



The Leprosy Mission Australia
(a company limited by guarantee)
ABN: 52 354 004 543

Financial Statements
For the Year Ended
30 June 2018

The Leprosy Mission Australia

ABN: 52 354 004 543

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For the Year Ended 30 June 2018

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The Leprosy Mission Australia

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Directors' Report

For the Year Ended 30 June 2018

The directors present their report on The Leprosy Mission Australia for the financial year ended 30 June 2018.

Directors

The names of the directors in office at the date of this report or who have held office during the year are:

Names	Position	Appointed/ (Resigned)
Mrs Grace Asten		9 February 2015 (27 November 2017)
Mr Damian Fisher		26 February 2018
Rev Kevin Keegan		9 February 2015
Mr Stephen Lockrey	Hon. Finance Director	21 October 2013
Dr Judy Louie		23 October 2016
Dr Angeline Low		25 June 2018
Dr Colin Martin	Chairman	12 July 2012
Mrs Tanya McPharlane		9 February 2015
Mr Steven Meredith	Deputy Chair	21 October 2013
Ms Fifi Rashando		25 June 2018
Miss Chrisy Savvides		16 October 2006 (14 October 2017)
Mr Adam Walker		21 October 2013
Mrs Jenny Ward		23 October 2016

Principal activities

The principal activity of the company, as a Christian charity, is to raise funds for overseas aid in order that the physical, mental, social and spiritual needs of sufferers of leprosy can be assisted in their cure and rehabilitation from leprosy. No significant changes in the nature of this activity occurred during the year.

The Company's objectives are:

- To minister in the name of Jesus Christ to the physical, mental, social and spiritual needs of individuals and communities disadvantaged by leprosy.
- To work with those affected by leprosy or other disabilities in a manner which provides rehabilitation and subsequent integration into society.
- To uphold the dignity of those with whom we minister and to see transformation in their lives.
- To engage in projects in partnership with others to focus on the relief of poverty and the creation of sustainable development within communities.
- To work towards the ultimate eradication of leprosy.

To achieve these objectives, the Company has adopted the following:

- Increasing the number of people supporting the Mission.
- Encouraging a Vibrant Prayer Ministry.

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Directors' Report

For the Year Ended 30 June 2018

Principal activities

- Developing a Partnership Programme with Churches and Christian Schools
- Recruiting Volunteer Ambassadors promoting The Leprosy Mission Australia in the Community.
- Refining and enhancing a Key Donor / Bequest program.
- Resourcing and Empowering Implementing Countries.
- Maintaining Department of Foreign Affairs & Trade (DFAT) Australian Aid accreditation and appropriate funding to our needs for specific projects.

2018 Results in Summary

The Leprosy Mission Australia (TLMA) has achieved a surplus for the year of \$626k whilst maintaining budgeted support for international programs in six countries – India, Nepal, Nigeria, PNG, Timor Leste and Thailand.

Total revenue has performed better than last year by 12.2% to \$5.435M mainly due to faithful and generous donors who have supported us in donations, bequest gifting and buying merchandise from our shop.

Revenue totalling \$5.435M resulted in \$2.7M being spent on programme implementation; including \$608k on Community Education.

Government funding declined this year to \$966K or 17.8% of total revenue but we have managed to sustain our commitment to our projects through generous gifts from bequests and a significant contribution from our merchandise sales and donation.

The financial health of the organisation is sound; underpinned by a stable donor base and a strong balance sheet (as summarised in the Statement of Financial Position) with net assets of \$6.605M including financial assets of \$2.158M which are ungeared and actively managed using specialist advice to achieve long-term market competitive returns.

Our financial objectives in 2018-19 is to strengthen our donation and merchandise revenue streams to enable continued support of our projects. We will endeavour to maintain relationships with supporters and controls over non-project expenditure.

Key performance measures

The company assesses its own performance measurement through the use of both quantitative and qualitative measures which are used by the Board and management to assess the financial sustainability of the company and whether the company's objectives are being achieved.

