World Vision

Australia

A.B.N. 28 004 778 081

Annual Statements & Accounts

for the year ended 30 September 2006

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
(P. Steele)
24 November 2006

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

Annual Statements & Accounts
30 September 2006

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This financial report is presented in Australian currency. World Vision of Australia is a public company limited by guarantee, incorporated and domiciled in Australia. The registered office and place of business is:

Principal Registered Office in Australia:
1 Vision Drive
BURWOOD EAST VIC 3151
(03) 9287 2233

Directors

AM Robinson, BA. LLB (Hons). FAICD (Chair)
S Adams, LLB
G Brown, Dip Bus. FAICD
J Abbott-Chapman, MA (Hons). Ph.D
J Conn, BA, Grad Dip (Arts). Grad Dip Fin Planning. FAICD
C Daly, B.Bus, ACA. CPA
D Hirsch, BA. MSc. LLD (Hons)
P King, FAICD
B Lampton, Dip Ministries
B Pipella, B. Com. FAICD
M Prince, BA (Hons). Master of Christian Studies. Dip Prof Coaching
M Rodgers, BA (Hons). BD (Hons)
G Savvides, BE (Hons). MBA. FAICD
R Wong, B Social Science. MSW. MSc. MA. PhD (alt to Dean Hirsch)

Chief Executive:
T Costello, B.Juris, L.LB, Dip.Ed., B.Div., M.Theol.

Company Secretary: P Steele

Auditors
PricewaterhouseCoopers
Freshwater Place
2 Southbank Boulevard
MELBOURNE VIC 3006

Solicitors
Clayton Utz
18/333 Collins Street
MELBOURNE VIC 3000

Bankers
Australia and New Zealand Banking Group Limited
Waverley Business Centre
Level 1, 533 Blackburn Road
MOUNT WAVERLEY VIC 3149

Directors' Report

Your Directors present their report with respect to the results of the company for the financial year ended 30 September 2006 and the state of the company's affairs at that date. At year end, the board comprised the following fourteen non-executive directors:

ANNE ROBINSON (CHAIR) BA. LLB (HONS). FAICD

Anne Robinson joined the Board in 2000 and was elected as Board Chair in November 2005. She is principal of the legal firm, Prolegis, which provides legal services to not for profit organizations. She is also Chairman of Home of Peace Hospitals Limited and Church of England Deaconess Institution Sydney Limited, and a member of Barker College Council. Anne graduated BA LLB with honours in international trade law, and is a fellow of the Australian Institute of Company Directors.

Special Responsibilities: Member of all committees.

SHANNON ADAMS. LLB

Shannon Adams joined the Board in 2005. He is a partner in the legal firm Norman Waterhouse, and specialises in financial services law, legal compliance and governance, particularly in the credit union sector. Shannon has also been the managing partner of several legal firms.

Special Responsibilities: Audit Committee and Board Development Committee.

GARY BROWN. DIP BUS. FAICD

Gary Brown joined the Board in 2000 and is currently Vice President of Human Resources Strategy and Organisational Development at BHP Billiton Ltd. Prior to his current role, Gary was a consultant with the firm Dawson Brown and Associates Pty Ltd, which assists a broad range of organisations across many industries and cultural environments with strategic people and organisational issues. He is a fellow of the Australian Institute of Company Directors.

Special Responsibilities: Board Executive, Board Development Committee and People Culture & Learning Committee (Chair).

PROF. JOAN ABBOTT CHAPMAN. MA (HONS). PHD (SOCIAL ANTHROPOLOGY). FAICD

Associate Professor Joan Abbott-Chapman joined the Board in 2003 and is an Honorary Fellow, University Department of Rural Health, University of Tasmania, after retiring from the Faculty of Education in 2003. Joan has 30 years experience of teaching and research in Universities in the U.K., USA and Australia. Her international experience includes 6 years as a Sociologist/Social Adviser with the British Ministry of Overseas Development within the Overseas Aid Program. She holds an M.A. (Honours) Ph.D (Social Anthropology) from the University of Edinburgh, is a Fellow of the Australian College of Educators and is the recipient of the ACE Tasmania Award 2002 for her 'significant contribution to education over many years in Tasmania and overseas'.

Special Responsibilities: Audit Committee and People, Culture & Learning Committee.

JOHN CONN. BA (ACCOUNTING). GRAD DIP (ARTS). GRAD DIP OF FINANCIAL PLANNING. FAICD

John Conn joined the Board in 2004. A former General Manager at Australia and New Zealand Banking Group Limited, having worked in that company for almost 35 years in various capacities. 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.

Special Responsibilities: Audit Committee (Chair) and Board Executive

CHRIS DALY. B. BUS. ACA. CPA

Chris Daly joined the Board in 1994. Former National Partner in charge of the Business Recovery area of practice of PricewaterhouseCoopers in Australia, having joined the firm in 1976. Prior to that, Chris held various positions in industry.

Special Responsibilities: Board Executive, Board Development Committee, Policy & Programs Committee (Chair) and Board Secretary.

DEAN HIRSCH. BA. MSC. LLD (HONS)

Dean Hirsch has served on the Australian Board since 1997. He joined World Vision in 1976 and worked in a variety of roles before his appointment as President of the World Vision International in 1996. He is based in Monrovia, USA and travels regularly throughout the WV Partnership visiting projects and offices. Chairman of the NGO Advisory Committee to UNICEF, Chairman of the Global Movement for Children. In 1993 Dean was named Alumnus of the Year at Westmont College and in 1996 he was awarded an honorary doctorate in international humanitarianism.

PETER KING. FAICD

Peter King joined the Board in 1994 and was Chairman of the Board from August 1995 to November 2005. A former Chief Executive of John Fairfax Ltd, he is currently on a number of boards in various industry sectors including Chairmanship of two organisations. He is a foundation fellow of the Institute of Directors and has attended the Senior Managers programme at Harvard University.

Special Responsibilities: Board Executive, People Culture & Learning Committee, Marketing Committee (Chair) and WVI Director.

BRIAN LAMPTON. DIP MINISTRIES

Brian Lampton joined the Board in 2002. Brian is a Director of the Jubilee Christian & Resource Centre and the Indigenous Community Care & Family Support Company. He also has close association with the Haggai Institute and spends time undertaking radio broadcasting on Aboriginal radio. Brian holds a Diploma of Ministries and is a member of the Assemblies of God in Cairns.

Special Responsibilities: Marketing Committee and Policy & Programs Committee.

