

YOUTH CHALLENGE AUSTRALIA
(a company limited by guarantee)

ABN 55 053 902 640

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2008

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YOUTH CHALLENGE AUSTRALIA
ABN 55 053 902 640 (a company limited by guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

DIRECTORS NAMES

The directors in office at the date and during the year of this report are:

Iain MacKinnon	Adam Hanley
Shiona Watson	Tania Black
Michael O'Dea (appointed in November 2007)	Simon Kennedy (appointed in March 2006)
Dave MacGregor (appointed in November 2007)	Martin Hanlon (appointed in March 2006)

STATEMENT OF ORGANISATION'S GOALS OR PURPOSES

Youth Challenge Australia's vision is an international community that celebrates its diversity, lives sustainably, and values the role of youth in society. The mission of the organisation is to engage and empower young people through collaborative and sustainable work with communities, to create understanding and bring about positive change.

PRINCIPAL ACTIVITIES

Youth Challenge Australia is a non-profit, non-religious organisation that actively engages Australian volunteers in grass roots development work. In Central Australia, Vanuatu, India, Costa Rica, Guatemala and Guyana, volunteers work in collaboration with local communities and partner organisations to assist the growth of sustainable and positive development. There was no significant change in the nature of that activity during the financial year.

FINANCIAL PERFORMANCE

The net operating deficit of the Company for the financial year is \$42,768 (2007: surplus \$10,290).

STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in the report or the financial statements.

ENVIRONMENTAL REGULATIONS

The company's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation. The board, however, believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, of the state of affairs of the company in future financial years.

LIKELY DEVELOPMENTS

No significant change to the nature of the principal activities of the company is expected.

DIRECTORS' BENEFITS

Since the end of the previous financial year no director of the company has received or become entitled to receive any benefits by reason of a contract made by the company or a related body corporate with a director, or with a firm of which a director is a member, or with an entity in which a director has a substantial financial interest.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Since the end of the previous financial year, the company has not identified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the company.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 14.

Signed in accordance with a resolution of Directors

_____, Director
Adam Hanley

_____, Director
Iain Mackinnon

Sydney, 16 October 2008

YOUTH CHALLENGE AUSTRALIA
ABN 55 053 902 640 (a company limited by guarantee)

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities			
Donations & Gifts		2,200	5,700
Central Australian Program		52,090	47,909
Investment Income		13,235	11,492
Other Income		266,042	361,326
Total income	3	<u>333,567</u>	<u>426,427</u>
Other expense from ordinary activities			
Funds to Overseas		115,400	191,046
Other Project		109,944	109,168
Domestic Project		84,651	66,172
Fundraising		9,194	28,292
Administration		57,146	21,459
Other expense from ordinary activities		<u>376,335</u>	<u>416,137</u>
Operating surplus/(deficit) before income tax		(42,768)	10,290
Income tax attributable to operating surplus		<u>-</u>	<u>-</u>
Operating surplus/(deficit) after income tax		<u>(42,768)</u>	<u>10,290</u>
Total changes in equity other than those resulting from transactions from owners as owners	9	<u>(42,768)</u>	<u>10,290</u>

The accompanying notes form part of these financial statements.

YOUTH CHALLENGE AUSTRALIA
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BALANCE SHEET AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash	4	126,010	160,272
Other assets	5	7,136	21,186
TOTAL CURRENT ASSETS		<u>133,146</u>	<u>181,458</u>
NON-CURRENT ASSETS			
Loans receivable	5	-	-
Property, plant and equipment	6	-	-
TOTAL NON-CURRENT ASSETS		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>133,146</u>	<u>181,458</u>
CURRENT LIABILITIES			
Creditors & accruals	7	37,735	40,080
Provisions	8	2,812	6,011
TOTAL CURRENT LIABILITIES		<u>40,547</u>	<u>46,091</u>
TOTAL LIABILITIES		<u>40,547</u>	<u>46,091</u>
NET ASSETS		<u>92,599</u>	<u>135,367</u>
ACCUMULATED FUNDS			
Accumulated funds	9	92,599	135,367
TOTAL ACCUMULATED FUNDS		<u>92,599</u>	<u>135,367</u>

The accompanying notes form part of these financial statements.

