DESTINY RESCUE LIMITED AND CONTROLLED ENTITY

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

Destiny Rescue Ltd and Controlled Entity

Financial report for the year ended 31 December 2016

DIRECTOR'S REPORT

Your directors present their report on the company and its controlled entity for the financial year ended 31 December 2016.

Directors

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

Tony Kirwan – Director

Lachlan Anderson – Director

Michelle Winser – Secretary, Director

Jennifer Kirwan – Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the consolidated group during the financial year were to rescue children from human trafficking and sexual exploitation.

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

Short-Term and Long-Term Objectives

The company's short-term objectives are to:

- provide mentoring and specialist children support services that develop wellbeing, resilience and transfer life skills;
- support underprivileged and at-risk children by engaging all sectors of the community in ongoing partnerships and support programs; and
- be a recognised leader in the provision of specialist children services as evidenced by the success of programs and practices.

The company's long-term objects are to:

- establish and maintain relationships that foster social inclusion and community reconnection for underprivileged and at-risk children; and
- be sustainable and strive for continuous improvement so as to offer the best possible outcomes for the children requiring its assistance.

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

- The company strives to attract and retain quality staff and volunteers who are committed to working with underprivileged and at-risk children. The directors consider that attracting and retaining quality staff and volunteers are essential for the company to continue providing the services that it does, and critical to it achieving all of its short-term and long-term objectives.
- The company establishes and fosters working partnerships with a range of community stakeholders. By actively encouraging and facilitating stakeholder involvement in the entity's activities, the company will be able to achieve its short-term objectives of supporting children by engaging sectors from the community and being a recognised leader in the provision of children services.

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Information on Directors

Tony Kirwan	–	Director & Founder
Experience & Expertise	–	Involvement in business ownership & management for over 22 years. Member of the Australian Institute of Company Directors
Special Responsibilities	–	President & Chairman of Destiny Rescue International
Lachlan Anderson		
Experience & Expertise	–	Bachelor of Finance. Involvement in the financial services industry for over 7 years. Previous experience as member of management committee for ministry. Member of Financial Planning Association of Australia "FPAA".
Special Responsibilities	–	None
Michelle Winser		
Experience & Expertise	–	Involvement in business ownership/management for over 20 years. Member of the Australian Institute of Company Directors.
Special Responsibilities	–	CEO of Destiny Rescue Australia.
Jennifer Kirwan	–	Director
Experience & Expertise	–	Business involvement within either management or membership for over 22 years
Special Responsibilities	–	None

Meeting of Directors

During the financial year, 4 director's meetings were held. Attendances by each director were as follows:

	Director's Meetings	
	Number eligible to attend	**Number attended**
Tony Kirwan	4	4
Jennifer Kirwan	4	4
Michelle Winser	4	4
Lachlan Anderson	4	4

DIRECTOR'S REPORT

Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the entity. At 31 December 2016, the total amount that members of the company are liable to contribute if the company is wound up is $40.

Operating Result

The operating loss for the year ended 31 December 2016 amounted to $143,797 (2015: $256,625).

Auditor's Independence Declaration

A copy of the auditor's independence declaration for the year ended 31 December 2016 is set out on page 4.

This director's report is signed in accordance with a resolution of the Board of Directors:

Tony Kirwan

Tony Kirwan (President)

Date: 26 April 2017

Bentleys
THINKING AHEAD

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF DESTINY RESCUE LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2016 there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys	Martin Power
Bentleys Brisbane (Audit) Pty Ltd	PM Power
Level 9, 123 Albert Street	Director
Brisbane, QLD 4000	Dated 28/4/2017
Australia	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated Group	
		2016	2015
		$	$
Revenue	3	3,240,424	3,353,846
Other income	3	188,818	183,835
Cost of sales	4	(18,259)	(11,526)
Employee benefits expense		(951,425)	(936,037)
Depreciation and amortisation		(26,348)	(23,071)
Fees and charges		(37,054)	(36,171)
Project expenses	4	(2,131,877)	(2,406,889)
Repairs and maintenance		(1,792)	(11,544)
Rent		(70,793)	(67,383)
Other expenses		(330,986)	(296,753)
Finance costs		(4,505)	(4,932)
Surplus/(Deficit) before income tax		(143,797)	(256,625)
Income tax (expense) benefit	1(b)	-	-
Surplus/(Deficit) for the year		(143,797)	(256,625)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(143,797)	(256,625)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Consolidated Group	
		2016	2015
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	309,058	435,540
Trade and other receivables	7	68,180	82,181
Inventories		8,352	14,234
TOTAL CURRENT ASSETS		385,590	531,955
NON-CURRENT ASSETS			
Property, plant and equipment	9	44,857	55,033
TOTAL NON-CURRENT ASSETS		44,857	55,033
TOTAL ASSETS		430,447	586,988
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	78,066	67,304
Current tax liabilities	11	5,126	7,915
Financial liabilities	12	20,293	28,528
TOTAL CURRENT LIABILITIES		103,485	103,747
NON-CURRENT LIABILITIES			
Financial liabilities	12	13,114	25,596
TOTAL NON-CURRENT LIABILITIES		13,114	25,596
TOTAL LIABILITIES		116,599	129,343
NET ASSETS		313,848	457,645
MEMBER'S FUNDS			
Retained surplus		313,848	457,645
TOTAL MEMBER'S FUNDS		313,848	457,645