BARRY PIPELLA. B COM. FAICD

Barry Pipella joined the Board in 2005. He is the Vice President for Sector and Sales (Australia and New Zealand) for IBM Global Technology Services. In that role, Barry is responsible for the growth of application and infrastructure outsourcing, hosting services in the region.

Special Responsibilities: Audit Committee and Marketing Committee.

MICHAEL PRINCE. BA (HONS). MASTER OF CHRISTIAN STUDIES. DIP PROF COACHING

Michael Prince joined the Board in 2006. He runs a consultancy business specialising in assessing, designing, implementing and evaluating projects on building capacity and institutional strengthening. Michael graduated with a Bachelor of Arts degree (with Honours) from the University of Western Australia, and has a Master of Arts from Regent College, Vancouver, Canada.

Special Responsibilities: People, Culture & Learning Committee and Policy & Programs Committee.

MARGARET RODGERS. BA (HONS). BD (HONS)

Margaret Rodgers joined the Board in 1999. She is the Media Officer for the Anglican Archbishop of Sydney, and is actively involved in various committees of the Anglican Church, including the Sydney Diocesan Standing Committee and that of the General Synod, and the NSW Council of Churches. Director, Council of Churches Broadcasters Ltd.

Special Responsibilities: Policy & Program Committee and Marketing Committee.

GEORGE SAVVIDES. BE (HONS). MBA. FAICD

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

Special Responsibilities: Board Executive, Board Development Committee (Chair) and WVI Director.

DR. ROSANNA WONG. B SOCIAL SCIENCE. MSW. MSC. MA. PHD (ALTERNATE DIRECTOR TO DEAN HIRSCH)

Dr. Rosanna Wong joined the Board in 2003. Executive Director, The Hong Kong Federation of Youth Groups. Chairman, Education Commission of the Hong Kong Special Administrative Region. Non-Executive Director, Hong Kong & Shanghai Banking Corporation Ltd. Non-Executive Director, Cheung Kong (Holdings) Ltd. Member, National Committee of the Chinese People's Political Consultative Conference; Member, High Level Panel of the United Nations on Youth Employment.

Special Responsibilities: Board Development Committee and Policy & Programs Committee.

Kim Vanden Hengel and Rex Keily retired from the Board in November 2005. Shannon Adams and Barry Pipella were appointed to the Board in November 2005. Michael Prince was appointed to the Board in July 2006.

Attendance at Meetings

	Board Meeting		Board Executive		Board Development		Audit Committee		Marketing Committee		PCL Committee		Policy & Programs Committee	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
A Robinson (Chair)	5	5	2	2	5	5	5	5	2	2	3	2	2	1
S Adams	4	3			4	3	4	3						
G Brown	5	3	2	1	5	3					3	2		
J Abbott Chapman	5	4					5	4			2	2	3	3
J Conn	5	5	2	2			5	5			1	1		
C Daly	5	4	2	2	4	3	1	1					2	2
D Hirsch	5	1												
P King	5	3	2	1	1	1			2	1	3	1	1	0
B Lampton	5	3					1	1	2	1	1	1	2	1
B Pipella	4	4					4	4	2	2				
M Prince	1	1									1	1	1	1
M Rodgers	5	4							2	1			3	3
G Savvides	5	5	2	1	5	5								
R Wong (alt to D Hirsch)	5	1			4	1							2	0

Column A – indicates the number of meetings the Director was eligible to attend.
Column B – indicates the number of meetings attended.

Principal Activity
The principal activity of the organisation during the year was international development aid and relief and no significant change in that activity has occurred during this period.

Results
The current year results were impacted by Asian Tsunami net disbursements of $ 48.5million for which income was received in 2005. This contributed to disbursements exceeding income in 2006 by $ 41.9million. No income tax is payable as the company is exempt under Australian taxation legislation.

Volunteers contributed more than 128,000 hours (2005 – 97,000 hours) in this financial year, at an estimated minimum salary saving of $2.6million (2005 - $1.9million). This is not recognised in the accounts.

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 2006 our total revenue was $313.1 million, a decrease of 14.0% over 2005. In the same period, we disbursed $354.9 million, leaving a deficit for the year of $41.9 million.

	FY06(inc Asian Tsunami Appeal) $m	FY06 (Excl Asian Tsunami Appeal) $m	FY05(inc Asian Tsunami Appeal) $m	FY05(excl Asian Tsunami Appeal) $m
Revenue	313.1	307.7	364.0	255.0
Disbursements	354.9	301.1	289.6	253.5
Surplus/(Deficit)	(41.9)	6.6	74.4	1.5

The result was heavily impacted by the disbursement of funds raised to help victims of the Asian Tsunami. During the year $53.8m was distributed, leaving $24.6m in trust for spending in future years.

World Vision of Australia made record payments to the field in 2006. Contributions to overseas and domestic projects totalled $301.2 million, an increase of 26.8 % over 2005. Cash payments to overseas projects increased by 20.0% to $229.1million.

Funds raised from the Australian public totalled $237.7 million, a decrease of 20.2% over 2005. Revenue from child sponsorship continued its upward trend increasing by 12.0% to $173.4 million. Worldwide, 390,374 children, their families and communities in 57 countries benefited from our child sponsorship program.

Revenue from the Australian Government by way of grants amounted to $11.8 million ($14.5 million in 2005). The total costs of fundraising and administration as a percentage of revenue (excluding the Asian Tsunami Appeal) was 15.6% in 2006 (16.9% in 2005). This was impacted by a $22m increase in food aid income, due to the drought in Africa.

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
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 of Australia continues to focus on international aid and relief. No change to this principal activity is likely. Total Income and disbursements to overseas projects are expected to increase in the next year.

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 20 to the accounts.

Insurance of Officers
The company has paid premiums to insure directors and executives 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 $18,727. This premium has not been included in the notes on Remuneration of Directors and Key Management Personnel (Notes 20 and 21).

Auditors' independence declaration
A copy of the auditors' 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.

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

Chair
Melbourne, 24 November 2006

Director

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

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2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website:www.pwc.com/au
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

Auditor's Independence Declaration

As lead auditor for the audit of World Vision of Australia for the year ended 30 September 2006, 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 of Australia during the period.

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
24 November 2006

Corporate Governance

Board responsibilities

The board focuses on the strategy and values it has in place to ensure that funds to the field are maximised on behalf of donors. It supports the principles of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (ASX Principles) published in March 2003. World Vision of Australia (WVA) is not a publicly listed company and, as such, is not obliged to report on these principles. WVA has applied the ASX principles appropriate to a not for profit organisation, with regard to the scope of operation and level of donor and public interest.

