

Financial position and performance

Snapshot

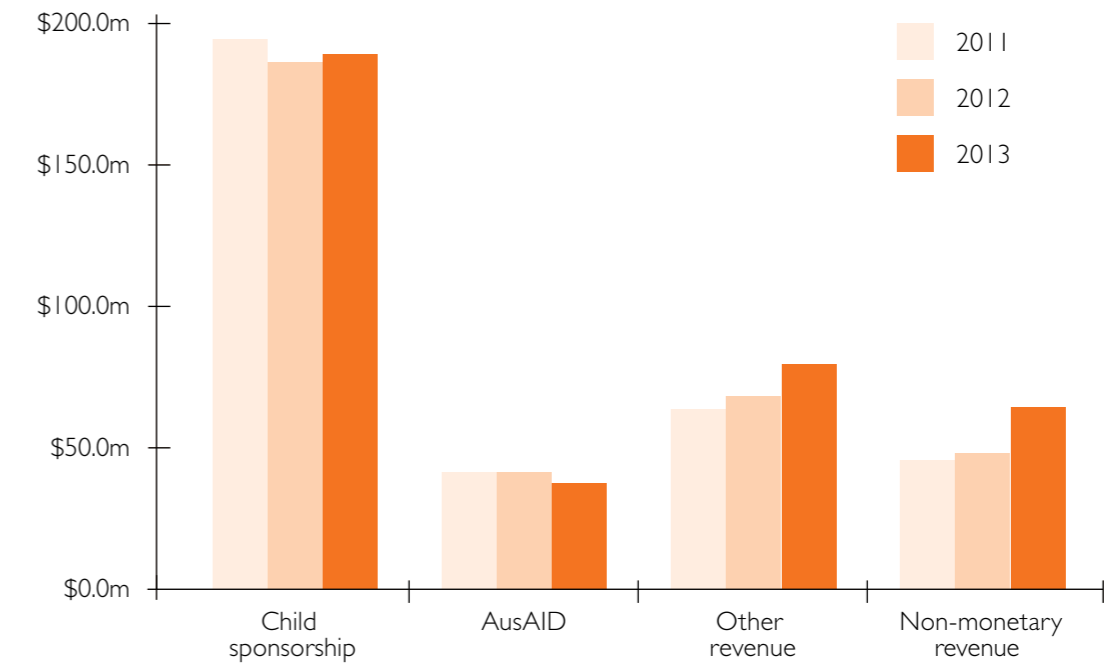
The table below is a snapshot of our income and disbursements over the 2013 financial year compared to the previous two years. You can find more details in our Summarised Financial Report on pages 86 to 91.

This snapshot and the Summarised Financial Report are set out in the manner required under the ACFID Code of Conduct to which we are a signatory. We are a "large charity" registered with the Australian Charities and Not-for-Profits Commission (ACNC) and we have prepared a snapshot of our financial performance for the 2012 and 2013 financial years in the format which will be required by the ACNC for 2014 Annual Information Statements to be lodged by large charities registered with the commission. You can find this, as well as a reconciliation, on our website at worldvision.com.au/Fin-ACFID_ACNC2013.

