



**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2006**

**AUSTRALIAN CONSERVATION FOUNDATION INC.  
BOARD REPORT  
FOR THE YEAR ENDED 30 JUNE 2006**



The undersigned Board members submit the financial report of the Australian Conservation Foundation Inc. for the financial year ended 30 June 2006.

**COUNCIL AND BOARD MEMBERS**

During the entire financial year ended 30 June 2006, ACF's legal governing authority was the ACF Council, a 37-member body elected by ACF's membership. Due to amendments to ACF's Constitution that took effect on 6 September 2006, ACF's legal governing authority is now the ACF Board, a body with between 8 and 12 members selected by the ACF Council.

The names of Council members throughout the year are set out below, with the members of the current Board indicated by an asterisk.

President Prof Ian Lowe\*  
Treasurer Mr Kester Brown\*

Mr Peter Barker	Dr Elaine Harding*	Ms Adele Pedder
Ms Georgina Beach	Mr Andrew Higham*	Mr Jeff Richardson
Mr Douglas Brown	Mr Angas Hopkins	Mr David Risstrom
Ms Irina Cattalini*	Ms Anna Hopkins	Ms Linda Selvey
Dr Peter Christoff*	Ms Kristin Keane	Mr John Sinclair
Dr Sandy Cornell	Ms Caroline Le Couteur	Mr Mark Snell
Dr John Coulter	Dr Phil McManus	Mr Ross Tzannes
Ms Nahrel Dallywater	Dr Karyl Michaels	Ms Lynda Wallace
Mr Simon Divecha	Dr Geoff Mosley	Dr Colleen Watts
Mr Tony Flaherty	Mr Warren Nicholls*	Ms Katherine Wells*
Dr Robert Fowler	Mr Patrick O'Leary	Ms Carol Williams
Ms Helen Gee	Ms Nikki Parker	

**PRINCIPAL ACTIVITIES**

The principal activities of the Foundation during the year were -

- seeking to protect, restore and sustain the environment;
- raising awareness and understanding of environmental issues;
- support collaboration amongst persons, trusts, corporations, associations, institutions, governments, and other bodies concerned with conservation; and
- carrying out research on a broad range of current and future environmental issues.

**SIGNIFICANT CHANGES**

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

**OPERATING RESULT**

The surplus from ordinary activities amounted to \$41,783 (2005 deficit \$650,110).

Signed on behalf of ACF in accordance with a resolution of the Board.

Handwritten signature of Prof Ian Lowe.

.....  
President - Prof Ian Lowe  
18 September 2006

Handwritten signature of Kester Brown.

.....  
Treasurer - Kester Brown

**AUSTRALIAN CONSERVATION FOUNDATION INC.  
STATEMENT BY THE BOARD  
FOR THE YEAR ENDED 30 JUNE 2006**



In the opinion of the Board,

- (a) the financial report set out on pages 1 to 23 presents a true and fair view of the financial position of the Australian Conservation Foundation Inc. as at 30 June 2006 and of its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements, other authoritative pronouncements of the Australian Accounting Standards Board.
- (b) at the date of this statement there are reasonable grounds to believe that the Australian Conservation Foundation Inc. will be able to pay its debts as and when they fall due.

Signed on behalf of ACF in accordance with a resolution of the Board.

A handwritten signature in black ink, appearing to read "I. Lowe", written over a dotted line.

President - Prof Ian Lowe  
18 September 2006

A handwritten signature in black ink, appearing to read "K. Brown", written over a dotted line.

Treasurer - Kester Brown

**AUSTRALIAN CONSERVATION FOUNDATION INC.  
TREASURER'S DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2006**



Declaration to be furnished under the NSW Charitable Fundraising Act 1991. This declaration is made in accordance with Authority Conditions 7 (4) issued by the Minister under Section 19 of the Charitable Fundraising Act 1991.

I, Kester Brown, Treasurer of the Australian Conservation Foundation Inc. declare that in my opinion:

- (a) the Income Statement gives a true and fair view of all income and expenditure of the Australian Conservation Foundation Inc. with respect to fundraising activities;
- (b) the Balance Sheet gives a true and fair view of the state of affairs with respect to fundraising activities;
- (c) the provisions of the Charitable Fundraising Act 1991, the Regulations under the Act and the conditions attached to the authority have been complied with; and
- (d) the internal controls exercised by the Australian Conservation Foundation Inc. are appropriate and effective in accounting for income received and applied by the Australian Conservation Foundation Inc. from its fundraising activities.

A handwritten signature in cursive script, appearing to read "Kester Brown".

.....  
Treasurer - Kester Brown  
18 September 2006

We certify the declaration by the Treasurer.

A handwritten signature in cursive script, appearing to read "Don Henry".

.....  
Executive Director - Don Henry

A handwritten signature in cursive script, appearing to read "David Edwards".