The board maintains and ensures that WVA management maintains the highest level of corporate ethics. It is comprised entirely of independent, non-executive directors who have a broad range of skills in commercial, business and international activities bringing accountability and judgement to ensure optimum results for the donors and aid recipients.

The board has adopted a formal charter. In particular the board:

- sets the strategic direction;
- approves and monitors the annual budget;
- sets and assesses the objectives and standards by which the company is governed;
- appoints and evaluates the performance of the chief executive officer;
- appoints the executive committee;
- ensures adequate risk management; and
- ensures compliance with laws and policies.

The chief executive officer is responsible for operational management, with all powers, discretions and delegations authorised, from time to time, by the board. The board is responsible for regularly reviewing and ensuring that all necessary and appropriate delegations are in place to enable the chief executive officer and the management team to meet this responsibility.

Board structure

The board is comprised of a maximum of 14 non-executive directors. No fees are paid for serving as a director, but the directors may be paid reasonable travelling and other expenses incurred in connection with the business of the company.

Board meetings and committees

The full board normally meets five times during the year, with additional meetings scheduled as required. Forums are held where the board and the management team examine various strategic issues. The board does not delegate major decisions to committees. The committees are responsible for considering detailed issues and making recommendations to the board. Each committee has a formal charter.

Audit committee

The audit committee assists the board to fulfil its corporate governance responsibilities by:

- reviewing internal audit reports and risk management issues under an agreed program;
- monitoring management responses to audit issues;
- reviewing adequacy and disclosure of financial statements, and reviewing budgets;
- providing advice on financial and other issues;
- reviewing financial and operational risk assessments;
- liaising with external auditors; and
- considering matters raised by management, initiating enquiries in the areas of ethics, due diligence investigations, insurance, legal issues and statutory requirements.

The board maintains an audit committee of a minimum of three directors. The members of the committee have adequate qualifications to discharge their responsibilities. The committee is presently comprised of Mr John Conn, Ms Anne Robinson, Prof. Joan Abbott Chapman, Mr Shannon Adams and Mr Barry Pipella.

External auditor relationship

The audit committee must satisfy itself as to the independence of the external auditor. This includes considering the ongoing relationships and services to WVA and other parties, and monitoring the number of former parties and/or employees of the external auditors on the board or in senior management positions. The audit committee reviews any proposed appointment of former partners of the external auditor to any executive role within WVA.

Marketing committee

The marketing committee reviews and contributes to the marketing and communication strategies.
In particular the committee:

- advises the board on overall strategic direction;
- reviews the proposed operating plans;
- understands the implications and detail of the marketing budget in order to advise the board; and
- considers specific marketing initiatives in depth, as required.

The board maintains a marketing committee of a minimum three directors. The committee is presently comprised of Mr Peter King, Ms Margaret Rodgers, Mr Brian Lampton and Mr Barry Pipella.

Marketing activities are conducted in accordance with codes of conduct as outlined by bodies such as the Australian Direct Marketing Association and the Australian Council for International Development.

People, Culture and Learning committee

The People, Culture and Learning committee reviews and contributes to human resource strategies and policies. In particular the committee:

- reviews policy recommendations and guidelines relating to significant human resources issues, including the terms of employment and remuneration of the chief executive officer and senior managers;
- reviews succession planning, corporate culture status, and the organisation's compliance with the mission and core values of World Vision.

The board maintains a people, culture and learning committee of a minimum of three directors. The committee is presently comprised of Mr Gary Brown, Prof. Joan Abbott Chapman, Mr Peter King, and Mr Michael Prince.

Executive committee

The board executive meets as required between meetings of the full board.

The board maintains an executive committee of a minimum of five directors. The committee is presently comprised of Ms Anne Robinson, Mr Peter King, Mr Chris Daly, Mr George Savvides, Mr Gary Brown and Mr John Conn.

Policy and Programs committee

The policy and programs committee's role includes:

- reviewing quality standards and performance measures for project design implementation;
- monitoring field budgets;
- reviewing selection procedures and policies for projects; and
- reviewing project reports.

The board maintains a policy and programs committee of a minimum of three directors. The committee is presently comprised of Mr Chris Daly, Ms Margaret Rodgers, Mr Brian Lampton, Mr Michael Prince and Ms Rosanna Wong.

Board Development committee

The board development committee's role includes:

- establishing criteria for board membership;
- reviewing board membership, ensuring that the board has the appropriate mix of qualifications, skills and experience; and
- nominating directors.

The board maintains a board development committee of a minimum of three directors. The committee is presently comprised of Mr George Savvides, Mr Chris Daly, Mr Gary Brown, Ms Rosanna Wong, and Mr Shannon Adams.

Standards

Ethical standards

The board's policy is for the directors and management to conduct themselves with the highest ethical standards. World Vision of Australia has adopted a set of core values and a mission statement which are distributed to all employees. The directors regularly review these values and the mission statement to ensure that WVA's organisational practices reflect best practice in corporate governance.

Independent advice

Any director may take such independent legal, financial or other advice as he/she considers necessary, at WVA's expense, provided the advice sought is in writing and is directly relevant to WVA affairs.

Conflict of Interest

Any actual or potential conflict of interest must be fully disclosed to the board.

Board performance

The board has commenced a process of review of its performance and evaluation against agreed benchmarks.

All board members undergo a rigorous performance review (at least once during each three year term).

Directors have access to continuing education and all new directors undergo an induction session with the company secretary.

Participation

Directors are encouraged to participate actively at all meetings and ensure their views are heard. They are required to bring an independent judgement to bear in decision-making. The board arranges for management to supply the board and committees with information in a form and of a quality that enables them to effectively discharge their duties.

Financial information
The chief executive officer and the chief financial officer have certified the accuracy and completeness of the financial information prepared in accordance with relevant accounting standards.

Identifying significant business risks
The board regularly monitors the business environment and operational and financial performance of each of the company's activities. It monitors and receives advice on areas of operational business opportunities and financial risk and considers strategies and policies for appropriate risk management arrangements.

Systems are also established and monitored to ensure prompt and appropriate responses to complaints and inquiries.

Corporate social responsibility

World Vision of Australia is committed to promoting Corporate Social Responsibility in Australian companies and we also seek to act as a good corporate citizen. We recognise organisations' broader obligations to supporters, donors, volunteers, the community, employees, and the environment.

Annual Financial Report
30 September 2006

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

World Vision of 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 activities is included in the directors' report on page 6, which is not part of this financial report.

The financial report was authorized for issue by the directors on 24 November 2006. The company has the power to amend and reissue the financial report.