| | 2013 | 2012 | 2011 |
|--|--------------|--------------|--------------|
| INCOME: | \$m | \$m | \$m |
| Child sponsorship | 189.0 | 186.2 | 194.5 |
| Grants - AusAID | 37.6 | 41.5 | 41.2 |
| Other revenue | 79.4 | 68.0 | 63.7 |
| Cash income | 306 | 295.7 | 299.4 |
| Non-monetary donations and gifts | 64.4 | 48.2 | 45.7 |
| TOTAL INCOME | 370.4 | 343.9 | 345.1 |
| DISBURSEMENTS: | | | |
| Fundraising | 49.7 | 39.4 | 38.4 |
| Administration and accountability | 26.3 | 26.9 | 27.4 |
| Overheads | 76.0 | 66.3 | 65.8 |
| International programs: | | | |
| Funds to international programs | 216.8 | 211.2 | 220.7 |
| Program support costs | 8.3 | 8.8 | 8.6 |
| Domestic projects | 4.3 | 3.8 | 3.3 |
| Community education | 3.3 | 4.7 | 4.3 |
| Program disbursements – cash | 232.7 | 228.5 | 236.9 |
| Non-monetary items to international programs | 63.0 | 47.7 | 45.6 |
| Program disbursements* | 295.7 | 276.2 | 282.5 |
| TOTAL DISBURSEMENTS | 371.7 | 342.5 | 348.3 |
| SURPLUS/(DEFICIT) | (1.3) | 1.4 | (3.2) |

Income

The graph below illustrates the three-year history of our income by source.



2013 and 2012 financial year comparisons:

Child sponsorship: Revenue from our child sponsorship program grew 1.5% to \$189 million in 2013 and was supplemented by the first increase in the sponsorship rate in six years. The rate rise reflects the increasing cost of maintaining the quality and impact of our work in communities around the world. The absolute number of children sponsored declined by 11,819. At balance date, 362,125 children were sponsored through our child sponsorship program enabling these children, their families and communities to benefit from transformational development activities.

Grants (AusAID): The value of grants received from AusAID, the Australian Government's international aid agency, fell by 9.4% to \$37.6 million. AusAID changed the mechanism it uses to release funds to overseas aid agencies. As a result, \$6.4 million in committed funds have been deferred and will be received in the 2014 financial year.

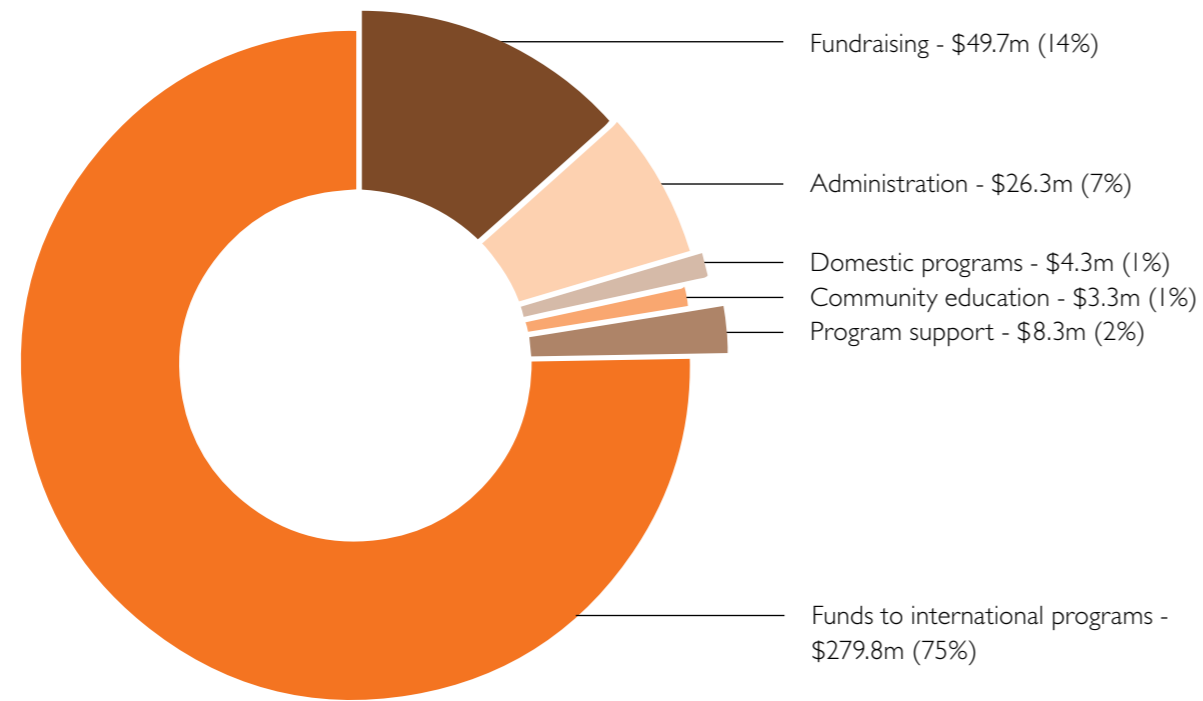
Other revenue: This includes non-government grants, emergency relief appeals, other appeals, cash donations and gifts, and investment income. Other revenue increased by 16.8% to \$79.4 million. This is primarily due to increased focus on securing grants from outside Australia. Overseas grant revenue increased by \$10.7 million (130%) to \$18.9 million. Our Syrian Refugee Crisis Appeal contributed \$1.5 million to the increase in this category. In 2013 the Australian public donated \$1.9 million towards emergency appeals.