.....  
Finance & Sustainability Reporting Manager - David Edwards

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF  
AUSTRALIAN CONSERVATION FOUNDATION INC.****Scope***The Financial Report and Councillors' Responsibility*

The financial report of the Australian Conservation Foundation Inc, comprises the Statement by the Council, Income Statement, Balance Sheet, Statement of Changes in Equity, Cashflow Statement and notes to and forming part of the financial report, for the year ended 30 June 2006.

The Council of the Australian Conservation Foundation Inc. is responsible for the preparation and true and fair presentation of the financial report in accordance with the Associations Incorporations Act (ACT) 1991. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

*Audit Approach*

We have conducted an independent audit of the financial report in order to express an opinion on it to the members. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures in order to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards, the Associations Incorporations Act (ACT) 1991 and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the Foundation's financial position and performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included

- examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report,
- the evaluation of accounting policies and significant accounting estimates.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian accounting ethical pronouncements.

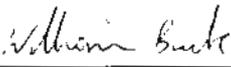
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### Qualification

As is common for organisations of this type, it is not practicable for the Australian Conservation Foundation Inc. to maintain an effective system of internal control over certain fund raising activities until their initial entry in the accounting records. Accordingly, our audit in relation to certain areas of fund raising was limited to amounts recorded.

### Qualified Audit Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report of the Australian Conservation Foundation Inc presents fairly in accordance with Australian Accounting Standards, the Associations Incorporations Act (ACT) 1991 and other mandatory professional reporting requirements the financial position of the Australian Conservation Foundation Inc. as at 30 June 2006, and results of its operations and cashflows for the year then ended.

  
\_\_\_\_\_  
**WILLIAM BUCK**  
Chartered Accountants

  
\_\_\_\_\_  
**Simon Hourigan**  
Partner

Melbourne

Dated this 18 day of September 2006.

(2 of 2)

**AUSTRALIAN CONSERVATION FOUNDATION INC.**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2006**



	NOTES	2006 \$	2005 \$
<b>Revenue from operating activities</b>	<b>2, 20</b>	<b>7,969,480</b>	<b>6,846,512</b>
Environmental programs expenses		4,252,967	3,774,390
Fundraising expenses - recruitment of new supporters		1,246,304	1,376,680
Fundraising expenses - service and communication		1,407,011	1,233,069
Administration expenses		1,021,415	1,112,483
<b>Expenses from operating activities</b>	<b>2, 20</b>	<b>7,927,697</b>	<b>7,496,622</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>2, 20</b>	<b>41,783</b>	<b>(650,110)</b>

The accompanying notes form part of this financial report.

**AUSTRALIAN CONSERVATION FOUNDATION INC.**
**BALANCE SHEET  
AS AT 30 JUNE 2006**


	NOTES	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,254,089	1,653,309
Trade and other receivables	4	117,980	28,737
Financial assets	5	300,000	610,000
Other assets	6	125,956	166,687
<b>TOTAL CURRENT ASSETS</b>		<b>2,798,025</b>	<b>2,458,733</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	5	1,547,165	1,669,975
Property, plant and equipment	7	338,778	410,323
Intangible assets	8	233,911	222,751
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,119,854</b>	<b>2,303,049</b>
<b>TOTAL ASSETS</b>		<b>4,917,879</b>	<b>4,761,782</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	723,792	693,502
Financial liabilities	10	26,618	16,290
Provisions	11	267,794	244,664
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,018,204</b>	<b>954,456</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	10	-	26,618
Provisions	11	319,174	241,990
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>319,174</b>	<b>268,608</b>
<b>TOTAL LIABILITIES</b>		<b>1,337,378</b>	<b>1,223,064</b>
<b>NET ASSETS</b>		<b>3,580,501</b>	<b>3,538,718</b>
<b>EQUITY</b>			
Reserves		3,393,900	3,418,400
Retained surplus / (deficit)		186,601	120,318
<b>TOTAL EQUITY</b>		<b>3,580,501</b>	<b>3,538,718</b>

The accompanying notes form part of this financial report.