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated Group
	Retained Earnings
	$
Balance at 1 January 2015	714,270
Total comprehensive income/(loss) for the year	(256,625)
Balance at 31 December 2015	457,645
Balance at 1 January 2016	457,645
Total comprehensive income/(loss) for the year	(143,797)
Balance at 31 December 2016	313,848

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated Group	
		2016	2015
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,430,507	3,534,553
Program payments and payments to suppliers and employees		(3,542,186)	(3,767,867)
Interest received		5,874	8,332
Interest paid		(4,505)	(4,932)
Net cash generated by/(used in) operating activities	18	(110,310)	(229,914)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(16,172)	(9,890)
Net cash used in investing activities		(16,172)	(9,890)
Net increase/(decrease) in cash and cash equivalents held		(126,482)	(239,804)
Cash and cash equivalents at beginning of financial year		435,540	675,344
Cash and cash equivalents at end of financial year	6	309,058	435,540

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

The consolidated financial statements and notes represent those of Destiny Rescue Ltd and Controlled Entity (the "consolidated group" or "group").

The financial statements were authorised for issue on the date that the director's declaration was signed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Destiny Rescue Ltd applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in *AASB1053: Application of Tiers of Australian Accounting Standards*.

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 and the *Australian Charities and Not-for profits Commission Act 2012*.

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

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

Change of Legal Structure

On 9 December 2016, Destiny Rescue Inc. changed its legal status when it was incorporated as a company limited by guarantee. This was possible as on 29 November 2011, the Queensland Government passed amendments to the Associations Incorporation Act 1981 (QLD) allowing a seamless migration of an incorporated association to a company limited by guarantee. These amendments result in migrating to a company limited by guarantee not creating a new legal entity.

Due to the move to a company limited by guarantee, Destiny Rescue Inc. changed its name to Destiny Rescue Ltd.

Accounting Policies

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Destiny Rescue Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 8.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

b. **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.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

d. **Property, Plant and Equipment**

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

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the consolidated group 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. Depreciation is recognised in profit or loss.

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.

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

e. **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a diminishing value basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. **Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information, and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in *AASB 116: Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency. There has been no change in the functional and presentation currency of the Group.

h. **Employee Benefits**

Short-term employee benefits

Provision is made for the Group'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 Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

i. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

j. **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 bank overdrafts.

k. **Revenue and Other Income**

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised 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.

Revenue from the sale of goods or rendering of a service is recognised upon the delivery of the goods or services to the customers.

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

l. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. 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.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on determination of impairment losses.

m. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n. **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 (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.

o. **Comparative Figures**

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

p. **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 data, obtained both externally and within the Group.

Key estimates

(i) *Impairment – general*

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers.

Key judgements

(i) *Employee benefits*

For the purpose of measurement, *AASB 119: Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the Group expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the following 12-month period, obligations for annual leave entitlements are classified under AASB 119 as other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent Destiny Rescue Limited and has been prepared in accordance with Australian Accounting Standards.

	2016 $	2015 $
Statement of Financial Position		
ASSETS		
Current assets	136,431	184,188
Non-current assets	44,858	55,033
TOTAL ASSETS	181,289	239,221
LIABILITIES		
Current liabilities	103,485	103,743
Non-current liabilities	13,114	25,596
TOTAL LIABILITIES	116,599	129,339
EQUITY		
Retained surplus	64,690	109,882
TOTAL EQUITY	64,690	109,882
Statement of Profit or Loss and Other Comprehensive Income		
Total surplus	(45,192)	27,745
Total comprehensive income	(45,192)	27,745

Guarantees

Destiny Rescue Ltd has not entered into any guarantees in the current or previous financial years, in relation to the debts of its subsidiaries.