Performance measures used include percentage of donation raised to support the objectives of TLMA, some financial ratios and number of supporters and churches involved with TLMA.

Payments and other benefits

No payments or benefits of a pecuniary value were received by any officers of the Company during the financial year.

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Directors' Report

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Information on directors

Mrs Grace Asten

Qualifications MSocSc (International Development), BA, Diploma of Government
Experience Experience across small and large NGOs in the international development sector, having worked with support and field teams in Australia, the United Kingdom, the Pacific, as well as East, West and Southern Africa.
Special Responsibilities Chair of the International Program Committee (Resigned as Board member as of 27 November 2017).

Mr Damian Fisher

Qualifications BSc (Hons) Physics, GradDipMgt
Experience Damian has over 20 years' experience in marketing, branding, product and customer management, gained within commercial companies such as British Airways (UK) and NRMA (Aus), plus extensive experience of leading voluntary activities at a church level. Currently a member of the executive team at Bible Society Australia, where he manages Fundraising, Marketing, Branding and PR. Damian brings with him extensive experience in marketing, fundraising and donor engagement.

Rev Kevin Keegan

Qualifications Grad. Cert. NFP Management; Grad. Dip. Th, B.Th, TAE40110 Cert IV Training & Assessment, Cert. Ministry Consultancy, Cert. Ordination
Experience Kevin is the CEO/National Director of FEBC Australia and an Executive Member of FEBC International. An ordained Baptist minister with qualifications in theology, non-profit management, consultancy and training, 25 years of leading churches and four years chairing an international mission association—Kevin brings leadership, strategy, theological thinking, cross-cultural awareness and mission experience to this position.
Special Responsibilities Member of the Prayer, Engagement and Fundraising Committee.

Mr Stephen Lockrey

Qualifications B. Comm., CA
Experience Stephen has extensive Aid and Development industry experience following 10 years as Chief Financial Officer with an aid and development non-governmental organisation. He brings finance and risk management expertise to this role. Stephen has wide non-profit Board experience, currently a Board member of Jubilee Housing Inc.
Special Responsibilities Hon Finance Director, Chair of the Finance, Audit and Risk Committee, Member of the Investment Committee.

Dr Judy Louie

Qualifications PhD(Acc), MBus(Acc), Grad.Dip(Acc), BSc, CPA
Experience Judy has more than 20 years of knowledge and experience in accounting and information technology. She completed her PhD degree in accounting and is currently Finance Manager at the NewHope Baptist Church. She was previously a lecturer in accounting at La Trobe University for 11 years and a lecturer in information technology at Sunway University in Malaysia for 4 years. Judy is a CPA and has strong industry background, having worked in an accounting firm and non-profit organisations for 7 years. She had served for 7 years as a leader in Navigators, a University Christian student group, to help meet the various needs of students from overseas.
Special Responsibilities Member of the Finance, Audit and Risk Committee

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Directors' Report

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Dr Angeline Low

Qualifications

PhD, M Mgt, B.Econ (Hons), MAICD

Experience

With extensive experience in senior corporate management, Angeline currently is a Research Affiliate at UTS in Sydney where she focusses on female entrepreneurship around the world. She contributes to the Boards of Action on Poverty, The Commonwealth Study Conference and Disaster Aid Australia. On an international level, Angeline is an active participant and speaker in various international engagements on gender, leadership and economic inclusion of women. She had been the guest of the European Union, the OECD and the ILO on a number of occasions to deliberate on gender issues in entrepreneurship and in senior management.

Dr Colin Martin

Qualifications

GAICD, MBBS, DRANZCOG, Grad Dip FM, MPH&TM, FRACGP

Experience

Colin has practised as a rural procedural GP and practice administrator for 35 years, with a focus on people in need. He retired from practice in June 2016. His field work experience in Nepal over a period of 10 months, from 2009-2017, allowed him to develop an understanding of the problems and issues facing that country in the implementation of leprosy related services and programs. He has also been able to see the work of The Leprosy Mission Australia and its partners in Papua New Guinea, Timor Leste, India and Thailand.