**AUSTRALIAN CONSERVATION FOUNDATION INC.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2006**



	<b>Restricted Campaign Program Fund Reserve \$</b>	<b>Endowment Fund Reserve \$</b>	<b>Unrestricted Operating Reserve \$</b>	<b>Retained Surplus (Deficit) \$</b>	<b>Total \$</b>
Balance 1 July 2004	2,263,400	1,300,000	500,000	26,048	4,089,448
Retrospective adjustment to equity due to the introduction of AIFRS relating to market movements in financial assets	-	-	-	99,380	99,380
Transfers from reserves	(437,000)	(208,000)	-	645,000	-
Surplus / (deficit)	-	-	-	(650,110)	(650,110)
<b>Balance 30 June 2005</b>	<b>1,826,400</b>	<b>1,092,000</b>	<b>500,000</b>	<b>120,318</b>	<b>3,538,718</b>
Transfers from reserves	(424,500)	-	-	424,500	-
Transfers to reserves	-	250,000	150,000	(400,000)	-
Surplus / (deficit)	-	-	-	41,783	41,783
<b>Balance 30 June 2006</b>	<b>1,401,900</b>	<b>1,342,000</b>	<b>650,000</b>	<b>186,601</b>	<b>3,580,501</b>

**Purposes of Reserves**

*Campaign program fund reserve* - represents unexpended grants, sponsorships, memberships and donations received to fund specific environmental programs.

*Endowment fund reserve* - represents reserves set aside to fund the future growth and development needs of ACF.

*Operational reserve* - represents reserves set aside to provide the working capital needed to met the cash flow requirements of ACF.

The accompanying notes form part of this financial report.

**AUSTRALIAN CONSERVATION FOUNDATION INC.**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2006**



**AUSTRALIAN  
CONSERVATION  
FOUNDATION**

	NOTE	2006 \$	2005 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members, supporters and customers		6,591,490	6,210,196
Receipts from grants		844,157	749,236
Receipts from bequests		519,692	199,160
Borrowing costs paid		(80,767)	(74,557)
Payments to suppliers, contractors and employees		(7,843,505)	(7,999,074)
Interest received		130,686	125,120
Other investment income received		90,107	26,747
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>13</b>	<b>251,860</b>	<b>(763,172)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds on sale of property, plant & equipment		200	-
Payment for property, plant & equipment		(68,672)	(162,435)
Payment for intangible assets		(76,721)	(99,143)
Proceeds on sale of financial assets		881,333	2,099,000
Payment for financial assets		(370,930)	(33,697)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>		<b>365,210</b>	<b>1,803,725</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	53,235
Repayment of borrowings		(16,290)	(10,327)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(16,290)</b>	<b>42,908</b>
<b>Net increase/(decrease) in cash held</b>		<b>600,780</b>	<b>1,083,461</b>
Cash at the beginning of the financial year	13	1,653,309	569,848
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	<b>13</b>	<b>2,254,089</b>	<b>1,653,309</b>

The accompanying notes form part of this financial report.

## **1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act 1991.

The financial report covers the Australian Conservation Foundation Inc., its state offices, its unincorporated branches and its wholly owned subsidiary ACF Enterprises Pty Ltd as a consolidated entity. Separate disclosure is not made of the Foundation's separate financial performance and position, as ACF Enterprises ceased trading activities during the 1996/97 financial year. Therefore the financial performance and position of the Foundation is comparable to the consolidated results of the Foundation and its subsidiary. Australian Conservation Foundation Inc. is an association incorporated in the Australian Capital Territory under the Associations Incorporation Act 1991.

The financial report of the Australian Conservation Foundation Inc. as an consolidated entity 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 Foundation in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### **Basis of preparation**

#### *First-time adoption of Australian Equivalents to International Financial Reporting Standards*

The Australian Conservation Foundation Inc. has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005. In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures.

These accounts are the first financial statements of the Australian Conservation Foundation Inc. to be prepared in accordance with AIFRS. The accounting policies set out below have been consistently applied to all years presented. Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 21 - First-time Adoption to AIFRS to this report.

#### *Reporting Basis and Conventions*

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, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets.

### **Accounting Policies**

#### **Taxes**

*Income Taxes* - The Foundation, as a charitable organisation is exempt from income tax under Section 50-5, Income Tax Assessment Act 1997. Under the New Tax System the Foundation was endorsed on the 8 June 2000 by the ATO as an income tax exempt charity from 1 July 2000.

*Fringe Benefits Tax* - The Foundation, as a charitable organisation is not exempt from Fringe Benefits Tax, although a rebate of up to 48% of the notional fringe benefits tax payable, for individual employees with less than \$30,000 in grossed up fringe benefits. Where applicable, the grossed up value of specified fringe benefits to individual employees in-excess of \$1,000 are included on each employees' payment summary.

*Capital Gains Tax* - The Foundation, as a charitable organisation is exempt from capital gains tax under Section 50-5, Income Tax Assessment Act 1997.

*Payroll Tax, Land Tax and Stamp Duties* - The Foundation is exempt from Payroll Tax, Land Tax and Stamp Duties in NSW, ACT, WA, QLD and Victoria. Exemptions from Payroll Tax, Land Tax and Stamp Duties are not available in South Australia.

*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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the cost of the item. Receivable and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables. 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.

**1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT.****Property, plant and equipment**

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

*Plant and equipment*

Plant and equipment is measured on a cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by Council Executive members 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.