YOUTH CHALLENGE AUSTRALIA
ABN 55 053 902 640 (a company limited by guarantee)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

CHANGES IN EQUITY

	Accumulated funds	Total
Balance at 1 July 2006	<u>125,077</u>	<u>125,077</u>
Excess of revenue over expenses	10,290	10,290
Balance at 30 June 2007	<u>135,367</u>	<u>135,367</u>
Excess of revenue over expenses	(42,768)	(42,768)
Balance at 30 June 2008	<u><u>92,599</u></u>	<u><u>92,599</u></u>

The accompanying notes form part of these financial statements.

YOUTH CHALLENGE AUSTRALIA
ABN 55 053 902 640 (a company limited by guarantee)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		359,935	468,913
Cash payments in the course of operations		(407,432)	(464,779)
Interest received		6,748	7,177
Exchange rate gain		6,487	4,315
Net Cash provided by/(used in) Operating Activities	10(b)	<u>(34,262)</u>	<u>15,626</u>
Net Increase/(decrease) in cash held		(34,262)	15,626
Cash at the beginning of the financial period		<u>160,272</u>	<u>144,646</u>
Cash at the end of financial period	10(a)	<u>126,010</u>	<u>160,272</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity.

The report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Accounting Standards:

AASB 101: Presentation of Financial Statements

AASB 107: Cash flow Statements

AASB 110: Events After the Balance Sheet Date

AASB 1031: Materiality

No other applicable Accounting Standards, Urgent Issue Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The accounts have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the accounts:

Revenue recognition

Project fees

Project fees comprise of fundraising monies raised by participants of volunteer community programs. These are recognised as they accrue.

Interest

Interest is recognised as it accrues

Membership fees

Membership fees are paid to the company by its members. These are recognised as they accrue.

Selection fees and application fees

Selection fees and application fees are paid by participants to the company in order for them to participate in the community development programs. These are recognised as they accrue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Income Tax:

The company is not liable for income tax under the Income Tax Assessment Act (1997) as it is a registered charity.

Receivables

Receivables consist of prepaid deposits and insurance. The carrying amount of receivables approximates to their fair value.

Plant and Equipment

Acquisition

Items of plant and equipment are initially recorded at cost and depreciated as outlined below.

Depreciation

Plant and equipment are depreciated on a straight line over their estimated useful lives. The depreciation rates for plant and equipment in the current and previous years are as follows:

Computer equipment	33%
Software equipment	40%
Website design	20%

Accounts payable

Liabilities represent funds received from participants in advance. These funds will be recognised as income of the company in the period the related expenditure is incurred.

Superannuation

The company has made contribution to an employee superannuation fund. Such company contributions are charged against income.

Goods and Services tax

Revenues, expenses and assets are recognised net of the amounts of goods and service tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash Flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

YOUTH CHALLENGE AUSTRALIA
ABN 55 053 902 640 (a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
2. OPERATING SURPLUS/(DEFICIT)		
The operating surplus/(deficit) has been determined after charging the following items:		
Movements in provisions:		
Depreciation of non-current assets:		
Property, plant and equipment	-	196
Other provisions:		
Employee entitlements	(3,199)	10,097
3. OPERATING REVENUE		
Other operating revenue		
Challenger revenue	253,702	354,712
Exchange rate gain	6,487	4,315
Central Australian Program	52,090	47,909
Interest received	6,748	7,177
Membership fees	130	180
Non-refundable deposits	10,945	6,083
Sundry revenue	1,265	351
Donations	2,200	5,700
	<u>333,567</u>	<u>426,427</u>
4. CASH		
Cash at bank	75,710	109,972
Cash Management account	50,000	50,000
Petty cash	300	300
	<u>126,010</u>	<u>160,272</u>
5. OTHER ASSETS		
CURRENT		
Trade debtors	7,136	17,126
Prepayments	-	4,060
	<u>7,136</u>	<u>21,186</u>
NON-CURRENT		
	<u>-</u>	<u>-</u>

