

DESTINY RESCUE INCORPORATED
FINANCIAL STATEMENTS
For 6 Months to 31 December 2013

Financial Report for the 6 months ended 31 December 2013

COMMITTEE'S REPORT

Your committee members present this report on the association for the 6 months ended 31 December 2013.

Committee Members

The names of each person who has been a committee member during the period and to the date of this report are:

Tony Kirwan – President
John Strange – Secretary/ Treasurer
Craig Anderson – Committee Member
Jennifer Kirwan – Committee Member

Members have been in office since the start of the period to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the association during the period was to rescue children from human trafficking and sexual exploitation.

Significant Changes

No significant changes in the nature of these activities have occurred during the year.

Operating Result

The deficit for the period ended 31 December 2013 amounted to \$516,232

Auditor's Independence Declaration

The auditor's independence declaration for the 6 months ended 31 December 2013 has been received and can be found on page 2 of the financial report.

Signed in accordance with a resolution of the members of the committee.



Tony Kirwan (President)

Dated this 15th day of January 20 15

DESTINY RESCUE INCORPORATED



AUDITOR'S INDEPENDENCE DECLARATION UNDER s60.40 OF THE AUSTRALIAN CHARITIES AND NOT FOR PROFITS COMMISSION ACT 2012 TO THE COMMITTEE MEMBERS OF DESTINY RESCUE INC

I declare that, to the best of my knowledge and belief, during the 6 months ended 31 December 2013 there have been no contraventions of:

- i. 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. any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "Bentleys".

Bentleys Brisbane (Audit) Pty Ltd

Chartered Accountants

A handwritten signature in blue ink that reads "Martin Power".

PM Power

Director

Brisbane

20 January 2015



DESTINY RESCUE INCORPORATED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Note	31 December 2013	30 June 2013
REVENUE			
Awareness/ Donations		57,529	92,040
Interest		826	6
Other Income		3,157	683
Sales		267,631	391,604
Team Fees		171,385	464,912
Donation from DROAF		614,802	642,217
TOTAL INCOME		1,115,330	1,591,462
COST OF SALES			
Opening Stock on Hand		395,981	-
Purchases		28,646	471,253
Commissions		9,537	223,015
Discounts		1,706	-
Other Direct Costs		1,280	178
Delivery		2,025	3,565
Less Closing Stock		(9,384)	(395,981)
Correction of error	13	-	(604,060)
TOTAL COST OF SALES		429,791	(302,030)
EXPENDITURE			
Advertising & Promotion		1,992	44,046
Asset write-off		46,858	-
Audit Fees		7,700	6,023
Annual Leave Expense		49,570	-
Bank Fees & Charges		393	4,529
Cleaning /Rubbish Removal		757	187
Computer Expenses		9,798	20,210
Community Awareness		33,682	39,250
Commission - Global Development Group		33,546	35,929
Depreciation		17,836	-
Electricity		1,808	3,926
Equipment & Site Expenses		9,951	29,472
Fees & Charges		-	4,283
Fringe Benefits Tax		(4,710)	-
Gifts		-	1,646
Insurance		5,629	10,281

DESTINY RESCUE INCORPORATED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Interest Paid	3,656	-
Late Fees Paid	40	-
Lease Payments	1,735	2,744
Legal Expenses	27,882	1,535
Lost stock	167	-
Moselle loan write-off	3,610	-
MV Expenses	14,231	26,982
MV Rego & Insurance	1,975	-
MV Repairs and Maintenance	1,278	-
Merchant Fees	5,776	-
New Zealand Establishment costs	31,705	-
Office Equipment Expense	4,784	700
Online Expenses	4,067	-
Other Employee Expenses	276	-
Program Distribution	-	2,736
Postage, Printing & Stationery	33,984	63,462
Rates	-	28
Registrations & Subscriptions	8,503	2,218
Rent	22,704	34,456
Repairs & Maintenance	376	1,423
Staff Amenities	2,079	2,776
Staff Recruitment	6,289	3,869
Staff Training	7,870	227
Sundry Expenses	25,054	21,448
Superannuation	50,834	67,963
Team Expenses	110,918	258,555
Telephone	19,864	24,623
Travel, Accommodation & Conferences	37,018	25,802
Uniforms	547	354
Wages	546,246	741,531
Work Cover	13,493	12,872
TOTAL EXPENSES	1,201,771	1,496,086
Profit/(Loss) for the year	(516,232)	(397,406)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	(516,232)	(397,406)

The accompanying notes form part of these financial statements.