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 Foundation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

*Depreciation*

The depreciable amounts of all plant and equipment, are depreciated on a straight line basis over the useful lives of the assets to the Foundation 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 asset are:

Class of fixed asset	Depreciation rate
Office furniture and fittings	10 - 50%
Communications and information technology equipment	10 - 50%
Leasehold improvements	20-25%
Motor vehicles and accessories	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. 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 and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

**Leases**

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**Intangible Assets***Computer Software*

Computer software costs are capitalised only when the application delivers future economic benefits and these benefits can be measured reliably. Computer software costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the application.

## **1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT.**

### **Financial Instruments**

#### *Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### *Financial assets at fair value through profit and loss*

Financial assets held for trading incorporate investments in mortgages, property and equity trusts, equities, property and artwork. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

#### *Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

#### *Impairment*

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

### **Impairment of Assets**

At each reporting date, the Foundation reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

### **Employee benefits**

Provision is made for the Foundation's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at their nominal amount and classified as current liabilities. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits and classified as non-current liabilities.

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

### **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.

### **Comparative Figures**

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

### **Critical Accounting Estimates and Judgments**

The Council Executive members evaluate estimates and judgments incorporated into the financial report 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 Foundation.

#### *Key Estimates — Impairment*

The Foundation assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

## **1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CON'T.**

### **Restricted / Unrestricted Funds**

Restricted funds are funds received or reserves held that must be spent on the purpose for which they were received or are held. They comprise:

- Grant funding and related interest that must be spent in accordance with the terms of the funding agreement; and
- Significant donations, sponsorships, memberships and bequests where the supporter indicates a preference for how the funds should be spent.

All other funds are unrestricted in that the Councillors' have the discretion to spend them on purposes for which the Foundation was established.

### **Revenue**

Membership income is recorded on a proportional basis taking into account the prepaid component of the membership. All grants are recognised as revenue when the Foundation has established that it has a right to receive a grant. Legacy and bequest income is recognised as revenue on receipt from executors. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the Foundation has established that it has a right to receive a dividend. Revenue from the sale of goods or services is recognised upon the delivery of goods or services to customers. All revenue is stated net of the amount of goods and services tax (GST).

### **Fundraising Activities**

NSW Charitable Fundraising Act 1991: this Act and supporting Charitable Fundraising Regulation prescribe the manner in which fundraising activities are conducted, controlled and reported in NSW. The amounts shown in Note 20 on page 20 are in accordance with Section 23 (3) of the Act and Part 2 Sections 5,7 and 8 of the Regulations, unless otherwise indicated.

*Donations and Bequests:* are returned as income as and only when received at the Foundation's head office. As specified in the Act, unsolicited donations are not treated as fundraising income when determining information required under the Act. They are treated as gifts under the tax legislation.

*Fundraising Activities Income:* as prescribed in the Charitable Fundraising Act, fundraising activities income excludes bequests, unsolicited donations and membership subscriptions from existing members (but not new members). While existing member donations to fundraising appeals have been included in fundraising income, it has not been possible for ACF to accurately separate all income from new and existing members and therefore the fundraising activities income does not include fundraising appeal or membership subscription income from new members. The effect of these omissions may have a material effect on the information reported in Note 20.

*Cost of Fundraising:* costs used in Note 20 include all direct fundraising costs in accordance with the Act. The inclusion of indirect costs is discretionary. Indirect costs excluded, include overheads such as the time spent by accounting or office staff administering fundraising activities, cost apportionment of rent, light and power and insurance. Exclusion of the indirect costs decreases the cost of fundraising and increases the margins from fundraising shown in Note 20.

*Education cost allocation:* Education cost allocation: all fundraising activities are structured for the dual purposes of raising funds for expenditure on various services and to educate target groups about environmental issues, ACF and the services it provides. The Foundation is a signatory to the Australian Council for International Development Code of Conduct, which require that the costs of each fundraising activity are predominantly allocated to fundraising costs, rather than allocated proportionally between fundraising and education as is common within the charity sector. In line with the Code of Conduct the costs of each fundraising activity are fully allocated to fundraising costs with the exception of ACF's Supporter Newsletter (which has more than 90% of it's cost allocated to environmental programs). Exclusion of education cost allocations increases the costs of fundraising and decreases the margins from fundraising shown in Note 20.

### **International Aid and Development Programs**

As a member of the Australian Council for International Development (ACFID) the financial report has been prepared in accordance with the ACFID Code of Conduct.

Detailed disclosures and information is outlined in Note 15. Total aid and development income was not greater than \$250,000 or 20% of total ACF revenue for the year under review. Gifts in kind of goods and services have been valued and included in the income statement of the program for the year as allowed by the Code of Conduct.