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

Income Statement

for the year ended 30 September 2006

	Notes	2006 $	2005 $
Revenue			
Donations and gifts from the Australian Public			
- Child sponsorship		173,410,322	154,823,223
- 40 hour famine		4,508,797	3,464,116
- Asian tsunami appeal	4a	1,447,144	103,376,827
- Other emergency and other appeals		18,439,221	14,074,522
- Other cash donations		19,450,034	16,063,777
- Donated goods		20,397,277	16,068,318
		237,652,795	307,870,783
Grants			
- AusAID		11,832,079	14,458,222
- Other Australian		327,408	495,741
- Other overseas - cash		8,106,036	6,184,398
- Donated goods		48,940,798	28,393,093
		69,206,321	49,531,454
Total Revenue		**306,859,116**	**357,402,237**
Investment income		3,986,556	3,941,098
Other income			
- Proceeds from commercial activities		1,745,385	2,339,374
- Other		486,804	299,069
		2,232,189	2,638,443
Total Other Income		**6,218,745**	**6,579,541**
TOTAL REVENUE AND OTHER INCOME		**313,077,861**	**363,981,778**
Disbursements			
Overseas projects			
- Cash		229,126,019	190,785,569
- Donated goods		66,428,776	41,948,363
- Project design, development and management		4,499,961	4,011,966
	5a	300,054,756	236,745,898
Domestic projects			
- Indigenous			
- Cash		860,007	666,021
- Donated goods		34,765	-
- Other domestic projects		202,092	190,720
		1,096,864	856,741
Community education		3,264,709	3,243,995
Fundraising			
- Public		26,148,169	24,508,905
- Government, multilaterals and private		304,406	223,993
		26,452,575	24,732,898
Administration		21,827,945	21,619,123
Commercial activities		2,252,532	2,397,664
TOTAL DISBURSEMENTS	5b	**354,949,381**	**289,596,319**
Excess/(deficit) of revenue over disbursements		**(41,871,520)**	**74,385,459**

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

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

Balance Sheet
as at 30 September 2006

	Notes	2006 $	2005 $
Current assets			
Cash	6	44,754,457	88,426,397
Receivables	7	1,679,421	1,239,335
Inventories	8	281,998	252,819
Donated goods	9	9,484,776	5,908,390
Other	10	365,442	490,101
Total current assets		56,566,094	96,317,042
Non-current assets			
Investment property	11	308,750	316,875
Property, plant & equipment	12	21,658,750	22,755,733
Total non-current assets		21,967,500	23,072,608
TOTAL ASSETS		**78,533,594**	**119,389,650**
Current liabilities			
Accounts payable	13	6,753,930	4,626,722
Provisions	14	2,573,481	2,809,560
Total current liabilities		9,327,411	7,436,282
Non-current liabilities			
Provisions	15	574,247	1,087,132
Total non-current liabilities		574,247	1,087,132
TOTAL LIABILITIES		**9,901,658**	**8,523,414**
NET ASSETS		**68,631,936**	**110,866,236**
Equity			
Funds available for future use		68,994,716	110,866,236
Reserves	16	(362,780)	0
TOTAL EQUITY		**68,631,936**	**110,866,236**

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

Statement of Changes in Equity
for the year ended 30 September 2006

	Notes	2006 $	2005 $
Total equity at the beginning of the financial year		**110,866,236**	**36,480,777**
Adjustment on adoption of AASB 132 and AASB 139 Reserves	**16**	37,340	0
Restated total equity at the beginning of the financial year		**110,903,576**	**36,480,777**
Changes in the fair value of cash flow hedge	**16**	(400,120)	0
Surplus/(deficit) of available funds for the year		(41,871,520)	74,385,459
Total equity at the end of the financial year		**68,631,936**	**110,866,236**
Total Surplus/(Deficit) for the year attributable to World Vision of Australia		**(41,871,520)**	**74,385,459**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cash Flow Statement
for the year ended 30 September 2006

	Notes	2006 $	2005 $
Cash flows from operating activities			
Receipts from donors and merchandising (includes GST)		243,347,520	317,865,057
Interest received		3,994,050	3,950,779
Rent income		0	11,721
Payments to field offices, suppliers and employees (includes GST)		(290,635,272)	(247,913,385)
Net cash provided/(used) by operating activities	**17a**	**(43,293,702)**	**73,914,172**
Cash flows from investing activities			
Payment for property, plant & equipment		(965,835)	(1,220,001)
Proceeds from sale of property, plant & equipment		485,432	383,343
Net cash used in investing activities		**(480,403)**	**(836,658)**
Net increase/(decrease) in cash held		**(43,774,105)**	**73,077,514**
Cash at beginning of financial year		88,259,964	15,182,450
Cash at end of the financial year	**17b**	**44,485,859**	**88,259,964**

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

Notes to the Financial Statements
as at 30 September 2006

1. Summary of significant accounting policies

a) Basis of accounting
The financial report is a general purpose financial report which has 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*. The financial reports have been prepared in accordance with the historical cost convention, except for certain land and buildings which are recorded at independent valuation.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). A statement of compliance with International Financial Reporting Standards cannot be made due to World Vision of Australia applying the not for profit sector specific requirements contained in the AIFRS. This is the first financial report prepared based on AIFRS and the figures for 30 September 2005 have been restated accordingly. Reconciliations of AIFRS equity and income for 30 September 2005 to the balances reported in the 30 September 2005 financial report prepared under previous GAAP are provided in Note 3. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. World Vision of Australia has taken the exemption available under AASB 1 to only apply AASB 132, Financial Instruments: Disclosure and Presentation, and AASB 139, Financial Instruments: Recognition and Measurement from 1 October 2005.

This company adheres to the ACFID Code of Conduct on Financial Reporting.

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 of 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 of 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
Revenue is recognised when the control of cash has passed to World Vision of Australia. Donated goods received as grants are recognized as revenue per note 1(c)(ii).

(iv) Sale of goods
Control of the goods has passed to the buyer.

