

Hands Across the Water Australia

A.C.N. 124 112 983

Financial Report

For the Year Ended 30 June 2013

Hands Across The Water Australia

A.C.N. 124 112 983

DIRECTORS' REPORT

Your directors present this report on the Company for the financial year ended 30 June 2013.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Peter Baines

Larry Stein

Kay Spencer

William Moulden

Scott Raymond Evans

Company Secretary

Peter Baines was appointed secretary on 29 October 2007. Peter has worked with the NSW Police between 1986 and 2008 specializing in Forensic Services since 1990. Peter is now a consultant.

Principal Activities

In accordance with its objects, the principal activities of the Hands Across the Water Australia are to provide and/or facilitate the provision of assistance to those in need which allow them to improve their lot in life and become self-sufficient within a specialized period of time for the benefit.

No significant change in the nature of these activities occurred during the period.

Operating Results

The accumulated surplus of Hands Across the Water Australia amounted to \$839,465 (2012: \$1,133,500). An operating loss of \$294,035 (2012: \$440,864 profit) was incurred in the current year.

Review of Operations

The operations to the period ended 30 June 2013 have concentrated on maintaining support for our current orphanages in Thailand and identifying new appropriate projects to support.

Dividends

In accordance with Hands Across the Water Australia's Constitution any profits of the Company are applied solely to the promotion of the objects of the Company and accordingly, no portion of income or property may be transferred, directly or indirectly, by way of dividend, bonus or otherwise to the Company's members.

Significant Changes in State of Affairs

No significant changes in the Company's state of affairs occurred during the financial period

After Balance Date Events

No matters or circumstances have arisen since the end of the financial period 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 periods.

Hands Across The Water Australia

A.C.N. 124 112 983

DIRECTORS' REPORT (continued)

Meetings of Directors

During the financial year, 10 meetings of directors were held.

Indemnifying Officer or Auditor

The Company has not during or since the end of the financial period in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and 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;

Future Developments

The likely developments in the operations of Hands Across the Water Australia and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Director Information

| | |
|----------------------|--|
| BAINES, Peter | CEO & Chairman |
| Qualifications | Diploma of Law – Sydney University |
| Experience | Diploma of Applied Science in Forensic Investigation – Canberra Institution of Technology Assoc. Diploma in Criminal Justice – University of Western Sydney Graduate Certificate in Management – AIPM |
| Occupation | Consultant, keynote speaker |
| SPENCER, Kay | Director & Board Member |
| Qualifications | Business Management Diploma Marketing Management Diploma Member of the CEO Institute |
| Experience | Board member since September 2008 Director Narta International Pty Limited Director Narta New Zealand Pty Limited Director Australian Macadamia Society Limited Previously a director of Sharp Corporation Keynote speaker for the major financial institutions |
| Occupation | Managing director, National Associated Retail Traders Association (NARTA) since 1998. |

Hands Across The Water Australia

A.C.N. 124 112 983

DIRECTORS' REPORT (continued)

Director Information (continued)

| | |
|-----------------------------|--|
| STEIN, Larry | Director & Board Member |
| Qualifications | Master of Arts/Communication – Central Michigan University 1993 Bachelor of Applied Arts (Communications) – Central Michigan University 1990 Nationally Certified Trainer & Assessor (TAA04) Human Synergistics Accredited Practitioner OCE, OEI, LI, LSI, CSSS,GSI Certified Speaking Professional (CSP) – National Speakers Association of Australia (NSAA) Member, Australian Institute of Managements (AIM) Accredited Practitioner, Neuro-linguistic Programming (NLP) |
| Experience | Board member since December 2006 Previous positions included Director of Compass Learning (resigned once business was sold) Over 20 years of experience in Australia and the US in training and development and running of successful businesses |
| Occupation | Director, Vision Learning Pty Ltd. Employee since 2001 Director, The Learning Difference Pty Ltd Director, Vision Property Trust |
| MOULDEN, William | Director & Board Member |
| Qualifications | Bachelor of Business – Kuringai College of Advanced Education Certified Practising Accountant (CPA) |
| Experience | Board member since July 2010 Director Warren Saunders Insurance Brokers Senior Executive Royal & Sun Alliance Asia Pacific 1998-2003 |
| Occupation | Senior Executive Promina Group 2003-2007 Retired |
| EVANS, Scott Raymond | Director & Board Member |
| Qualifications | Associate Diploma in Business Management 1994. |
| Experience | Board member since May 2010 Board member Game Farm Pty Ltd since 2005 Board member LSDA Pty Ltd since 2005 Board member of Indoguna Dubai LLC since 2007 Former director at Muirfield Golf Club (2002-2004) Former director at Sunrise Pools Australia Pty Ltd Executive committee position at Family Business Australia (NSW) Chamber of Commerce (Galston, NSW) – Vice President (2003-2009) Executive committee position at Poultry Industry Committee (NSW) Executive committee position at Game Bird Industry (NSW) Advisory board member at Dynaweld Industrial Supplies Pty Ltd. |
| Occupation | Managing Director – Game Farm Pty Ltd since 1994 Owner – Game Farm – Since 2005 |

Hands Across The Water Australia

A.C.N. 124 112 983

DIRECTORS' REPORT (continued)

Directors' and Executive Officers Emoluments

Except for that noted elsewhere in this report no director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company, or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest.