**AUSTRALIAN CONSERVATION FOUNDATION INC.**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2006**



	2006 \$	2005 \$
<b>2 OPERATING SURPLUS / (DEFICIT)</b>		
Surplus / (deficit) from ordinary activities has been determined after:		
<b>(a) Revenue</b>		
<i>Operating activities</i>		
Donations	5,244,122	4,450,552
Legacies and bequests	527,853	199,160
Subscriptions	693,904	686,775
Grants	854,157	749,236
Merchandise and licensing	268,437	312,832
Other income	72,152	98,236
	<b>7,660,625</b>	<b>6,496,791</b>
<i>Non-operating activities</i>		
Investment income	239,423	235,631
Unrealised gains on financial assets	64,260	74,090
Net profit on disposal of financial assets	5,172	40,000
	<b>308,855</b>	<b>349,721</b>
	<b>7,969,480</b>	<b>6,846,512</b>

<b>(b) Expenses</b>		
Cost of sales	31,381	38,687
Finance costs - banking transaction expenses	78,248	71,325
Finance costs - interest expenses	2,519	3,233
Depreciation of property, plant and equipment	125,805	127,328
Amortisation of intangible assets	65,442	45,262
Net loss on disposal of property, plant and equipment	8,933	9,392
Net loss on disposal of intangible assets	119	-
Doubtful debts expense (write back)	(2,426)	(72)
Remuneration of auditor		
- audit or review services	27,560	25,655
- other services	-	-
Total remuneration	27,560	25,655
Rental expenses		
- minimum lease payments on operating leases	53,305	38,924
- other rental expenses	227,389	241,427
Total rental expenses	280,694	280,351
Investment Property		
Rental income from investment property - included investment income note 2(a)	22,751	62,904
Net increase / (decrease) in fair value of investment property	-	20,000
Direct operating expenses from investment property	17,911	17,555
Net surplus / (deficit) on investment property	4,840	65,349

**3 CURRENT CASH AND CASH EQUIVALENTS**

Cash on hand	2,500	1,100
Cash at bank	347,563	302,741
Cash on deposit	1,904,026	1,349,468
	<b>2,254,089</b>	<b>1,653,309</b>

The effective interest rate on short-term bank deposits was 5.45% (2005: 4.05%); these deposits are currently available at call. The Commonwealth Bank of Australia holds a letter of set off over the Foundation's cash deposit account to the value of \$200,000 as security for the Foundation's direct credit facility.

**4 CURRENT TRADE AND OTHER RECEIVABLES**

Debtors - trade	109,131	34,535
Provision for doubtful debts	(9,612)	(12,038)
Debtors - non-trade	18,461	6,240
	<b>117,980</b>	<b>28,737</b>

**AUSTRALIAN CONSERVATION FOUNDATION INC.**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2006**



	2006 \$	2005 \$
<b>5 FINANCIAL ASSETS</b>		
<b>CURRENT</b>		
Direct mortgage - at market value	300,000	420,000
Property held for investment purposes - at market value	-	190,000
	<b>300,000</b>	<b>610,000</b>
<b>NON-CURRENT</b>		
Direct mortgage - at market value	-	258,000
Equity trusts - at market value	686,698	588,709
Property trusts - at market value	280,467	243,266
Property held for investment purposes - at market value	530,000	530,000
Artwork held for investment purposes - at market value	50,000	50,000
	<b>1,547,165</b>	<b>1,669,975</b>
	<b>1,847,165</b>	<b>2,279,975</b>

<b>6 CURRENT OTHER ASSETS</b>		
Prepayments	48,491	97,871
Accrued investment income	77,465	68,816
	<b>125,956</b>	<b>166,687</b>

**7 PROPERTY, PLANT & EQUIPMENT**

<b>NON-CURRENT</b>		
Office furniture and fittings - at cost	168,030	164,779
Accumulated depreciation	(70,417)	(60,075)
	<b>97,613</b>	<b>104,704</b>
Communications & information technology equipment - at cost	347,078	402,147
Accumulated depreciation	(177,180)	(221,198)
	<b>169,898</b>	<b>180,949</b>
Leasehold improvements - at cost	165,482	165,482
Accumulated depreciation	(130,854)	(89,597)
	<b>34,628</b>	<b>75,885</b>
Motor vehicles and accessories - at cost	60,732	60,732
Accumulated depreciation	(24,093)	(11,947)
	<b>36,639</b>	<b>48,785</b>
	<b>338,778</b>	<b>410,323</b>

**Movements in carrying amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	Balance 1/07/2005	Additions	Disposals / Adjustments	Depreciation expenses	Balance 30/06/2006
	\$	\$	\$	\$	\$
Office furniture and fittings	104,704	7,267	-	(14,358)	97,613
Comm. & information technology	180,949	56,126	(9,133)	(58,044)	169,898
Leasehold improvements	75,885	-	-	(41,257)	34,628
Motor vehicles and accessories	48,785	-	-	(12,146)	36,639
	<b>410,323</b>	<b>63,393</b>	<b>(9,133)</b>	<b>(125,805)</b>	<b>338,778</b>