Non-monetary donations and gifts: This includes donated goods from corporations and overseas donor agencies, and any other non-cash income. In the 2013 financial year, this category of revenue reached \$64.4 million, an increase of 37%, primarily due to additional shipments of pharmaceutical goods totalling \$44.5 million being sourced and provided to the field. Revenue in this category also includes \$19.9 million of food from the World Food Programme.

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Disbursements – How funds were used in 2013

Set out below is an illustration of how funds were used in the 2013 financial year.



And the following illustrates use of funds over the 2011, 2012 and 2013 financial years.



In comparing the 2013 and 2012 financial years:

Fundraising: This includes the costs of marketing, creative services and publishing to attract new supporters for our poverty alleviation activities. Fundraising costs increased during the year by 26.1% to \$49.7 million, as deeper investment was made in our brand and also in diversifying the reach and depth of our sales and marketing efforts.

Accountability and administration: This includes the costs of our call centre, information technology, finance and accounting, human resources, and legal and risk management functions, as well as our CEO and management teams. It also includes our contribution towards the costs of the Partnership (see page 84 for more information). In 2013, ongoing attention to these costs resulted in a 2.4% reduction; this is primarily due to lower salary costs and travel expenses.

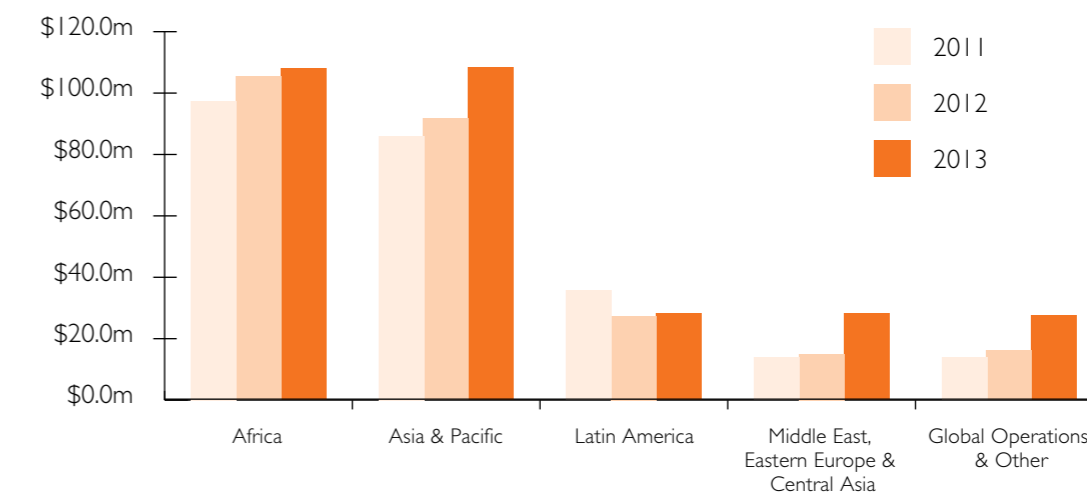
Domestic programs: This includes our disbursements for work here in Australia on Indigenous development programs. Funds to domestic programs have increased by 13.2% to \$4.3 million, primarily due to our participation in the Indigenous Development Effectiveness Initiative project.