Special Responsibilities

Chairman, The Leprosy Mission Australia, Chair of TLMA's Prayer, Engagement and Fundraising Committee, Member of all TLMA committees, and Member of TLM Member Review Working Group

Mrs Tanya McPharlane

Qualifications

MBA(Law) CCC BN AFCHSM MAICD

Experience

With a 35 year career as a registered nurse and nurse administrator, Tanya is a governance and leadership consultant, practicing primarily in the Health, Aged, Dementia and Palliative Care sectors. She is also a Non-Executive Board Director for Palliative Care South East Ltd, a member of the Australian Institute of Company Directors and an Associate Fellow of the Australasian College of Health Service Managers (ACHSM). Tanya provides mentoring services for the Health Leaders Program for Leadership Victoria and brings with her, broad experience in health and aged care; business, clinical, operational, and human resource management. Tanya's experience is supported by a Master of Business Administration (Law) and directorship, auditing and clinical postgraduate qualifications.

Special Responsibilities

Member of the Human Resources and Governance Committee

Mr Steven Meredith

Qualifications

Grad Dip Mgt, GAICD

Experience

Steven has over 25 years of banking, corporate treasury, operations, human resources and business development and possesses expertise in corporate governance, finance, risk management and succession planning. He has held a number of senior executive leadership roles, both domestically and internationally. Steven is a qualified company Director. He is actively involved in leadership in his local church and is passionate about supporting the work of Christian, non-profit and missionary organisations in Melbourne.

Special Responsibilities

Deputy Chair, The Leprosy Mission Australia, Chairman of the Human Resources and Governance Committee, Chair of TLM International Strategy Working Group

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Ms Fifi Rashando

Qualifications MBA (IntBus), GradDipMin, BA (English Literature)

Experience Fifi is a Sustainability and Financial Inclusion Specialist with over 15 years of experience in the social economic sectors across Australia, Asia and Pacific regions. She is the Principal Consultant of ODS and provides technical assistance in the areas of corporate social responsibility, research, strategy, innovation, operating model and program design, and social impact measurement. She has contributed towards the strategic growth of a number of international and national organisations, including Opportunity International Australia, Habitat for Humanity Indonesia, Act for Peace, Catholic Mission, Transform Aid International and Life Without Barriers. She has extensive non-profit board experience, currently a board member of Haggai International Australia.

Miss Chrissy Savvides

Qualifications B. Visual Communications

Experience 31 years in advertising. Working with an international advertising agency, Ogilvy & Mather for 8 years, then Australian agency, and Harris Robinson & Courtenay for 5 years, followed by another smaller agency for 8 years, Chrissy then decided to freelance. Her clients include a few not-for-profit organisations.

Special Responsibilities Chairman of the Prayer, Promotion and Fundraising Committee, (Resigned as a Board member as of 14 October 2017, but remains a member of this committee).

Mr Adam Walker

Qualifications BA LLB (Hons) LLM (Commercial Law)

Experience Adam is a partner with Gadens Lawyers, whose commercial law practice focuses on the fields of intellectual property, competition and consumer law, franchising, technology and privacy law. A member of the Governance Institute of Australia, and serving also on a national professional body's human research ethics committee, Adam brings with him broad experience in commercial, corporate and not-for-profit law.

Special Responsibilities Member of the Human Resources & Governance Committee.

Mrs Jennifer Ward

Qualifications MBA, BEcon (HONS), Post Grad Dip, GAICD

Experience Jenny has over 25 years' experience in international business, economics and human resource management to bring to her role. She has held a variety of senior executive roles both in Australia and internationally (Japan, China, USA, Asia Pacific) with large global organisations including BHPBilliton and World Vision Australia. Jenny is a qualified Company Director, has a Masters of Business Administration and a post graduate degree in Economics. She brings broad governance, cross cultural, business and human resource management experience to the Board.