**8 INTANGIBLE ASSETS**

<b>NON-CURRENT</b>		
Computer software - at cost	415,813	359,291
Accumulated amortisation	(181,902)	(136,540)
	<b>233,911</b>	<b>222,751</b>

2006                      2005  
\$                              \$

**8 INTANGIBLE ASSETS**

**Movements in carrying amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	Balance 1/07/2005	Additions	Disposals / Adjustments	Amortisation expenses	Balance 30/06/2006
	\$	\$	\$	\$	\$
Computer software	222,751	76,721	(119)	(65,442)	233,911
	<b>222,751</b>	<b>76,721</b>	<b>(119)</b>	<b>(65,442)</b>	<b>233,911</b>

**9 CURRENT TRADE AND OTHER PAYABLES**

Trade creditors and accruals	328,561	297,686
Deferred membership income	395,231	394,556
Deferred investment income	-	1,260
	<b>723,792</b>	<b>693,502</b>

**10 FINANCIAL LIABILITIES**

**CURRENT**

Hire purchase liability	26,618	16,290
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**NON-CURRENT**

Hire purchase liability	-	26,618
	<b>26,618</b>	<b>42,908</b>

Hire purchase commitments for the Northern Australia vehicle.

Payable within 1 year	26,618	16,290
Payable later than 1 but within 2 years	-	26,618
Payable later than 2 years but within 5 years	-	-
	<b>26,618</b>	<b>42,908</b>

The hire purchase for the Northern Australia vehicle is a non-cancellable hire purchase with a two year term, with charges payable monthly.

**11 PROVISIONS**

**CURRENT**

Provision for employee benefits	267,794	244,664
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**NON-CURRENT**

Provision for employee benefits	319,174	241,990
	<b>586,968</b>	<b>486,654</b>

Number of employees at year end - full time equivalent	61	55
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**Movements in carrying amounts**

Movement in the carrying amounts for each class of provision between the beginning and the end of the current financial year are as follows:

	Balance 1/07/2005	Additional Provisions	Provisions Used	Balance 30/06/2006
	\$	\$	\$	\$
Provision for employee benefits	486,654	344,226	(243,912)	586,968
	<b>486,654</b>	<b>344,226</b>	<b>(243,912)</b>	<b>586,968</b>

**Provision for Long-term Employee Benefits**

A provision has been recognised for employee benefits relating to accrued salaries, annual leave and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave and long term annual leave, the probability of leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1.

**12 LEASE COMMITMENTS**

Operating lease commitments for rent of the Melbourne, Sydney, Cairns and Canberra offices.

Payable within 1 year	189,309	183,961
Payable later than 1 but within 2 years	86,431	163,719
Payable later than 2 years but within 5 years	13,140	54,896
	<b>288,879</b>	<b>402,576</b>

2006                      2005  
\$                                      \$

**12 LEASE COMMITMENTS**

The lease for the Melbourne property is a non-cancellable lease with a five year term, with rent payable monthly in advance. An option exists to renew the Melbourne lease at the end of the five-year term for an additional term of five years. The lease for the Sydney property is a non-cancellable lease with a three year term, with rent payable monthly in advance. The lease for the Cairns property is a non-cancellable lease with a three year term, with rent payable monthly in advance. An option exists to renew the Cairns lease at the end of the three-year term for an additional term of three years. The lease for the Canberra property is a non-cancellable lease with a three year term, with rent payable monthly in advance. An option exists to renew the Cairns lease at the end of the three-year term for an additional term of two years.

**13 NOTES TO STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

For the purposes of the statement of cash flow, cash includes cash on hand, cash at bank and cash on deposit as per Note 3.

**(b) Reconciliation of net cash provided by operating activities to surplus from ordinary activities**

Surplus / (deficit) from ordinary activities	41,783	(650,110)
<i>Non-cash flows from ordinary activities</i>		
Depreciation of property, plant and equipment	125,805	127,328
Amortisation of intangible assets	65,442	45,262
Provision for doubtful debts	(2,426)	(72)
Net loss on disposal of property, plant and equipment	8,932	6,863
Net loss on disposal of intangible assets	119	-
Net profit on disposal financial assets	(5,172)	(40,000)
Unrealised capital gains on financial assets	(64,260)	(74,090)
In-kind bequest of financial assets	(8,161)	-
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in receivables	(81,537)	6,346
(Increase) / decrease in other assets	40,731	(52,991)
Increase / (decrease) in payables	30,290	(202,947)
Increase / (decrease) in provisions	100,314	71,239
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>251,860</b>	<b>(763,172)</b>