DESTINY RESCUE INCORPORATED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	31-Dec-13	30-Jun-13	1-Jul-12
CURRENT ASSETS				
Cash and Cash Equivalents	2	138,440	58,981	79,412
Accounts Receivable	3	8,659	83,962	11,011
Stock on Hand		9,384	395,981	-
Correction of error	13	-	-	25,296
TOTAL CURRENT ASSETS		156,483	538,924	115,719
NON-CURRENT ASSETS				
Property, Plant and Equipment	4	97,454	96,471	72,661
TOTAL NON-CURRENT ASSETS		97,454	96,471	72,661
TOTAL ASSETS		253,937	635,395	188,380
CURRENT LIABILITIES				
Payables	5	182,960	110,528	31,891
Current Tax Liabilities	6	12,309	8,953	15,782
Superannuation Payable		6,965	7,696	2,446
Financial Liabilities	7	16,783	-	-
TOTAL CURRENT LIABILITIES		219,017	127,177	50,119
NON-CURRENT LIABILITIES				
Financial Liabilities	7	63,679	26,955	54,404
Payables	5	6,210	-	-
TOTAL NON-CURRENT LIABILITIES		69,889	26,955	54,404
TOTAL LIABILITIES		288,906	154,132	104,523
NET ASSETS/ DEFICIENCY		(34,969)	481,263	83,857
MEMBER'S FUNDS				
Retained Profits	1(l)	481,263	83,857	34,362
Current Year Profit/(Loss)	1(l)	(516,232)	397,406	49,495
TOTAL MEMBER'S FUNDS		(34,969)	481,263	83,857

The accompanying notes form part of these financial statements.

DESTINY RESCUE INCORPORATED

STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 31 DECEMBER 2013

	Note	Retained Surplus \$
Balance at 1 July 2012		67,325
Retrospective adjustment	1(l)	16,532
Balance at 1 July 2012 (restated)		<u>83,857</u>
Comprehensive income		
Surplus for the year attributable to members of the entity	1(l)	397,406
Other comprehensive income for the year		-
Total comprehensive income attributable to members of the entity		<u>397,406</u>
Balance at 30 June 2013		<u>481,263</u>
Comprehensive income		
Deficit for the year attributable to members of the entity		(516,232)
Other comprehensive income for the year		-
Total comprehensive income attributable to members of the entity		<u>(516,232)</u>
Balance at 31 December 2013		<u>(34,969)</u>

The accompanying notes form part of these financial statements.

DESTINY RESCUE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2013

The financial statements cover Destiny Rescue Incorporated as an individual entity, incorporated and domiciled in Australia.

The financial statements were authorised for issue on the date that the statement by the members of committee was signed.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The committee has prepared the financial statements on the basis that the association is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Queensland Incorporations Act* and the *Australian Charities and not-for profits Commission Act 2012*. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Going Concern- Deficiency of Net Assets

The Association incurred a loss for the year of \$516,232 and at 31 December 2013 the Statement of Financial Position discloses that the organisation has a deficiency of net assets of \$ 34,969. These circumstances indicate that the organisation may not be able to continue as a going concern and be able to pay its debts as and when they fall due. However, the organisations finances are supported by Destiny Rescue Overseas Aid Fund ("DROAF") on a needs basis whenever the organisation requires funding to maintain its liquidity. DROAF has pledged to continue to provide this ongoing financial support for at least 12 months from the date that this report has been signed and has the financial capacity to continue to provide the funding required. On this basis the Committee of Destiny Rescue Incorporated has determined that the organisation will be able to pay its debts as and when they fall due and that this financial report should be prepared on a going concern basis.