Notes to the Financial Statements as at 30 September 2006 (continued)

(v) Rendering of services
Where the contract outcome can be reliably measured, control of the right to be compensated for the service determined and the stage of completion can be reliably measured.

d) Income tax
No income tax is payable as the company is exempt under Australian taxation legislation.

e) Property, plant and equipment
On transition to AIFRS as at 1 October 2004, all land and buildings were restated to fair value as permitted by AASB 1, which is then treated as the deemed 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.

f) Impairment of assets
The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the assets depreciated replacement cost.

g) Depreciation and amortisation
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
Building	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

Notes to the Financial Statements as at 30 September 2006 (continued)

h) Short-term deposits

Funds awaiting remittance to field countries are normally invested in short term deposits. (Refer Note 18 on Financial Instruments.)

i) Indigenous art stock

All trading stock is valued at the lower of cost or current replacement cost.

j) Employee benefits

Wages and salaries, annual leave and sick leave

Liability for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Long service leave is recorded as a non-current liability with the exception of employees with seven years or more service for which there is a current leave liability.

k) Provisions

World Vision of Australia has certain operating leases that require the asset to be returned to the lessor in its original condition. These obligations relate to wear and tear on the premises and not dismantling obligations. The operating lease payments do not include an element for repairs / overhauls. Under AGAAP, the costs of refurbishment are not recognised until it is probable that the expenditure will be incurred, whereas under AIFRS a provision for refurbishment costs must be recognised over the period of the lease, measured at the expected cost of refurbishment at each reporting date.

l) Cash

Cash includes cash on hand, traveller's cheques, foreign currency, deposits held at call with financial institutions and commercial bills held with financial institutions, and units held in capital investment funds that are readily convertible to cash and have an insignificant risk of changes in value.

m) 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.

Notes to the Financial Statements as at 30 September 2006 (continued)

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

o) Acquisition of assets
The purchase method of accounting is used for all acquisition of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

p) 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 uncollectible 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.

q) Investment property
Investment property received by way of a bequest is held for capital appreciation. On transition to AIFRS as at 1 October 2004, the investment property was restated to fair value as permitted by AASB 1, which is then treated as the deemed cost. Useful life is 40 years, with the property being depreciated over its useful life using the straight-line method.

r) 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.

d) Inventory and Donated goods
Stock is held at the lower of cost and current replacement cost. Donated goods are recorded at fair value which is represented by either wholesale value or an independent valuation.

t) Foreign currency hedging
The company 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 of 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.

World Vision of Australia has taken the exemption available under AASB 1 to only apply AASB 132, Financial Instruments: Disclosure and Presentation, and AASB 139, Financial Instruments: Recognition and Measurement from 1 October 2005.

Under previous AGAAP, gains or costs arising upon entry into a hedging transaction intended to hedge the purchase or sale of goods or services, together with subsequent exchange gains or losses resulting from those transactions were deferred in the balance sheet from the inception of the hedging transaction up to the date of the purchase or sale and included in the measurement of the purchase or sale. The net amounts receivable or payable under the hedging transaction were also recorded in the balance sheet. Any gains or losses arising on the hedging transaction after the recognition of the hedged purchase or sale were included in the income statement.

Notes to the Financial Statements as at 30 September 2006 (continued)

Under AIFRS, the fair value of these agreements is recognised in the statement of financial position 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 taken to the statement of financial performance as incurred. World Vision of Australia expects all current hedge relationships to be highly effective going forward.

u) 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 24). 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.

v) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 September 2006 reporting period. The company has chosen not to adopt early any of these forthcoming standards and interpretations, as it believes there will not be a material impact on the financial report upon such future initial application.

2. Critical Accounting Estimates and Judgements

Estimates and judgments 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. There are no 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.

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

The company has not made any critical judgements in applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial report.

Notes to the Financial Statements as at 30 September 2006 (continued)

3. Impact of adoption of AIFRS

Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS):

3a. At the date of transition to AIFRS: 1 October 2004

	Notes	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
Current assets				
Cash		15,348,617		15,348,617
Receivables	3(f)(iv)	2,514,319		2,514,319
Inventories		327,810		327,810
Other		4,015,376		4,015,376
Total current assets		22,206,122		22,206,122
Non-current assets				
Investment property	3(f)(i)	0	325,000	325,000
Financial assets	3(f)(i)	325,000	(325,000)	0
Property, plant & equipment	3(f)(ii)	23,204,443	73,511	23,277,954
Total Non-Current Assets		23,529,443	73,511	23,602,954
TOTAL ASSETS		**45,735,565**	**73,511**	**45,809,076**
Current liabilities				
Accounts payable	3(f)(iv)	6,234,716		6,234,716
Provisions		2,674,085		2,674,085
Total current liabilities		8,908,801		8,908,801
Non-current liabilities				
Provisions	3(f)(ii)	319,662	99,836	419,498
Total non-current liabilities		319,662	99,836	419,498
TOTAL LIABILITIES		**9,228,463**	**99,836**	**9,328,299**
NET ASSETS		**36,507,102**	**(26,325)**	**36,480,777**
Equity				
Reserves	3(f)(iii)	12,815,012	(12,815,012)	0
Funds available for future use		23,692,090	12,788,687	36,480,777
TOTAL EQUITY		**36,507,102**	**(26,325)**	**36,480,777**

Notes to the Financial Statements
as at 30 September 2006 (continued)

3b. At the end of the last reporting period under previous AGAAP: 30 September 2005

	Notes	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
Current assets				
Cash		88,426,397		88,426,397
Receivables	3(f)(iv)	1,239,335		1,239,335
Inventories		252,819		252,819
Other		6,398,491		6,398,491
Total current assets		96,317,042		96,317,042
Non-current assets				
Investment property	3(f)(i)	0	316,875	316,875
Financial assets	3(f)(i)	325,000	(325,000)	0
Property, plant & equipment	3(f)(ii)	22,684,724	71,009	22,755,733
Total non-current assets		23,009,724	62,884	23,072,608
TOTAL ASSETS		**119,326,766**	**62,884**	**119,389,650**
Current liabilities				
Accounts payable	3(f)(iv)	4,626,722		4,626,722
Provisions		2,809,560		2,809,560
Total current liabilities		7,436,282		7,436,282
Non-current liabilities				
Provisions	3(f)(ii)	950,881	136,251	1,087,132
Total non-current liabilities		950,881	136,251	1,087,132
TOTAL LIABILITIES		**8,387,163**	**136,251**	**8,523,414**
NET ASSETS		**110,939,603**	**(73,367)**	**110,866,236**
Equity				
Reserves	3(f)(iii)	12,815,012	(12,815,012)	0
Funds available for future use		98,124,591	12,741,645	110,866,236
TOTAL EQUITY		**110,939,603**	**(73,367)**	**110,866,236**

Notes to the Financial Statements as at 30 September 2006 (continued)

3c. Reconciliation of Excess of Revenue over Disbursements under previous AGAAP to AIFRS

	$
Excess for the year ended 30 September 2005 as previously reported	**74,432,501**
Operating lease contractual obligations	(38,917)
Investment property depreciation	(8,125)
Excess for the year ended 30 September 2005 under AIFRS	**74,385,459**

3d. Reconciliation of cash flow statement for the year ended 30 September 2005

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

3e. Adjustments on transition to AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement: 1 October 2005

Applying AASB 132 and AASB 139, World Vision of Australia recognised a decrease in currency hedge payable of ($37,340), with a corresponding increase in Reserves of $37,340, refer to Note 16.