Proceedings on Behalf of Company

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

The Company was not a part to any such proceedings during the period.

Signed in accordance with a resolution of the Board of Directors



PETER BAINES
Director

Dated this 30th day of May 2014

Crowe Horwath Sydney

ABN 97 895 683 573
Member Crowe Horwath International
Level 15 1 O'Connell Street
Sydney NSW 2000 Australia
Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

Dear Board Members

Hands Across the Water Australia

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Hands Across the Water Australia.

As lead audit partner for the audit of the financial report of Hands Across the Water Australia for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

CROWE HORWATH SYDNEY

ASH PATHER

Partner

Dated this day of2014

Hands Across The Water Australia

A.C.N. 124 112 983

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

| | Note | 2013 | 2012 |
|---|------|------------------|----------------|
| | | \$ | \$ |
| Revenue | 2 | 1,258,018 | 1,293,082 |
| Project expenses | | (1,546,508) | (847,844) |
| Other expenses | | (5,545) | (4,374) |
| Current year surplus before income tax | | (294,035) | 440,864 |
| Income tax expense | | - | - |
| Surplus after income tax expense | | (294,035) | 440,864 |
| Other comprehensive surplus | | - | - |
| Total comprehensive surplus after tax | | (294,035) | 440,864 |

The accompanying notes form part of these financial statements

Hands Across The Water Australia

A.C.N. 124 112 983

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

| | Note | 2013 | 2012 |
|----------------------|------|----------------|------------------|
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash at bank | 3 | 839,465 | 1,133,500 |
| TOTAL CURRENT ASSETS | | <u>839,465</u> | <u>1,133,500</u> |
| TOTAL ASSETS | | <u>839,465</u> | <u>1,133,500</u> |
| NET ASSETS | | <u>839,465</u> | <u>1,133,500</u> |
| EQUITY | | | |
| Retained surplus | | 839,465 | 1,133,500 |
| TOTAL EQUITY | | <u>839,465</u> | <u>1,133,500</u> |

The accompanying notes form part of these financial statements

Hands Across The Water Australia

A.C.N. 124 112 983

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

| | Accumulated Funds | Total |
|--------------------------------|------------------------------|------------------|
| | \$ | \$ |
| Balance at 1 July 2011 | 692,636 | 692,636 |
| Surplus for the period | 440,864 | 440,864 |
| Balance at 30 June 2012 | 1,133,500 | 1,133,500 |
| | | |
| Balance at 1 July 2012 | 1,133,500 | 1,133,500 |
| Surplus for the period | (294,035) | (294,035) |
| Balance at 30 June 2013 | 839,465 | 839,465 |

Hands Across The Water Australia

A.C.N. 124 112 983

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 | 2012 |
|---|------------------|------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from donations and book sales | 1,232,641 | 1,270,635 |
| Payments for project expenses | (1,551,910) | (852,200) |
| Interest paid | (143) | (17) |
| Interest received | 25,377 | 22,446 |
| Net cash provided by (used in) from operating activities | <u>(294,035)</u> | <u>440,864</u> |
| Net increase (decreases) in cash held | | |
| Cash at beginning of the financial period | 1,133,500 | 692,636 |
| Cash surplus (deficit) arising from the year | (294,035) | 440,864 |
| Cash on hand at the end of the financial year | <u>839,465</u> | <u>1,133,500</u> |

The accompanying notes form part of these financial statements

Hands Across The Water Australia

A.C.N. 124 112 983

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report covers the entity Hands Across the Water Australia as an individual entity. The Company is limited by guarantee, incorporated and domiciled in Australia.

The financial report of the Company complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Revenue

Donations are recognised as income when received. Interest is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

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

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(c) Income Tax

The Company holds an endorsement as an income tax exempt charitable entity under the Income Tax Assessment Act 1997 therefore no income tax is payable.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and overdrafts.

Hands Across The Water Australia

A.C.N. 124 112 983

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 | 2012 |
|------------------------|------------------|------------------|
| | \$ | \$ |
| Note 2: Revenue | | |
| Donations | 394,021 | 504,323 |
| Books sales | - | 2,963 |
| Sponsorship program | 99,835 | 46,320 |
| Fundraising events | 751,431 | 717,017 |
| Foreign exchange gain | 3,162 | 12 |
| Interest | 9,569 | 22,447 |
| Total income | <u>1,258,018</u> | <u>1,293,082</u> |

Note 3: Cash and Cash Equivalents

| | | |
|--------------|---------|-----------|
| Cash at bank | 839,465 | 1,133,500 |
|--------------|---------|-----------|

Note 4: Remuneration and Retirement Benefits

The key management personnel did not receive any compensation for their services during the period.