Special Responsibilities Chair of the International Programs Committee (since 13 February 2018), Member of the Finance, Audit and Risk Committee

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Directors' Report

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Meetings of directors

	Directors' Meetings	
	Number eligible to attend	Number attended
Mrs Grace Asten	2	2
Mr Damian Fisher	2	2
Rev Kevin Keegan	5	4
Mr Stephen Lockrey	5	5
Dr Judy Louie	5	5
Dr Angeline Low	0	0
Dr Colin Martin	5	5
Mrs Tanya McPharlane	5	4
Mr Steven Meredith	5	5
Ms Fifi Rashando	0	0
Miss Chrisy Savvides	1	1
Mr Adam Walker	5	5
Mrs Jenny Ward	5	5

Directors' and auditors' indemnification

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor for the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs or expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings;

With the exception of the following matter,

- During or since the financial year, the company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The contract of insurance prohibits disclosure of the extent of cover of the premiums paid in respect of such insurance.

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Directors' Report

30 June 2018

Proceedings on behalf of Company

The Company was not a party to any proceedings during the year, nor is aware of any pending proceedings.

Auditor's independence declaration

The lead auditor's independence declaration, for the year ended 30 June 2018 has been received and can be found on page 8 of the financial report.

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

Director: 

Director: 

Dated: 27 August 2018

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Auditor's Independence Declaration to the Directors of The Leprosy Mission Australia

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Seward Dawson



Jeffrey Tulk
Partner

Blackburn

Date: 27 August 2018

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Statement of Income and Expenditure

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
REVENUE			
Donation and Gifts			
- Monetary	2	2,676,481	2,526,268
- Non-monetary	17	6,727	-
Bequests and legacies		1,164,968	761,690
Grants			
- DFAT		966,287	1,016,541
- Others		21,550	-
Commercial Activities Income- Merchandise		409,588	347,357
Investment income		167,827	131,009
Other income		22,048	61,455
TOTAL REVENUE		5,435,476	4,844,320
EXPENDITURE			
International Aid and Development Programs Expenditure			
International Programs			
Funds to International Programs		(1,722,695)	(1,554,943)
Program Support Costs		(386,896)	(460,557)
Community Education Costs		(608,385)	(371,783)
Fundraising Costs			
- Public		(927,670)	(867,622)
Accountability and Administration		(579,189)	(539,403)
Total International Aid and Development Programs Expenditure		(4,224,835)	(3,794,308)
Commercial Activities Expenditure		(555,739)	(445,927)
Other Expenditure		(29,049)	(25,571)
TOTAL EXPENDITURE		(4,809,623)	(4,265,806)
Surplus for the year		625,853	578,514

The accompanying notes form part of these financial statements.

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Statement of Comprehensive Income

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
Surplus for the year	625,853	578,514
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss		
Net fair value movements of financial assets at fair value through other comprehensive income	60,478	64,910
Total comprehensive income for the year	686,331	643,424

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	1,774,265	1,394,881
Trade and other receivables	4	104,336	127,779
Inventories	5	70,184	63,833
Financial assets	6	2,158,127	1,692,430
Other assets	7	75,788	94,891
Total Current Assets		4,182,700	3,373,814
Non-current Assets			
Property, plant and equipment	8	2,648,223	2,693,775
Intangible assets	9	52,115	53,519
Total Non-Current Assets		2,700,338	2,747,294
TOTAL ASSETS		6,883,038	6,121,108
LIABILITIES			
Current Liabilities			
Trade and other payables	10	129,881	94,328
Borrowings	11	10,000	10,000
Short-term provisions	12	125,525	92,298
Total Current Liabilities		265,406	196,626
Non-current Liabilities			
Long-term provisions	12	12,593	5,774
Total Non-Current Liabilities		12,593	5,774
TOTAL LIABILITIES		277,999	202,400
NET ASSETS		6,605,039	5,918,708
EQUITY			
Reserves	13	3,387,208	3,286,450
Retained earnings		3,217,831	2,632,258
TOTAL EQUITY		6,605,039	5,918,708