3f. Notes to the reconciliations

(i) Investment property

On transition to AIFRS as at 1 October 2004, the investment property was restated to fair value as permitted by AASB 1, which is then treated as the deemed cost. Furthermore, this was incorrectly classified in the prior year as a financial asset and has been reclassified as an investment property under AIFRS.

The effect of this is:

(i) At 1 October 2004
There has been an increase of $325,000 in the Investment Property Asset and a $325,000 decrease in value of Financial Assets.

(ii) At 30 September 2005
There has been a $8,125 reduction in the book value of the Investment Property. Administration expenses have increased by $8,125 representing the depreciation on the investment property and a decrease in retained earnings of $8,125

(iii) For the year ended 30 September 2005
Administration expenses have increased by $8,125 representing the depreciation on the investment property and a decrease in retained earnings of $8,125

(ii) Operating Lease Contractual Obligations

Under previous AGAAP, the company did not bring to account any operating lease contractual obligations. At the date of transition the company were required to recognise an Operating Lease Contractual Obligation asset and associated provision.

The effect of this is:

(i) At 1 October 2004
There has been an increase in net assets of $73,511. Non-current provisions increased by $99,836 and retained earnings reduced by $26,325.

**Notes to the Financial Statements
as at 30 September 2006 (continued)**

(ii) At 30 September 2005
There has been a reduction in net assets of $2,502. Non-current provisions increased by $36,414.

(iii) For the year ended 30 September 2005
There has been an increase in Administration Costs of $38,917, and retained earnings reduced by $38,917.

(iii) Reserve

On transition to AIFRS as at 1 October 2004, all land and buildings were restated to fair value as permitted by AASB 1, which is then treated as the deemed cost.

The effect of this is:

(i) At 1 October 2004
There has been a reduction in the Asset Revaluation Reserve of $12,815,012 and an increase in retained earnings of $12,815,012.

(ii) At 30 September 2005
There is no effect.

(iii) For the year ended 30 September 2005
There is no effect.

(iv) Hedging

World Vision of Australia has elected to apply the exemption from restatement of comparative for AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement. It has therefore continued to apply the previous AGAAP rules to derivatives, financial assets and financial liabilities and also hedge relationships for the year ended 30 September 2005. The adjustments required for differences between previous AGAAP and AASB 132 and AASB 139 have been determined and recognised at 1 October 2005. Refer to note 16.

Notes to the Financial Statements as at 30 September 2006 (continued)

4a. Asian Tsunami Appeal Report

	2006 $	2005 $
Revenue		
Public donations	10,616	75,458,864
Corporate donations – cash	1,436,528	27,917,963
Donations and gifts from the Australian public	1,447,144	103,376,827
Donated goods	853,735	1,039,913
Government	0	2,000,000
Interest earned	3,031,820	2,582,609
Total revenue	**5,332,699**	**108,999,349**
Disbursements		
Program expenditure		
Funds spent overseas in projects		
Projects with World Vision International	41,972,393	27,065,086
Projects with other partners	2,373,939	872,944
Donated goods	853,735	1,328,575
Purchased goods	618,079	0
Funds spent overseas in projects (Note 4b)	45,818,146	29,266,605
Funds held by World Vision International	7,318,057	2,934,914
Funds spent on program support	533,397	720,979
Overhead expenses	167,020	3,213,995
Total disbursements	**53,836,620**	**36,136,493**
Balance	(48,503,921)	72,862,857
Add back excess goods sent to projects	0	288,662
Cash available at beginning of year	73,151,519	0
Balance: funds available for Tsunami programs (held in Australia)	**24,647,598**	**73,151,519**

4b. Asian Tsunami Appeal Distribution of Funds

	India $'000 AUD	Indonesia $'000 AUD	Sri Lanka $'000 AUD	Thailand $'000 AUD	Other $'000 AUD	TOTAL $'000 AUD
Funds spent overseas in projects	9,462	16,136	14,410	3,141	2,669	**45,818**

Notes to the financial statements as at 30 September 2006 (continued)

5a. Disbursements to Overseas Projects by Country

		2006	2005
		$	$
Africa	Angola	48,119	313,047
	Burundi	1,169,998	0
	Chad	2,399,180	3,755,316
	Congo	12,212	1,301,430
	Ethiopia	7,992,624	8,983,213
	Ghana	2,741,360	3,902,400
	Kenya	18,781,887	11,743,160
	Lesotho	4,066,089	10,892,826
	Liberia	2,140,130	1,060,346
	Malawi	7,609,843	5,856,722
	Mauritania	1,023,908	183,484
	Mozambique	6,888,553	5,564,129
	Niger	124,463	394,024
	Northern Sudan	1,276,110	0
	Rwanda	1,324,440	2,822,413
	Senegal	2,620,858	3,087,174
	Somalia	932,220	631,013
	South Africa	1,897,053	1,900,108
	Sudan	16,817,849	10,339,627
	Swaziland	2,587,999	3,409,393
	Tanzania	6,073,850	6,263,271
	Uganda	10,443,422	9,137,265
	Zambia	8,021,461	8,662,628
	Zimbabwe	5,949,980	3,580,316
	Regional programs	183,572	959,867
	Sub Total	**113,127,180**	**104,743,172**

Notes to the financial statements as at 30 September 2006 (continued)