**(c) The foundation has no credit stand-by or financing facilities in place.**

**(d) There were the following non-cash financing or investing activities during the period.**

**14 INTERNATIONAL AID AND DEVELOPMENT ACTIVITIES**

**Revenue**

Donated funds	85,383	20,232
Grants	92,462	53,526
Other income	46,597	28,309
<b>Total revenue</b>	<b>224,442</b>	<b>102,067</b>

**Disbursements**

Overseas domestic projects	234,430	153,237
Community education	17,535	18,961
Fundraising	3,913	2,465
Administration	17,220	11,470
<b>Total disbursements</b>	<b>273,098</b>	<b>186,133</b>

<b>Excess of disbursements over revenue</b>	<b>(48,656)</b>	<b>(84,066)</b>
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In-kind volunteer services contribution	25,753	14,782
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**AUSTRALIAN CONSERVATION FOUNDATION INC.**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2006**



2006                      2005  
 \$                              \$

**15 RELATED PARTIES**

**Councillors**

The names of Councillors who have held office during the financial year are listed on page 1 of this report. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Details of transactions between the Foundation and Councillors and their related entities are as follows:

(a) Elaine Harding provided consultancy services to our Northern Australia program	10,525	-
	<b>10,525</b>	<b>-</b>

**Key Management Personnel**

Key management personnel are made up of ACF's National Management Team (NMT) who are responsible for planning, directing and controlling ACF activities. Current members of NMT and their positions are:

Don Henry	Executive Director	
Michael Fogarty	General Manager	
Lucy Farmer	Communications Director	
Denise Boyd	Campaigns Director	Appointed 20 February 2006
John Connor	Campaigns Director	Resigned 8 July 2005
Alex Gordon	Director of Sustainability Strategies	Appointed 10 July 2006
Mike Krockenberger	Director of Sustainability Strategies	Resigned 31 January 2006
Andrew Higham	Director of Sustainability Strategies	Resigned 10 February 2006
Anna Molan	Human Resources Manager	
David Edwards	Finance and Sustainability Reporting Manager	
Charles Berger	Legal Advisor	
Jock Beveridge	Marketing Manager	

Salary & fees	542,016	541,564
Superannuation	87,631	88,573
Bonus	-	2,000
<i>Short-term benefits</i>	629,647	632,137
<i>Other long-term benefits - long service leave</i>	(846)	21,237
<b>Total Compensation</b>	<b>628,801</b>	<b>653,374</b>

Details of transactions between the Foundation and key management personnel and their related entities are as follows:

(a) Anna Molan provided copywriting services to our supporter communications program	225	755
	<b>225</b>	<b>755</b>

**16 ASSOCIATION INFORMATION**

Registered name	Australian Conservation Foundation Inc.
Registered number	A107
Registered office	Unit 5, Floor 1, Bailey's Corner, 143 London Circuit, Canberra, A.C.T., 2601.
Principal place of business	Floor 1, 60 Leicester Street Carlton, Vic., 3053.

**17 SEGMENT INFORMATION**

The Australian Conservation Foundation Inc. operates predominantly in one business and geographical segment to protect, restore and sustain the environment within Australia.

**18 FINANCIAL INSTRUMENTS**

**(a) Financial risk management**

The Foundation's financial instruments consist of deposits with banks, local money market instruments, investments, accounts receivable and payable. The Foundation does not have any derivative instruments at 30 June 2006.

*i. Treasury Risk Management*

A finance committee consisting of senior Council members and external experts meet on a regular basis to analyse and advise the Council on currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

*ii. Financial Risks*

The main risks the Foundation is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

*Interest rate risk*- Interest rate risk is managed through minimising the use of debt financing.

*Foreign currency risk* - The Foundation is not exposed to fluctuations in foreign currencies.

*Liquidity risk* - The Foundation manages liquidity risk by monitoring forecast cash flows and ensuring that adequate call funds are maintained.

*Credit risk* - The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Foundation does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Foundation.

*Price risk*- The Foundation is not exposed to any material commodity price risk.