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Retained Earnings	Asset Revaluation Reserve	Financial Asset Revaluation Reserve	TLMA Investment Fund	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2017	2,632,257	1,998,045	163,986	1,124,420	5,918,708
Surplus for the year	625,853	-	-	-	625,853
Other comprehensive income					
Revaluation increment (decrement)	-	-	60,478	-	60,478
Total comprehensive income	625,853	-	60,478	-	686,331
Capital (gains)/ losses on sale of financial assets transferred to retained earnings	(40,279)	-	40,279	-	-
Balance at 30 June 2018	3,217,831	1,998,045	264,743	1,124,420	6,605,039

2017

	Retained Earnings	Asset Revaluation Reserve	Financial Asset Revaluation Reserve	TLMA Investment Fund	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2016	2,054,568	1,998,045	98,251	1,124,420	5,275,284
Surplus for the year	578,514	-	-	-	578,514
Other comprehensive income					
Revaluation increment (decrement)	-	-	64,910	-	64,910
Total comprehensive income	578,514	-	64,910	-	643,424
Transfers to/from reserves					
Capital (gains)/ losses on sale of financial assets transferred to retained earnings	(825)	-	825	-	-
Balance at 30 June 2017	2,632,257	1,998,045	163,986	1,124,420	5,918,708

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from supporters and customers	4,428,390	3,787,907
Payments to overseas aid, suppliers and employees	(4,729,260)	(4,355,953)
Grants received	987,837	1,016,541
Interest received	29,666	23,854
Dividends and distributions received	138,161	107,154
Net cash provided by/(used in) operating activities	3 <u>854,794</u>	<u>579,503</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of property, plant and equipment	25,000	-
Proceeds on sale of investment securities	204,605	327,957
Payment for property, plant and equipment	(81,750)	(125,199)
Payment for investments	(419,824)	(494,206)
Payment for intangibles	(13,441)	(56,872)
Redemption/(placement) of term deposits	(190,000)	-
Net cash used by investing activities	<u>(475,410)</u>	<u>(348,320)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings procured/ (repaid)	-	10,000
Net cash used by financing activities	<u>-</u>	<u>10,000</u>
Net increase/(decrease) in cash and cash equivalents held	379,384	241,183
Cash and cash equivalents at beginning of year	1,394,881	1,153,698
Cash and cash equivalents at end of financial year	3 <u>1,774,265</u>	<u>1,394,881</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Not-for-Profits Commission Act 2012*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

These financial statements are presented in Australian Dollars, which is the Company's functional currency. The financial statements were authorised for issue on the same date that the directors' declaration was signed.

The financial statements have been prepared in accordance with the requirements set out in the ACFID Code of Conduct. For further information on the Code please refer to the ACFID Code of Conduct Implementation Guide available at www.acfid.asn.au

(b) Income Tax

The Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. The Company is a registered charity under the Australian Charities and Not-for-profits Commission Act 2012.

(c) Revenue and other income

Government grants

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Donations and bequests

Donations and bequests are recognised as revenue when received.

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

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For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(c) Revenue and other income

Volunteer services

Volunteer services income is recognised when received, and when the fair value of those services can be reliably measured.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value.

(f) Property, plant and equipment

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

Freehold property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in the income statement.

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For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Freehold property

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised in the statement of income and expenditure.

A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and Equipment contributed at no or nominal cost are valued and recognised at the fair value of the asset on the date it was acquired.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	4% & 10%
Furniture, Fixtures and Fittings	15%
Motor Vehicles	20%
Office Equipment, including computers	30%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Financial instruments

The Company elected to apply AASB 9 Financial Instruments as issued in December 2014 in the prior year financial report.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in the income statement.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(g) Financial instruments

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(ii) *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through comprehensive income comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

(iv) *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(g) Financial instruments

Disposal

Upon disposal of financial assets at fair value through comprehensive income, any balance within the other comprehensive income reserve for these financial assets is reclassified to retained earnings and is not reclassified to profit or loss.