Community education: This includes the costs associated with public awareness campaigns in Australia, and advocacy activities which seek to bring about change in government and institutional policies. In 2013, community education expenses decreased by 29.8% to \$3.3 million. This is largely due to the redeployment of resources into fundraising activities.

Program support costs: This includes costs associated with quality advisors and sector specialists in areas such as health and economic development, who are engaged by us in Australia to assist with the design, monitoring and evaluation of the programs we support to ensure maximum impact. A fall in program support costs of 5.7% to \$8.3 million is primarily due to increased employment of in-house expertise, which has reduced the need for contracted services.

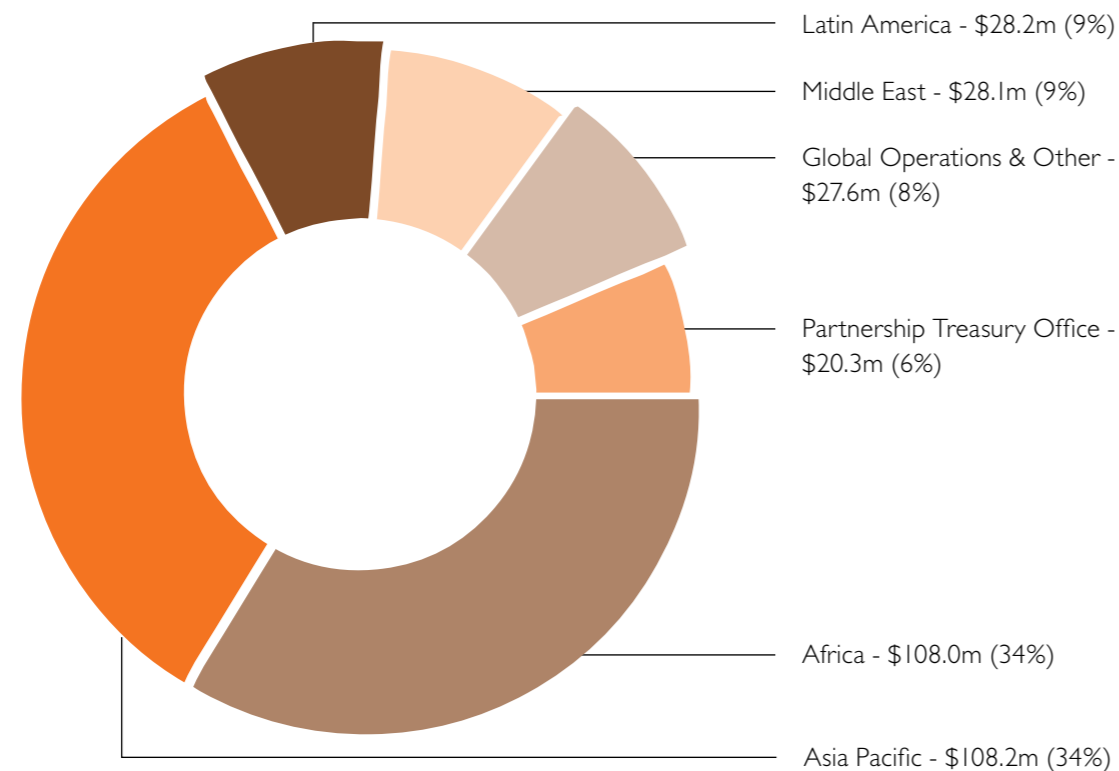
Funds to international programs: This includes all funds, food (including World Food Programme contracts) and goods (including medicines) designated for our international programs. It also includes funds transferred to the Partnership Treasury Office and designated for field programs which have not yet been committed to a specific project but will be allocated to projects in future years. Through the generosity of our supporters, we were able to increase our commitment to the field in 2013. Monetary contributions to our mission through overseas projects increased by 2.6% to \$216.7 million and non-monetary contributions, such as pharmaceuticals and World Food Programme commodities, rose by 32.1% to \$63.0 million. You can find out more about how funds reach communities on page 27.