Accounting Policies

a. Revenue

Non-reciprocal grant revenue is recognised in the 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.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

DESTINY RESCUE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (cont)

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

b. Inventories on Hand

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

c. Property, Plant and Equipment

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10 –66%
Office Machinery	50-66%
Furniture and Fixtures	20%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

DESTINY RESCUE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (cont)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. Employee Provisions

Short-term employee benefits

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

The association's obligations for short term employee benefits such as wages and are recognised as a part of accounts payable and other payables in the statement of financial position.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

e. Cash and cash equivalents

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

f. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from donors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

g. Good 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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

h. Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

DESTINY RESCUE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (cont)

i. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to confirm with changes in presentation for the current financial year.

Where the association retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements must be presented.

j. Accounts Payable and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period which remain unpaid. The balance is recognised as current liability with the amount being normally paid within 30 days of recognition of the liability.

k. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic trends and economic data, obtained both externally and within the association.

l. Change in Accounting Policy

During the period, the committee decided to change its accounting policy relating to accounting for funds received from Destiny Rescue Overseas Aid Fund (DROAF). Under the Public Ancillary Fund guidelines (2011) the fund, DROAF is allowed to contribute reasonable expenses back to DRI. These amounts were originally classified as a liability in DRI and receivable in DROAF. The committee is of the opinion that these amounts will not be repaid and therefore to provide more relevant information, reclassification to revenue will result in more accurate information. The impact of this change on prior financial reports is as follows:

	Published Figure	Adjustment	Adjusted Figure
	\$	\$	\$
2012			
Profit/(Loss) from 2012	32,963	16,532	49,495
Retained Earnings 1 July 2012	67,325	16,532	83,857
Contra – DROAF	16,532	(16,532)	-
2013			
Profit/(Loss) at 30 June 2013	(244,811)	642,217	397,406
Retained Earnings	(177,486)	658,749	481,263
Contra - DROAF	658,749	(658,749)	-

DESTINY RESCUE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (cont)

	31 December 2013	30 June 2013
	\$	\$
NOTE 2: CASH AND CASH EQUIVALENTS		
Cash at bank	137,783	58,670
Cash on Hand	657	311
	138,440	58,981

NOTE 3: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

CURRENT		
Accounts receivable	963	71,596
Other Receivables	-	1,060
Loan – Moselle	-	3,610
Rental Bond	7,696	7,696
	8,659	83,962
TOTAL		

NOTE 4: PLANT AND EQUIPMENT

Plant and Equipment - at cost	10,084	19,431
Less accumulated depreciation	(4,326)	(809)
	5,758	18,622
Office Equipment – at cost	29,060	27,223
Less accumulated depreciation	(13,035)	(3,698)
	16,025	23,525
Furniture and fixtures – at cost	4,482	4,482
Less accumulated depreciation	(1,447)	(262)
	3,035	4,220
Motor vehicles –at cost	99,971	63,741
Less accumulated depreciation	(27,335)	(13,637)
	72,636	50,104
Net carrying amount	97,454	96,471

DESTINY RESCUE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (cont)

	31 December 2013	30 June 2013
	\$	\$
Note 5: Accounts Payable and Other Payables		
CURRENT		
Accounts payable	133,390	108,028
Employee provisions	49,570	-
Provision for Audit Fees	-	2,500
	182,960	110,528
NON-CURRENT		
Loan from Jeremy Kronk	6,210	-
	6,210	-
NOTE 6: TAX LIABILITIES		
GST Payable	(4,754)	4,243
FBT Payable	17,063	4,710
PAYG Payable	-	-
	12,309	8,953
NOTE 7: FINANCIAL LIABILITIES		
Current		
- Hire Purchase liabilities	16,783	-
	16,783	-
Non – current		
- Hire Purchase liabilities	63,679	25,251
- Loan Payable	-	1,704
	63,679	26,955

DESTINY RESCUE INCORPORATED

NOTE 12: CHANGE IN REPORTING PERIOD

The association changed its financial year end during the course of the period. As a result the Financial Statements cover the 6 months from 1 July 2013 to 31 December 2013. The prior year figures noted cover the normal 12 month period from 1 July 2012 to 30 June 2013.