Contingent Liabilities

At 31 December 2016 Destiny Rescue Ltd did not have any contingent liabilities relating to guarantees provided to its controlled entities (2015: Nil).

Contractual Commitments

At 31 December 2016 Destiny Rescue Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	2016	2015
	$	$
Revenue		
– Awareness/Donations	1,824,748	1,995,479
– Sponsorship	1,126,104	1,091,388
– Team fees	289,572	266,979
	3,240,424	3,353,846
Other income:		
– Sales	148,828	172,268
– Interest received	5,874	8,332
– Other income	34,116	3,235
	188,818	183,835
Total revenue	3,429,242	3,537,681

NOTE 4: SURPLUS/(DEFICIT) FOR THE YEAR

	Consolidated Group	
	2016	2015
	$	$
The surplus/(deficit) for the year has been determined after charging the following costs:		
Cost of sales:		
Opening stock on hand	14,234	22,010
Purchases	3,791	(5,533)
Other direct costs	8,586	9,283
Less Closing stock	(8,352)	(14,234)
Total cost of sales	18,259	11,526

NOTE 4: SURPLUS/(DEFICIT) FOR THE YEAR (CONT'D)

	Consolidated Group	
	2016	**2015**
	$	**$**
Project expenses:		
Program distributions:		
Thailand	902,819	1,430,685
Cambodia	420,082	116,806
India	39,480	10,794
Laos	144,029	163,079
Philippines	6,936	132,959
Destiny Rescue International	195,553	83,237
Program distribution fees	178,824	188,984
	1,887,723	2,126,544
Other Project Expenses:		
Fundraising platform fees	6,850	5,531
Project expenses	9,517	41,902
Team expenses	212,678	196,594
General expenses	15,109	36,318
	244,154	280,345
	2,131,877	2,406,889

The payments for Cambodia, India, Thailand, Laos, Philippines and Destiny Rescue International were made to Global Development Group Pty Ltd (Registered Charity No 1385, ABN: 57 102 400 993) for forwarding to the applicable programs.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the Group during the year are as follows:

	2016	2015
	$	$
Key management personnel compensation	289,648	338,854

This remuneration was paid by the parent entity to the KMP.

Other KMP transactions

For details of other transactions with KMP, refer to Note 15.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2016	**2015**
	$	**$**
CURRENT		
Cash at bank	308,312	435,095
Cash on hand	746	445
	309,058	435,540

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	309,058	435,540
	309,058	435,540

NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2016	**2015**
	$	**$**
CURRENT		
Trade receivables	40,478	62,863
Rental bond	19,318	19,318
Prepayments	8,384	-
Total current trade and other receivables	68,180	82,181

NOTE 8: INTERESTS IN SUBSIDIARY

a. **Information about Subsidiary**

The subsidiary listed below is controlled and owned directly by the parent entity. The assets, liabilities, income and expenses of the subsidiary have been consolidated on a line-by-line basis in the consolidated financial statements of the Group. The subsidiary's principal place of business is also its country of incorporation or registration.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group*	
		2016	**2015**
		%	**%**
Destiny Rescue Overseas Aid Fund	Australia	100	100

** Percentage of voting power in proportion to ownership*

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

NOTE 8: INTERESTS IN SUBSIDIARY (CONT'D)

b. **Significant Restrictions**

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2016	**2015**
	$	**$**
Plant and equipment:		
At cost	10,626	10,626
Accumulated depreciation	(9,453)	(8,652)
	1,173	1,974
Office equipment:		
At cost	55,735	39,563
Accumulated depreciation	(42,694)	(29,910)
	13,041	9,653
Furniture and fixtures:		
At cost	5,185	5,185
Accumulated depreciation	(5,185)	(2,637)
	-	2,548
Motor vehicles:		
At cost	99,971	99,971
Accumulated depreciation	(69,328)	(59,113)
	30,643	40,858
Total net carrying amount	44,857	55,033

(b) Reconciliation of carrying amounts at the beginning and end of the period

	Plant and equipment	Office equipment	Furniture and fixtures	Motor vehicles	Total
	$	$	$	$	$
2016					
Carrying amount opening balance	1,974	9,653	2,548	40,858	55,033
Add: additions	-	16,172	-	-	16,172
Less: depreciation expense	801	12,784	2,548	10,215	26,348
Carrying amount closing balance	1,173	13,041	-	30,643	44,857