The graph below shows disbursements of cash, food and goods by region in the 2013 financial year compared with the previous two years.



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This chart shows disbursements by region in the 2013 financial year.



Partnership Treasury Office: This includes funds transferred to the Partnership Treasury Office which are designated for field programs but which will only be allocated in future years.

(In each financial year, the total disbursement of funds remitted to overseas projects during the year may be less than or more than the income received in the year. Any disbursements in excess of current year income will be funded from prior year reserves and reduce the amount held in the Partnership Treasury Office. Any disbursements less than the current year income will increase the funds held at that office pending future disbursement to projects.)

Global operations and other international projects: These cover costs of technical experts of the Partnership who oversee and coordinate activities, including strategic operations, and also engage in international advocacy activities on issues such as debt relief, HIV and AIDS, and child rights. By working with these experts, we improve efficiency and maximise economies of scale.

Ensuring our ability to meet our field program financial commitments

Communities must be able to trust that the time and energy they invest in participating in programs will not be wasted because we fail to meet the commitments we have made.

As part of the Partnership's global planning process, we make funding commitments to relief and development programs we will support (international or domestic) approximately three to six months before the start of the next financial year. All funds proposed to be allocated or committed are considered and approved by our Field Allocations Committee which comprises key employees with responsibility for oversight of the use of funds in all our programs. Funding decisions are based on criteria such as strategic fit, organisational capacity and budget requirements. The committee applies local and international accounting standards and operational audits to ensure that our overseas and

local partners adhere to our project management standards. This process helps to provide the requisite level of certainty around funding streams for local World Vision offices implementing our programs to enable them to plan appropriately and allocate resources.

Our staff visit our projects periodically and perform quality monitoring in the areas of sustainability, impact, development approach and financial risk monitoring.

All overseas projects we support are funded in US dollars. World Vision International enters into foreign exchange purchase contracts on behalf of and following instructions from us to hedge against currency exchange risks.

We are committed to ensuring that funds donated to us are used for the purposes for which they were raised. The only exception to this occurs where circumstances beyond our control prevent us from utilising funds in the promised manner. Such circumstances may include instances where:

- geopolitical issues prevent the use of funds;
- security of staff is jeopardised so that World Vision is forced to withdraw from the project area;
- the relevant community has asked us to leave; or
- we lose confidence that our field partner has capacity to implement projects and account for funds.

When we are unable to use funds donated to us for the purposes for which they were raised, the funds are allocated to areas of similar need. We generally inform our donors of this in general communications about each appeal. Where specific communication is required, the method of communicating will depend on the number of donors impacted.

We are committed to accountable and transparent financial management and follow strict procedures to ensure funds are used as intended, including annual internal and external audits. In addition to a rigorous internal audit system, our accounts are audited by PricewaterhouseCoopers. Our audited statutory accounts will be lodged with the Australian Council for International Development and the Australian Charities and Not-for-Profits Commission, as well as State fundraising regulators as relevant, and are available on our website at worldvision.com.au/StatAcc2013.

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The StarKids partnership provides an opportunity for Jetstar, and the millions of Australians who fly with us every year, to give something back to the countries that we visit. It allows us to work with World Vision to help transform the lives of those most in need. – David Hall, Australia and New Zealand CEO, Jetstar

Summarised Financial Report

Set out on the following pages is our Financial Report for the year ended 30 September 2013 in summarised format. The information includes:

| | |
|---------------------------------|---------|
| Independent Auditor's report | Page 86 |
| Declaration by Directors | Page 87 |
| Income Statement | Page 88 |
| Statement of Financial Position | Page 90 |
| Statement of Changes in Equity | Page 91 |

All amounts are presented in Australian dollars.