		2006	2005
Asia & Pacific Islands		$	$
	Afghanistan	3,484,141	3,206,445
	Bangladesh	3,630,219	3,864,306
	Cambodia	4,678,105	3,931,094
	China	2,090,374	1,983,146
	East Timor	1,831,533	842,516
	India	15,525,798	10,463,211
	Indonesia	22,099,036	11,969,744
	Laos	1,380,616	1,299,381
	Mongolia	4,595,170	1,409,433
	Myanmar	1,783,362	2,123,135
	Nepal	991,762	1,249,156
	North Korea	47,590	113,050
	Pacific	1,332,314	3,518,323
	Pakistan	3,653,147	362,756
	Papua New Guinea	1,869,917	0
	Philippines	4,981,402	5,309,366
	Solomon Islands	49,905	0
	Sri Lanka	12,017,651	19,635,355
	Thailand	6,793,852	6,562,859
	Uzbekistan	15,448	238,374
	Vanuatu	37,122	0
	Vietnam	4,756,642	3,855,092
	Regional programs	20,781	2,967,333
	Sub Total	**97,665,887**	**84,904,075**
Latin America	Brazil	3,243,042	3,197,875
	Chile	2,400,911	2,315,369
	Colombia	2,227,976	1,998,048
	Dominican Republic	47,563	252,938
	Ecuador	3,232,641	2,575,986
	Guatemala	2,890,048	2,350,623
	Haiti	2,456,579	2,604,945
	Honduras	2,094,207	2,553,272
	Nicaragua	2,561,337	2,590,072
	Peru	2,899,832	2,472,553
	Regional programs	119,070	329,223
	Sub Total	**24,173,206**	**23,240,904**

Notes to the financial statements as at 30 September 2006 (continued)

Other

	2006	2005
	$	$
Armenia	0	709,237
Azerbaijan	4,050,688	5,805,902
Bosnia-Herzegovina	12,447	646,226
Iran	105,626	1,122,926
Iraq	0	51,807
Jerusalem/West Bank/Gaza	1,864,647	1,725,115
Kosovo	5,438	0
Lebanon	660,980	679,864
Romania	1,923,090	1,314,902
Russian Federation	184,634	0
Committed to programs*	56,280,933	11,801,768
Sub Total	**65,088,483**	**23,857,747**
Grand Total	**300,054,756**	**236,745,898**

* Funds committed to international projects and sent to our central international account, but not yet distributed to field offices.

Notes to the Financial Statements
as at 30 September 2006 (continued)

		2006	2005
		$	$
5b.	**Total Disbursements**		
	Total disbursements include:		
	Depreciation – Property	432,489	400,487
	– Investment property	8,125	8,125
	– Computer hardware	551,973	522,481
	– Plant & equipment	436,101	435,616
	– Total	1,428,688	1,358,931
	Loss on sale of property, plant & equipment	186,162	64,522
	Rent expense – operating lease	707,123	552,002
	Employee benefits expense	28,819,063	28,468,034

Current Assets

6.	**Cash**		
	Cash at bank and cash on hand	44,686,494	88,367,216
	Travellers cheques and foreign currencies	67,963	59,181
	Total	**44,754,457**	**88,426,397**
7.	**Receivables**		
	Australian Taxation Office – GST	897,385	415,448
	Currency hedge	0	37,340
	Debtors	782,036	786,547
	Total	**1,679,421**	**1,239,335**
8.	**Inventories**		
	Indigenous art work	281,998	252,819
	Total	**281,998**	**252,819**
9.	**Donated Goods**		
	Donated goods - awaiting shipment	939,464	4,242,644
	Donated goods - in transit	8,545,312	1,665,746
	Total	**9,484,776**	**5,908,390**
10.	**Other Current Assets**		
	Prepayments	365,442	482,607
	Accrued interest	0	7,494
	Total	**365,442**	**490,101**

Notes to the Financial Statements
as at 30 September 2006 (continued)

	2006	2005
	$	$
Non-Current Assets		
11. Investment property		
Property from a bequest	308,750	316,875
Reconciliation of Movements in Investment Property		
Investment property		
Opening carrying amount	316,875	325,000
Depreciation expense	(8,125)	(8,125)
Closing carrying amount	**308,750**	**316,875**
Property, Plant & Equipment		
12. Property		
Land	5,140,000	5,140,000
Building	14,989,910	14,733,430
Building in progress	159,588	148,108
Accumulated depreciation	(857,551)	(425,062)
Total Property	**19,431,947**	**19,596,476**
Computer Hardware		
At cost	5,282,714	4,581,370
Accumulated depreciation	(4,218,990)	(3,776,328)
Total Computer Hardware	**1,063,724**	**805,042**
Plant & Equipment		
At cost	4,850,236	5,907,726
Accumulated depreciation	(3,687,157)	(3,553,511)
Total Plant & Equipment	**1,163,079**	**2,354,215**
Total Carrying amount of Property, Plant & Equipment	**21,658,750**	**22,755,733**

Reconciliation of Movements in Property, Plant & Equipment

Property		
Opening carrying amount	19,596,476	19,967,972
Additions	267,960	28,991
Depreciation expense	(432,489)	(400,487)
Closing carrying amount	**19,431,947**	**19,596,476**

Notes to the Financial Statements as at 30 September 2006 (continued)

	2006 $	2005 $
Computer Hardware		
Opening carrying amount	805,042	914,758
Additions	814,710	417,483
Disposals	(4,055)	(4,718)
Depreciation expense	(551,973)	(522,481)
Closing carrying amount	**1,063,724**	**805,042**
Plant & Equipment		
Opening carrying amount	2,354,215	2,395,224
Additions	82,699	837,754
Disposals	(837,734)	(443,147)
Depreciation expense	(436,101)	(435,616)
Closing carrying amount	**1,163,079**	**2,354,215**
Current Liabilities		
13. Accounts Payable		
Trade creditors	3,367,705	3,353,049
Unrealised currency hedge payable	362,780	37,340
Accrued creditors	1,726,695	572,031
GST payable	870,498	0
Other	426,252	664,302
Total	**6,753,930**	**4,626,722**
14. Provisions		
Annual leave and long service leave	2,565,826	2,771,941
Fringe Benefits Tax	7,655	37,619
Total	**2,573,481**	**2,809,560**
Non Current Liabilities		
15. Provisions		
Long service leave	386,133	950,881
Operating lease contractual obligations	188,114	136,251
Total	**574,247**	**1,087,132**
Aggregate employee benefits liabilities		
Current	2,565,826	2,771,941
Non current	386,133	950,881
Total	**2,951,959**	**3,722,822**

Notes to the Financial Statements as at 30 September 2006 (continued)

		2006 $	2005 $
16.	**Hedging Reserve – cash flow hedges**		
(a)	Balance 1 October 2005	37,340	0
	Transfer to surplus funds	(37,340)	0
	Fair value revaluation	(362,780)	0
	Balance 30 September 2006	**(362,780)**	**0**

(b) 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(t). Amounts are recognised in profit and loss when the associated hedged transactions affect profit and loss.