(h) Intangible Assets

Website development is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Website development has an estimated useful life of three years. It is assessed annually for impairment.

Trademark is initially recognised at cost, and is carried at cost less any impairment losses. It is assessed annually for impairment.

Amortisation

Amortisation is recognised in income and expenditure on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(j) Employee benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and annual leave are recognised as a part of current trade and other payables in the statement of financial position.

The Leprosy Mission Australia

ABN: 52 354 004 543

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(j) Employee benefits

Long-term employee benefits

The Company classifies employees' long service leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in the income statement classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

The Leprosy Mission Australia

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Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Revenue

Monetary Donation and Gifts

	2018	2017
	\$	\$
Fundraising & Sponsorships	2,316,000	2,407,081
Merchandise	360,481	119,187
Total Monetary Donation and Gifts	2,676,481	2,526,268

Merchandise-related donations are donations received in conjunction with separate merchandise sales.

3 Cash and Cash Equivalents

Cash on hand	350	350
Cash at bank	1,773,915	1,394,531
	1,774,265	1,394,881

Reconciliation of surplus to cash flow from operations

Surplus for the year	625,853	578,514
Non-cash flows in surplus:		
- loss/ (profit) on disposal of non-current assets	(9,666)	6,263
- loss/ (profit) on disposal of investments	-	(825)
- depreciation and amortisation	126,813	102,908
Changes in net assets and liabilities		
- (increase)/ decrease in trade and other receivables	23,443	(49,683)
- (increase)/ decrease in inventories	(6,351)	835
- (increase)/ decrease in other assets	19,103	(35,337)
- increase/ (decrease) in trade and other payables	35,553	(7,616)
- increase/ (decrease) in provisions	40,046	(15,556)
Cash flow from operations	854,794	579,503

4 Trade and Other Receivables

CURRENT

Trade receivables	75,336	112,558
GST receivable	29,000	15,221
	104,336	127,779

The Leprosy Mission Australia

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Notes to the Financial Statements

For the Year Ended 30 June 2018

5 Inventories

	2018	2017
	\$	\$
CURRENT		
At cost:		
Finished goods	70,184	63,833
	<u>70,184</u>	<u>63,833</u>

6 Financial Assets

Financial assets at fair value through other comprehensive income

CURRENT		
Listed Australian and overseas equities & securities	1,846,790	1,576,281
Unlisted overseas equities & securities	121,337	116,149
	<u>1,968,127</u>	<u>1,692,430</u>

Financial assets at amortised cost

CURRENT		
Term deposits	190,000	-
	<u>190,000</u>	<u>-</u>

7 Other Assets

CURRENT		
Prepayments	75,788	94,891
	<u>75,788</u>	<u>94,891</u>

The Leprosy Mission Australia

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Notes to the Financial Statements

For the Year Ended 30 June 2018

8 Property, plant and equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At cost	1,800,000	1,800,000
Total Land	<u>1,800,000</u>	<u>1,800,000</u>
Buildings		
At cost	650,000	650,000
Accumulated depreciation	(35,616)	(17,808)
Total buildings	<u>614,384</u>	<u>632,192</u>
Total Land and Buildings	<u>2,414,384</u>	<u>2,432,192</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	103,938	103,938
Accumulated depreciation	(58,960)	(49,870)
Total plant and equipment	<u>44,978</u>	<u>54,068</u>
Motor vehicles		
At cost	42,878	85,942
Accumulated depreciation	(41,737)	(57,367)
Total motor vehicles	<u>1,141</u>	<u>28,575</u>
Furniture and Equipment		
At cost	554,711	472,961
Accumulated depreciation	(366,991)	(294,021)
Total Furniture and Equipment	<u>187,720</u>	<u>178,940</u>
Total Plant and Equipment	<u>233,839</u>	<u>261,583</u>
Total Property, Plant and Equipment	<u>2,648,223</u>	<u>2,693,775</u>

Valuation of Land and Buildings

The revaluation of freehold land and buildings at Box Hill, Victoria, were based on the assessment - by the Directors - of the 'fair value' as at balance date, which is equivalent to the current market valuation.