YOUTH CHALLENGE AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost	4,346	4,346
Accumulated depreciation	<u>(4,346)</u>	<u>(4,346)</u>
	<u>-</u>	<u>-</u>
7. ACCOUNTS PAYABLE		
CURRENT		
Trade creditors and accrued expenses	13,923	9,113
Deposit for future services	<u>23,812</u>	<u>30,967</u>
	<u>37,735</u>	<u>40,080</u>
8. PROVISIONS		
CURRENT		
Employee entitlements	<u>2,812</u>	<u>6,011</u>
9. ACCUMULATED FUNDS		
Accumulated funds at the beginning of the financial year	135,367	125,077
Net surplus/(deficit) for the financial year	<u>(42,768)</u>	<u>10,290</u>
Accumulated funds at the end of the financial year	<u>92,599</u>	<u>135,367</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
10. NOTES TO THE STATEMENT OF CASH FLOWS		
10(a) Reconciliation of Cash		
For the purposes of this statement of cash flows, cash includes:-		
(a) Cash on hand and at call deposits with banks or financial		
(b) Investments in money market instruments with less than 180 days to maturity.		
Cash at the end of the year as shown in the Statement of Cash Flows		
Cash at bank	75,710	109,972
Cash Management account	50,000	50,000
Petty cash	300	300
	<u>126,010</u>	<u>160,272</u>
10(b) Reconciliation of Net Cash used in Operating Activities to Operating Results:-		
Operating surplus/(deficit)	(42,768)	10,290
Non-cash flows in operating surplus/(deficit):		
Depreciation	-	196
Changes in Assets and Liabilities:		
Decrease/(Increase) in Debtors & Sundry Debtors	9,990	7,738
Decrease/(Increase) in Deposits & Prepayments	4,060	-
Increase/(decrease) in Payables and Accruals	(2,345)	(3,035)
Increase/(decrease) in Provisions	(3,199)	437
Net cash used in operating activities	<u>(34,262)</u>	<u>15,626</u>

No single appeal or other form of fund raising for a designated purpose generated 10% or more of total income for the period under review.

YOUTH CHALLENGE AUSTRALIA
ABN 55 053 902 640 (a company limited by guarantee)

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2008

In the opinion of the Directors of Youth Challenge Australia:

- a) the company is not a reporting entity;
- b) The financial statements and notes are in accordance with the Corporations Act 2001, including;
 - (i) giving a true and fair view of the financial position of the company as at 30 June 2008 and of its performance as represented by the results of its operations and its cash flows for the financial year ended on that date in accordance with the basis of accounting described in Note 1; and
 - (ii) complying with Accounting Standards to the extent described in Note 1 and the Corporations Regulations; and
- c) these are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

_____, Director
Adam Hanley

_____, Director
Iain Mackinnon

Sydney, 16 October 2008

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF YOUTH CHALLENGE AUSTRALIA
ABN 55 053 902 640 (a company limited by guarantee)**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

- \
- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit ; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

FELSERS
Chartered Accountants

Michael J. Kersch
Partner

Sydney, 16 October 2008

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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF YOUTH CHALLENGE AUSTRALIA
ABN 55 053 902 640 (a company limited by guarantee)**

Scope

We have audited the attached financial report, being a special purpose financial report, comprising the Directors' Declaration, Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements of Youth Challenge Australia for the year ended 30 June 2008. The company's directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion to the members of Youth Challenge Australia. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting requirements under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements. The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Youth Challenge Australia is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
 - (ii) complying with Accounting Standards comprising AASB 1025: Application of the Reporting Entity Concept and Other Amendments and other Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements to the extent described in Note 1.

FELSERS

Chartered Accountants

Michael J. Kersch

Partner

Sydney, 16 October 2008