009: 11).

Declaration by Directors

In accordance with a resolution of the Board of Directors of World Vision Australia, the Directors declare that in their opinion:

(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) the financial statements and notes set out on pages 9 to 35 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 September 2010 and of its 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.

On behalf of the Board

Chairman

Director

Melbourne
26 November 2010

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO BOX 1331L
MELBOURNE VIC 3001
DX 77 Melbourne
Australia
Telephone +61 3 8603 1000
Facsimile +61 3 8603 1999

Independent auditor's report to the members of World Vision Australia

Report on the financial report

We have audited the accompanying financial report of World Vision Australia (the company), which comprises the balance sheet as at 30 September 2010, and the income statement, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and 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 controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's a 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Liability limited by a scheme approved under Professional Standards Legislation

PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of World Vision Australia (continued)

Independence

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

Auditor's opinion

In our opinion, the financial report of World Vision Australia is in accordance with the *Corporations Act 2001*, including;

(i) giving a true and fair view of the company's financial position as at 30 September 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretation) and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
26 November 2010