The independent valuation to support such current market valuations was undertaken by Artur Giller, AAPI of Opteon (Victoria) Pty Ltd for the Box Hill property on 22 June 2016.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

8 Property, plant and equipment

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Plant and Equipment	Motor Vehicles	Furniture and Equipment	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	2,432,192	54,068	28,575	178,940	2,693,775
Additions	-	-	-	81,750	81,750
Disposals	-	-	(15,334)	-	(15,334)
Depreciation expense	(17,808)	(9,090)	(12,100)	(72,970)	(111,968)
Balance at the end of the year	2,414,384	44,978	1,141	187,720	2,648,223

9 Intangible Assets

	2018	2017
	\$	\$
Website Development & Software costs		
Cost	54,361	43,418
Accumulated amortisation	(18,200)	(3,354)
Net carrying value	36,161	40,064
Trademark		
Cost	15,954	13,455
Net carrying value	15,954	13,455
Total Intangibles	52,115	53,519

Movements in carrying amounts of intangible assets

	Website	Trademark	Total
	\$	\$	\$
Opening balance	40,064	13,455	53,519
Additions	10,942	2,500	13,442
Amortisation	(14,846)	-	(14,846)
Closing value at 30 June 2018	36,160	15,955	52,115

The Leprosy Mission Australia

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Notes to the Financial Statements

For the Year Ended 30 June 2018

10 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Trade payables	65,407	47,495
Other payables and accruals	64,474	46,833
	<u>129,881</u>	<u>94,328</u>

11 Borrowings

CURRENT		
Unsecured liabilities:		
Interest free loans from supporters	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

The only borrowing facility is the Corporate Credit Card and the unused facility is \$35,000 as at balance date; A small cash balance is maintained to ensure no or minimal interest is charged.

12 Provisions

CURRENT		
Employee benefits	125,525	92,298
	<u>125,525</u>	<u>92,298</u>
NON-CURRENT		
Employee benefits	12,593	5,774
	<u>12,593</u>	<u>5,774</u>

13 Reserves

Asset revaluation reserve

The asset revaluation reserve records revaluations of property, plant and equipment.

Financial asset revaluation reserve

The financial asset revaluation reserve records revaluations of financial assets.

TLMA Investment Fund

The reserve represents the amount received from the Serpell Estate in 2002 plus other donations for investments.

The Leprosy Mission Australia

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Notes to the Financial Statements

For the Year Ended 30 June 2018

14 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, interest free loans from supporters, listed Australian equities and securities, and listed and unlisted overseas equities.

Financial Risk Management Policies

The Board of Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis.

		2018	2017
		\$	\$
Financial Assets			
Cash and cash equivalents	3	1,774,265	1,394,881
Trade and other receivables	4	104,336	127,779
Financial assets at fair value through other comprehensive income	6	1,968,127	1,692,430
Financial assets at amortised cost	6	190,000	-
Total financial assets		4,036,728	3,215,090
Financial Liabilities			
Trade and other payables	10	(129,881)	(94,328)
Borrowings	11	(10,000)	(10,000)
Total financial liabilities		(139,881)	(104,328)

15 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$ 160,938 (2017: \$ 153,926).

Directors are not remunerated.

16 Fair Value Measurement

The Company measures the following assets and liabilities at fair value on a recurring basis:

- Property, plant and equipment (freehold land and buildings)

Fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions.

- Financial assets at fair value through equity

These comprise direct investments in Australian listed equities where the fair value is determined based on the bid price as at the balance date and investments in property and overseas equity funds where the fair value is based on the unit redemption price at balance date.