The association applied and received approval from the Office of Fair Trading to change the year end. The reporting period has been changed from 30 June to 31 December in order to align with reporting periods of funding providers.

As a result, the prior period information is not comparable for the statement of profit and loss and other comprehensive income and statement of changes in equity and the notes to the financial statements.

NOTE 13: CORRECTION OF ERRORS

The financial report from the year ended 30 June 2013 contained the following errors which have been corrected in this financial report:

- (1) Cost of sales amounting to \$302,030 was added to income instead of being subtracted. The source of this error is unknown and a credit adjustment of \$604,060 has been made so that the statement of profit and loss from the year ended 30 June 2013 adds up.
- (2) The statement of financial position as at 1 July 2012 and sourced from the comparative figures in the financial report for the year ended 30 June 2013 was out of balance by \$25,296. Consequently, a correction of error adjustment was made to increase the total assets at 1 July 2012 by \$25,296.

DESTINY RESCUE INCORPORATED

STATEMENT BY THE MEMBERS OF THE COMMITTEE

We, being members of the committee of Destiny Rescue Association Incorporated, certify that :-

The statements attached to this certificate give a true and fair view of the financial position and performance of Destiny Rescue Incorporated during and at the end of the six months ended 31 December 2013 and complies with the requirements of the *Queensland Incorporations Act* and the *Australian Charities and Not-for-Profits Commission Act 2012*.

Signed:



Dated:

15/01/2015

Signed:



Dated

15/01/15

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESTINY INCORPORATED
ASSOCIATION

We have audited the accompanying financial report, being a special purpose financial report, of Destiny Rescue Incorporated (the association), which comprises the statement of financial position as at 31 December 2013, the statement of profit and loss and other comprehensive income for the 6 months then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee of Destiny Rescue Incorporated is responsible for the preparation and fair presentation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the *Queensland Incorporations Act* and the *Australian Charities and not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation and fair presentation of a 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 have 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 judgment, 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 association'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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, 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.

DESTINY RESCUE INCORPORATED



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESTINY INCORPORATED ASSOCIATION

Independence

In conducting our audit, we have complied in the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Basis for Qualified Audit Opinion

The financial report includes the results and financial position for the comparative period being year ended 30 June 2013. We were not the appointed auditors of the entity for this period and we have been unable to satisfy ourselves regarding the accuracy and reliability of the amounts presented for that period. In addition, during the preparation of this financial report, errors have been identified from prior periods as disclosed in Note 13. Consequently, we are unable to determine whether any adjustments are necessary in respect of the financial position as at 30 June 2013 or financial performance for the year ended as reported in that Statement of Financial Position and Statement of Profit and Loss and Other Comprehensive Income.

Since the opening balances enter into the determination of the financial performance, we are unable to determine whether adjustments might have been necessary in respect of the financial performance for the six months ended 31 December 2013, as reported in the Statement of Profit and Loss and Other Comprehensive Income.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Audit Opinion paragraph, the financial report of Destiny Rescue Incorporated is in accordance with *Queensland Incorporations Act*, including

- a) Giving a true and fair view of the association's financial position as at 31 December 2013 and of its performance for the period ended on that date, and
- b) Complying in accounting policies described in Note 1 to the financial statements, the *Queensland Incorporations Act* and the *Australian Charities and not-for-profits Commission Act 2012*.

Basis of Accounting and Restriction on Distribution

Without further modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist Destiny Rescue Incorporated to meet the requirements of the *Queensland Incorporations Act* and the *Australian Charities and not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

A handwritten signature in cursive script that reads "Bentleys".

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

A handwritten signature in cursive script that reads "Maurice Power".

PM Power
Director
Brisbane

20 January 2015