You can find the full version of our Annual Statements and Accounts for the year ended 30 September 2013 on our website at worldvision.com.au/StatAcc2013. This will also be lodged with the Australian Charities and Not-for-Profits Commission and the Australian Council for International Development.

INDEPENDENT AUDITOR'S REPORT

Report on the financial report

We have audited the accompanying financial report of World Vision Australia (the company), which comprises the statement of financial position as at 30 September 2013, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of World Vision Australia is in accordance with the Corporations Act 2001, including
- (i) giving a true and fair view of the company's financial position as at 30 September 2013 and of its performance for the year ended on that date; and

- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Other Matter: Basis of Preparation

Without qualifying our opinion, we draw attention to the following matter. As indicated in Note 1(a) the statement of financial position, income statement, statement of changes in equity and table of cash movements for designated purpose as disclosed in Note 18(c) has been prepared in compliance with the Australian Council for International Development (ACFID) Code of Conduct Section C.2.2.

Report on the Australian Council for International Development ('ACFID') Code of Conduct Summary Financial Report (the 'Report')

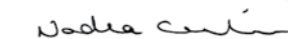
We have audited the Report of the company, which comprises the statement of financial position as at 30 September 2013, and the income statement, statement of changes in equity and table of cash movement for designated purpose as disclosed in Note 18(c) for the year ended on that date and the directors' declaration. The directors of the company are responsible for the preparation and presentation of the Report in accordance with section C.2.2 of the Australian Council for International Development (ACFID) Code of Conduct. Our responsibility is to express an opinion on the Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Australian Council for International Development (ACFID) Code of Conduct Summary Financial Report of World Vision Australia for the year ended 30 September 2013 complies with section C.2.2 of the Australian Council for International Development (ACFID) Code of Conduct.

I, Nadia Carlin, am currently a member of the Institute of Chartered Accountants in Australia and my membership number is 87763.

PricewaterhouseCoopers



Nadia Carlin Partner

Melbourne
22 November 2013

DECLARATION BY DIRECTORS

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

- (a) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) the financial statements and notes set out on pages 11 to 42 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 2013 and of its performance for the year ended on that date;
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (iii) Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

On behalf of the Board




Chairman



Director

Melbourne
22 November 2013



Summarised Financial Report

Income Statement for the year ended 30 September 2013

| | (Revised)* | |
|------------------------------|----------------|----------------|
| | 2013 | 2012 |
| REVENUE | \$'000 | \$'000 |
| Donations and gifts | | |
| Monetary | | |
| Pledge programs | 198,143 | 195,124 |
| Appeals, donations & gifts | 44,293 | 43,459 |
| Non-monetary | | |
| Donated goods | 44,480 | 28,329 |
| Grants (multilateral) | 19,884 | 19,847 |
| | 306,800 | 286,759 |
| Bequests and legacies | 3,066 | 2,470 |
| Grants | | |
| AusAID | 37,569 | 41,468 |
| Other Australian | 1,804 | 2,408 |
| Other Overseas | 18,877 | 8,214 |
| | 58,250 | 52,090 |
| Investment income | 1,275 | 1,887 |
| Other income | 879 | 706 |
| TOTAL REVENUE | 370,270 | 343,912 |

The above income statement should be read in conjunction with the accompanying notes which can be found in the full version of our Annual Statements and Accounts for the year ended 30 September 2013 on our website at worldvision.com.au/StatAcc2013.

Note: For the purposes of the Australian Council for International Development Code of Conduct, at the end of 30 September 2013, World Vision Australia had no transactions in the following categories: Revenue for International political or religious proselytisation programs and Expenditure for International political or religious proselytisation programs.