The Leprosy Mission Australia

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Notes to the Financial Statements

For the Year Ended 30 June 2018

17 Non-monetary donation and gifts

The Company receives donated services from volunteers. Where the fair value of the non-monetary donation is reasonably determinable, the revenue and corresponding expense are recognised when the non-monetary donation is received. Volunteer services are valued based on guidelines received from the Department of Foreign Affairs and Trade. The Company implemented appropriate systems to reliably measure donated services in the current year. During the year, the total volunteer services received were valued at \$6,451, and treated as program support costs.

The Company also received \$276 worth of goods in kind donations. Accordingly, total non-monetary donations received amounted to \$6,727.

18 Events after the end of the Reporting Period

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

19 Company Details

The registered office of and principal place of business of the company is:

The Leprosy Mission Australia
37-39 Ellingworth Parade
Box Hill VIC 3128

20 Distribution to TLM Global Fellowship

Remittance amount by Country

	2018	2017
	\$	\$
India	328,022	261,273
Nepal	453,419	367,661
Nigeria	166,332	153,293
PNG	31,496	29,376
Timor Leste	687,569	670,319
Thailand	55,858	73,021
Total Distribution to Global Fellowship	1,722,696	1,554,943

The Leprosy Mission Australia

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Notes to the Financial Statements

For the Year Ended 30 June 2018

21 Reporting Requirements Under the New South Wales Charitable Fundraising Act 1991

(a) Aggregate gross income and total direct expenses of appeal

The Leprosy Mission Australia raises donations through direct appeals throughout the year

	2018	2017
	\$	\$
Gross Proceeds from Appeals and Other Activities	715,976	546,487
Total Direct Cost of Appeals and Other Activities	(31,803)	(34,343)
Net Surplus from Appeals and Other Activities	684,173	512,144

(b) Details of appeal income and costs

2018

Total cost of appeals / gross income from appeals and other activities

31,803 / 715,976 4.44%

Net surplus from appeals / gross income from appeals and other activities

684,173 / 715,976 95.56%

2017

Total cost of appeals / gross income from appeals and other activities

34,343 / 546,487 6.28%

Net surplus from appeals / gross income from appeals and other activities

512,144 / 546,487 93.7%

The Leprosy Mission Australia


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Directors' Declaration

The directors declare that:

1. The financial statements and notes, as set out within this report on pages 9 to 27 are in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*; and:
 - (a) comply with Accounting Standards, and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2018 and of the company's performance, as represented by the results of the company's operations and their cash flows, for the financial period ended on that date.
2. In the Directors' 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 accounts give a true and fair view of the income and expenditure of the company with respect to New South Wales fundraising appeals.
3. The Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by the organisation.
4. The provisions of the *New South Wales Charitable Fundraising Act 1991*, and the regulations under the Act, and the conditions attached to the authority have been complied with by the company.
5. The financial statements have been prepared in accordance with the requirements set out in the ACFID Code of Conduct. For further information on the Code please refer to the ACFID Code of Conduct Implementation Guide available at www.acfid.asn.au
6. The internal controls exercised by the company are effective in accounting for all income received and applied by the company from any of its fundraising appeals.

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

Director 

Director 

Date: 27 August 2018

The Leprosy Mission Australia

ABN: 52 354 004 543

Independent Audit Report to the members of The Leprosy Mission Australia

Opinion

We have audited the accompanying financial report, being a General Purpose- Reduced Disclosure Requirements financial report of The Leprosy Mission Australia (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of income and expenditure in ACFID Code of Conduct format, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

The Leprosy Mission Australia

ABN: 52 354 004 543

Independent Audit Report to the members of The Leprosy Mission Australia

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

The Leprosy Mission Australia

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Independent Audit Report to the members of The Leprosy Mission Australia

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Saward Dawson



Jeffrey Tulk
Partner

Blackburn

Date: 27 August 2018