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2016	2015
	$	$
CURRENT		
Trade payables	30,187	40,502
Employee provisions	47,879	26,802
	78,066	67,304

NOTE 11: TAX LIABILITIES

	Consolidated Group	
	2016	2015
	$	$
CURRENT		
GST payable / (receivable)	(4,106)	(5,303)
PAYG payable	9,232	13,218
	5,126	7,915

NOTE 12: FINANCIAL LIABILITIES

	Consolidated Group	
	2016	2015
	$	$
CURRENT		
Hire purchase	12,563	19,789
Credit card	7,730	8,739
	20,293	28,528
NON-CURRENT		
Hire purchase	13,114	25,596
	13,114	25,596
Total financial liabilities	33,407	54,124

NOTE 13: CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2016	2015
	$	$
a. **Finance Lease Commitments**		
Payable – minimum lease payments:		
– not later than 12 months	14,396	23,094
– between 12 months and five years	13,529	27,851
Minimum lease payments	27,925	50,945
Less: finance cost	(2,248)	(5,560)
	25,677	45,385

NOTE 13: CAPITAL AND LEASING COMMITMENTS (CONT'D)

b. **Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments:		
– not later than 12 months	60,747	58,305
– between 12 months and five years	149,509	210,256
– later than five years	-	-
	210,256	268,561

The property lease is a non-cancellable lease with a 5 year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4.5% per annum. An option exists to renew the lease at the end of the term for an additional term of 1 year. The lease disallows for subletting of all lease areas.

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period.

NOTE 15: RELATED PARTY TRANSACTIONS

Related Parties

The Group's main related parties are as follows:

a. **Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise), are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5.

b. **Other related parties**

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their close family members.

c. **Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year, the Group made program distributions of $195,553 (2015: $88,550) to Destiny Rescue International via Global Development Group Pty Ltd (refer Note 4). Destiny Rescue International is based in United States and is a related party because they are the umbrella organisation which provides policy, guidance and oversight of Destiny Rescue Ltd and Destiny Rescue Overseas Aid Fund as of the 22nd June 2015. Tony Kirwan is also the President of Destiny Rescue International.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 16: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares and derivatives.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
	Note	**2016**	**2015**
		$	**$**
Financial assets			
Cash and cash equivalents	6	309,058	435,540
Loans and receivables	7	40,478	62,863
		349,536	498,403
Total financial assets		349,536	498,403
Financial liabilities			
Financial liabilities at amortised cost:			
– trade payables	10	30,187	40,502
– Current tax liabilities	11	5,126	7,915
– borrowings	12	33,407	54,124
Total financial liabilities		68,720	102,541

NOTE 17: FAIR VALUE MEASUREMENTS

The Group does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 18: RECONCILIATION OF SURPLUS/(DEFICIT) AFTER INCOME TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Consolidated Group	
	2016	**2015**
	$	**$**
Surplus/(deficit) for the year	(143,797)	(256,625)
Add/(deduct) non-cash items:		
Depreciation	26,348	23,071
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	14,001	9,655
(Increase)/Decrease in inventories	5,882	7,776
Increase/(Decrease) in payables	(12,744)	(13,791)
Net cash inflow/(outflow) from operating activities	(110,310)	(229,914)

DIRECTOR'S DECLARATION

The directors of Destiny Rescue Ltd declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages 6 to 24, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and:

    a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position of Destiny Rescue Ltd and Controlled Entity as at 31 December 2016 and of its performance for the year ended on that date.

2. There are reasonable grounds to believe that Destiny Rescue Ltd will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Tony Kirwan

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Tony Kirwan (President)

Dated this 26th day of April 2017

Bentleys
THINKING AHEAD

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Destiny Rescue Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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.

In our opinion the financial report of Destiny Rescue Limited has been prepared in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

(a) giving a true and fair view of Destiny Rescue Limited's financial position as at 31 December 2016 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards (Reduced Disclosure Requirements), and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Australian Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the Directors' for the Financial Report

The directors of the company are responsible for the preparation and fair presentation in accordance with Australian Accounting Standards and of the financial report the *Australian Charities and Not-for-Profits Commission Act 2012*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Bentleys
THINKING AHEAD

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Martin Power

PM Power
Director
Level 9, 123 Albert Street
Brisbane, QLD 4000
Australia
Date 28 April 2017