* The ACFID Code of Conduct (Section F.2.1) allows for administration costs of overseas field offices or program partners to be included in the "Funds to International Programs" expense line item in the Statement of Income. In 2013, \$7.3 million of administrative costs has been included in this expense line, and \$6.3 million has been appropriately reclassified in 2012 from "Accountability and Administration" to "Funds to International Programs".

| | (Revised)* | |
|---|----------------|----------------|
| | 2013 | 2012 |
| EXPENDITURE | \$'000 | \$'000 |
| International aid and development programs expenditure | | |
| International programs | | |
| - Funds to international programs | 216,775 | 211,183 |
| - Program support costs | 8,314 | 8,750 |
| | 225,089 | 219,933 |
| Community education | 3,260 | 4,786 |
| Fundraising costs | | |
| - Public | 46,560 | 37,515 |
| - Government, multilateral and private | 3,181 | 1,887 |
| Accountability and administration | 26,260 | 26,905 |
| Non-monetary expenditure | 63,035 | 47,710 |
| Total international aid and development programs expenditure | 367,385 | 338,736 |
| Domestic programs expenditure | 4,257 | 3,800 |
| TOTAL EXPENDITURE | 371,642 | 342,536 |
| (Shortfall)/Excess of revenue over expenditure | (1,372) | 1,376 |

Summarised Financial Report

Statement of Financial Position as at 30 September 2013

| | 2013 | 2012 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| ASSETS | | |
| Current assets | | |
| Cash & cash equivalents | 30,623 | 35,194 |
| Receivables | 1,692 | 1,184 |
| Financial assets | 59 | 46 |
| Inventories | 22 | 58 |
| Donated goods | 2,324 | 979 |
| Unrealised currency hedge receivable | 6,996 | - |
| Total current assets | 41,716 | 37,461 |
| Non-current assets | | |
| Investment property | - | 288 |
| Property, computer hardware & equipment | 23,440 | 23,172 |
| Total non-current assets | 23,440 | 23,460 |
| TOTAL ASSETS | 65,156 | 60,921 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 7,923 | 9,715 |
| Provisions | 5,549 | 5,065 |
| Unrealised currency hedge payable | - | 2,759 |
| Total current liabilities | 13,472 | 17,539 |
| Non current liabilities | | |
| Provisions | 1,088 | 1,169 |
| Total non current liabilities | 1,088 | 1,169 |
| TOTAL LIABILITIES | 14,560 | 18,708 |
| NET ASSETS | 50,596 | 42,213 |
| EQUITY | | |
| Reserves | 6,996 | (2,759) |
| Retained earnings | 43,600 | 44,972 |
| TOTAL EQUITY | 50,596 | 42,213 |

The statement opposite of the financial position should be read in conjunction with the accompanying notes which can be found in the full version of our Annual Statements and Accounts for the year ended 30 September 2013 on our website at worldvision.com.au/StatAcc2013.

Statement of Changes in Equity for the year ended 30 September 2013

| | Reserves | Retained earnings | Total |
|---|----------------|-------------------|---------------|
| | \$'000 | \$'000 | \$'000 |
| Balance at 1 October 2011 | 8,311 | 43,596 | 51,907 |
| Excess of revenue over expenditure | - | 1,376 | 1,376 |
| Other comprehensive loss for the year | (11,070) | - | (11,070) |
| Balance at 30 September 2012 | (2,759) | 44,972 | 42,213 |
| Shortfall of revenue over expenditure | - | (1,372) | (1,372) |
| Other comprehensive income for the year | 9,755 | - | 9,755 |
| Balance at 30 September 2013 | 6,996 | 43,600 | 50,596 |

The above statement of changes in equity should be read in conjunction with the accompanying notes which can be found in the full version of our Annual Statements and Accounts for the year ended 30 September 2013 on our website at worldvision.com.au/StatAcc2013.