17a. Reconciliation of net cash provided by operating activities to excess of revenue over disbursements

Excess of Revenue over Disbursements	**(41,871,520)**	**74,385,459**
Non-Cash Flows in Operating Activities		
Loss on disposal of fixed assets	186,162	64,522
Depreciation	1,428,688	1,366,709
Provision for employee benefits	(770,863)	807,246
Changes in Assets and Liabilities		
(Increase)/decrease in receivables and prepayments	(602,134)	(413,644)
(Increase)/decrease in inventories & donated goods	(3,605,565)	(2,259,437)
Increase/(decrease) in accounts payable	1,941,530	(36,683)
Net Cash provided by Operating Activities	**(43,293,702)**	**73,914,172**

17b. 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	44,754,457	88,426,397
Cash held on behalf of donors #	(268,598)	(166,433)
	44,485,859	**88,259,964**

Cash held on behalf of donors is accrued in Accounts Payable.

17c. Table of Cash Movements for Designated Purposes

	Cash available at 1 October 2005	Cash raised during year	Cash disbursed during year	Cash available at 30 September 2006
	$	$	$	$
Asian Tsunami Appeal	73,151,519	4,478,964	52,982,885	24,647,598
Other purposes	15,108,445	243,246,899	238,517,083	19,838,261
Total	**88,259,964**	**247,725,863**	**291,499,968**	**44,485,859**

Notes to the Financial Statements as at 30 September 2006 (continued)

18. Financial Instruments

18a. 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	6	- Cash is recognised at its face value. - Cash in excess of liability requirements is invested in bank commercial bills and capital investment funds.	- Commercial bills have an average maturity of 30 days. - The interest rate is the current market rate applicable at rollover.
Debtors	7	- Trade receivables are carried at the original invoice amounts due.	- Credit sales are on 30 day terms.
Financial Liabilities			
Trade creditors	13	- 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.
Other creditors	13	- Liabilities are recognised for amounts to be paid in the future.	- Creditors include donor invested funds that are repayable immediately on request. Interest on these funds is utilised in continuing sponsorship commitments.

18b. Fair values

There is no material variance between an asset or liabilities carrying value and fair value.

18c. 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.

Notes to the Financial Statements as at 30 September 2006 (continued)

18d. Interest rate risk

World Vision of Australia is subject to normal commercial interest rate fluctuations on its bank accounts and money market instruments.
World Vision of Australia's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both 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**	
	2006 $	2005 $	**2006** $	2005 $	**2006** $	2005 $	**2006** $	2005 $	**2006** $	2005 $	**2006** $	2005 $	**2006** $	2005 $
(i) ***Financial Assets***														
Cash	44,754,457	88,426,397									44,754,457	88,426,397	6.2%	5.5%
Currency hedge									0	37,340	0	37,340		
Debtors									1,679,421	1,201,995	1,679,421	1,201,995		
Total financial assets	**44,754,457**	**88,426,397**							**1,679,421**	**1,239,335**	**46,433,878**	**89,665,732**		
(ii) ***Financial Liabilities***														
Trade creditors									3,367,705	3,353,049	3,367,705	3,353,049	n.a.	n.a.
Currency hedge									362,780	37,340	362,780	37,340	n.a.	n.a.
Other creditors	268,598	166,443							2,754,847	1,069,890	3,023,445	1,236,333	n.a.	n.a.
Total Financial Liabilities	**268,598**	**166,443**							**6,485,332**	**4,460,279**	**6,753,930**	**4,626,722**		

Notes to the Financial Statements as at 30 September 2006 (continued)

18e. Foreign currency risk

World Vision of 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. World Vision of Australia'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. Under the contracts, the company has agreed to sell $A109.1 million at an effective exchange rate of 0.7434 over the next 12 months.

19. 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.

20. 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.

21. 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 $
2006						
T.Costello	178,287			15,817		194,104
T.Hall (1)	101,912			6,944		108,856
P.Steele (2)	102,364			8,783		111,147
2005						
T.Costello	166,680			13,037		179,717
T.Hall	156,921			12,821		169,742

(1) Resigned 31 March, 2006
(2) Appointed 27 March, 2006

22. Remuneration of auditors

Amounts received or receivable by our auditors, PricewaterhouseCoopers for:

	2006 $	2005 $
Auditing the financial accounts for the current year	73,500	70,000
Other assurance services	18,000	50,000
	91,500	**120,000**

Other assurance services for 2005 relate mainly to the post implementation review of our new supporter information system. 2006 is mainly in relation to the adoption of AIFRS.

23. Contingencies

As at 30 September 2006, the company had no contingent assets or liabilities.

Notes to the Financial Statements as at 30 September 2006 (continued)

24. Commitments

Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

	2006	2005
	$	$
Within one year	282,436	502,137
Later than one year but not later than five years	427,771	427,661
Later than five years	0	0
	710,207	**929,798**

(i) Operating Leases

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

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

	2006	2005
	$	$
Within one year	272,069	490,051
Later than one year but not later than five years	391,628	398,700
Later than five years	0	0
	663,697	**888,751**

25. 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 of Australia.

26. Board membership

The Directors of the company holding that office, or who have held that office, at any time during the financial year are Mr Peter King, Mr Dean Hirsch, Dr Joan Abbott-Chapman, Mr Gary Brown, Mr Christopher Daly, Mr John Conn, Mr Rex Keily, Mr Brian Lampton, Ms Anne Robinson, Ms Margaret Rodgers, Mr George Savvides, Ms Kim Vanden Hengel, Mr Barry Pipella, Mr Michael Prince, Mr Shannon Adams, Dr Rosanna Wong (alternate director to Dean Hirsch).

27. Members' guarantee

The company is limited by guarantee. If the company is wound up, the Memorandum of Association 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 2006 the number of members was 14 (2005 – 13).

Declaration by Executives

To the Directors:

In the opinion of the Chief Executive Officer and the Chief Financial Officer:

(a) The financial statements and notes of the Company 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 2006 and
  (ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Chief Executive Officer

Chief Financial Officer

Melbourne, 24 November 2006

Declaration by Directors

In accordance with a resolution of the board of directors of World Vision of 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 are in accordance with the Corporations Act 2001, including:

  (i) compliance with accounting standards (as defined under the Corporations Act); and

  (ii) give a true and fair view of the financial position and performance of the Company for the financial year ended 30 September 2006.

On behalf of the Board

Chair

Director

Melbourne, 24 November 2006

PRICEWATERHOUSECOOPERS

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Independent audit report to the members of

World Vision of Australia

Audit opinion

In our opinion, the financial report of World Vision of Australia:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of World Vision of Australia as at 30 September 2006, and of its performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility
The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for World Vision of Australia (the Company), for the year ended 30 September 2006.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

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We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
24 November 2006