Note 5: Financial Instruments

The Company's financial instruments consist of cash at bank.

Note 6: Interest Rate Risk

The Company has no material exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities.

Note 7: Contingent Liabilities and Contingent Assets

There are no contingent liabilities and contingent assets at balance date, which require disclosure.

Note 8: Segment Reporting

The Company operates with the object of providing and / or facilitating the provision of assistance to those in need which will allow them to improve their lot in life and become self-sufficient within a specified period of time for the benefit of their community.

Hands Across The Water Australia

A.C.N. 124 112 983

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 9: Events After the Balance Sheet Date

No matter or circumstances have arisen since the end of the financial period 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 periods.

Note 10: Related Party Transactions

Hands Across the Water Australia has related party transactions with its commercial arm, Hands Across the Water Pty Ltd, which transfers any amounts raised through fundraising activities, and sales of merchandise and books back to the charity. All the profits earned are only transferred from Hands Across the Water Pty Ltd to the charity Hands Across the Water Australia. The Board of Directors are the same for both parties.

Note 11: Limitation of Liability by Guarantee

The extent of the guarantee by the members of the Company is less than or equal to \$10 per member. At 30 June 2013 the number of members was 4.

Note 12: Company Details

The registered office of the Company is:

Sashi Veale & Associates Pty Ltd
Suite 307 Norwest Central
12 Century Circuit
Baulkham Hills NSW 2153

The principal place of business is:

87 Beechworth Road
Pymble NSW 2073

Hands Across The Water Australia

A.C.N. 124 112 983

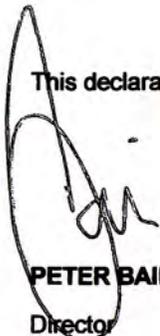
DIRECTOR'S DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 12, are in accordance with the *Corporations Act 2001* and:
 - a) comply with the Australian Accounting Standards applicable to the Company; and
 - b) give a true and fair view of the financial position of the Company as at 30 June 2013 and of the performance for the period ended on that date of the Company

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



PETER BAINES

Director

Dated this 30th day of May 2014

Independent Auditor's Report to the Members of Hands Across the Water Australia

Report on the Financial Report

We have audited the accompanying financial report of Hands Across the Water Australia, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company.

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 – Reduced Disclosure Requirements 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.

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 about 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hands Across the Water Australia, would be in the same terms if given to the directors as at the time of this auditor's report.

Qualification

As it is common for organisations of this type, it is not practicable for Hands Across the Water Australia to maintain an effective system of internal control over donations, subscriptions, and other fund-raising activities until their initial entry in the accounting records. Accordingly, our audit in relation to fund-raising activities was limited to the amounts recorded.

Qualified Audit Opinion

In our opinion, except for any effects on the financial report which may have arisen as a result of the matter referred to in the qualification paragraph, the financial report of Hands Across the Water Australia is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

CROWE HORWATH SYDNEY

ASH PATHER

Partner

Dated this day of2014

Crowe Horwath Sydney

ABN 97 895 683 573
Member Crowe Horwath International
Level 15 1 O'Connell Street
Sydney NSW 2000 Australia
Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

Hands Across the Water Australia

A.C.N. 124 112 983

Disclaimer

The additional financial data presented in the detailed profit and loss statement is in accordance with the books and records of Hands Across the Water Australia, which have been subject to the auditing procedures applied in our statutory audit of the entity for the year ended 30 June 2013. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability are given. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than our client) in respect of such data, including any errors or omissions therein, however caused.

CROWE HORWATH SYDNEY

ASH PATHER

Partner

Hands Across The Water Australia

A.C.N. 124 112 983

DETAILED PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 | 2012 |
|---------------------------|------------------|------------------|
| | \$ | \$ |
| Revenue | | |
| Donations received | 394,021 | 504,323 |
| Books sales | - | 2,963 |
| Sponsorship program | 99,835 | 46,320 |
| Fundraising events | 751,431 | 717,017 |
| Foreign exchange gain (a) | 3,162 | 12 |
| Interest | 9,569 | 22,447 |
| Total income | <u>1,258,018</u> | <u>1,293,082</u> |
| Expenses | | |
| Bank charges | 5,402 | 3,857 |
| Donations to Thailand | 1,546,509 | 847,844 |
| Donations to others | - | 500 |
| Interest paid | 142 | 17 |
| Total expenses | <u>1,552,053</u> | <u>852,218</u> |
| Surplus/ (deficit) | <u>(294,035)</u> | <u>440,864</u> |

(a) Foreign Exchange Gain/ (Loss)

The Company holds a bank account denominated in Thai Baht. At year end and when transactions are settled in this currency, some currency conversion adjustments arise. Such adjustments are beyond the control of the Company and can either result in gains or losses upon translation to Australian dollar equivalents.