**(b) Interest risk**

The Foundation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	<b>Weighted ave. int. rate</b>	<b>Floating interest rate \$</b>	<b>Fixed &lt; 1 year \$</b>	<b>Fixed &gt; 1 year \$</b>	<b>Non-int bearing \$</b>	<b>Totals \$</b>
<b>2005/2006</b>						
<u>Financial assets</u>						
Cash on hand or at bank	3.77%	347,563	-	-	2,500	350,063
Cash on deposit	5.75%	1,904,026	-	-	-	1,904,026
Receivables	-	-	-	-	117,980	117,980
Financial assets	12.14%	1,547,165	300,000	-	-	1,847,165
<b>Total financial assets</b>		<b>3,798,754</b>	<b>300,000</b>	<b>-</b>	<b>120,480</b>	<b>4,219,234</b>
<u>Financial liabilities</u>						
Payables	-	-	-	-	723,792	723,792
Interest bearing liabilities	7.55%	-	26,618	-	-	26,618
<b>Total financial liabilities</b>		<b>-</b>	<b>26,618</b>	<b>-</b>	<b>723,792</b>	<b>750,410</b>
<b>2004/2005</b>						
<u>Financial assets</u>						
Cash on hand or at bank	4.00%	302,741	-	-	1,100	303,841
Cash on deposit	5.25%	1,349,468	-	-	-	1,349,468
Receivables	-	-	-	-	28,737	28,737
Financial assets	8.08%	1,601,975	678,000	-	-	2,279,975
<b>Total financial assets</b>		<b>3,254,184</b>	<b>678,000</b>	<b>-</b>	<b>29,837</b>	<b>3,962,021</b>
<u>Financial liabilities</u>						
Payables	-	-	-	-	982,706	982,706
Interest bearing liabilities	7.55%	-	16,290	26,618	-	42,908
<b>Total financial liabilities</b>		<b>-</b>	<b>16,290</b>	<b>26,618</b>	<b>982,706</b>	<b>1,025,614</b>

	2006	2005
	\$	\$

**18 FINANCIAL INSTRUMENTS**

**(c) Net fair values**

The net fair values of listed investments have been valued at the quoted market bid price at balance date. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

**19 FUNDRAISING**

**Details of total income and expenditure from fundraising activities**

Total income from fundraising activities	5,233,122	4,549,134
Less total expenditure on fundraising activities	2,156,553	2,146,414
<b>Net surplus from fundraising activities</b>	<b>3,076,569</b>	<b>2,402,720</b>

**Information on material matters**

All fundraising activities achieved the targeted returns under the Charitable Fundraising Act, with the exception of the calendar and diary program. The calendar and diary program operated at a small surplus for the year, while delivering significant promotional and educative benefits.

For more information on revenue and costs of fundraising see the Statement of Financial Performance on page 6 and the significant accounting policies in Note 1 on pages 10-13.

**Application of funds for charitable purposes**

During the year the Foundation achieved a net surplus of \$3,076,569 (2005 \$2,402,720) from fundraising activities defined under the Charitable Fundraising Act. Of this surplus \$2,118,462 (2005 \$2,130,041) was used to fund environmental programs, \$400,000 (2005 Nil) was allocated to the endowment fund and operating reserves for future development and cash flow needs and \$558,107 (2005 \$272,679) was allocated to organisational support.

**Fundraising conducted jointly with external service providers**

ACF engages external service providers to assist in the face to face recruitment of new donors for our EarthVoice monthly giving program, to assist in the development of our direct mail appeals and to develop and market the calendar and diary program. The gross contribution from these programs does not include future income to be received from donors under the EarthVoice monthly giving program.

Gross income from fundraising activities involving external service providers	3,760,195	3,343,769
Gross expenditure on fundraising activities involving external service providers	1,531,470	1,704,909
<b>Gross Contribution</b>	<b>2,228,725</b>	<b>1,638,860</b>

**Fundraising activities as classified by the Charitable Fundraising Act conducted during the financial year**

Diary and calendar program

EarthVoice monthly giving program

Mail appeals - September, November, February and May

Major donor program

Corporate partnerships program

**Fundraising performance comparisons**

*A divided by B*

	A	B	2006	2005
	\$	\$	%	%
Total cost fundraising/Gross proceeds of fundraising	2,156,553	5,233,122	41.2%	47.2%
Net surplus from fundraising/Gross proceeds of fundraising	3,076,569	5,233,122	58.8%	52.8%
Environmental programs expenditure/Expenditure	4,252,967	7,927,697	53.6%	48.6%
Environmental programs expenditure/Income	4,252,967	7,969,480	53.4%	53.6%

As noted above ACF has made a significant investment in the EarthVoice monthly giving program. The return on this investment, as is usual for this type of program, is made over a number of years. ACF's fundraising income has significantly increased in 2006 and this trend is expected to continue in the coming years.

**AUSTRALIAN CONSERVATION FOUNDATION INC.**  
**NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2006**



**20 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

	Notes	Previous GAAP at 1 July 2004	Effect of transition to AIFRS	AIFRS at 1 July 2004
<b>Reconciliation of Equity at 1 July 2004</b>				
		\$	\$	\$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		569,848	-	569,848
Trade and other receivables		584,011	-	584,011
Financial assets		660,000	-	660,000
Other assets		113,696	-	113,696
<b>TOTAL CURRENT ASSETS</b>		<b>1,927,555</b>	<b>-</b>	<b>1,927,555</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets	2b	2,919,807	99,380	3,019,187
Property, plant and equipment		612,529	-	612,529
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,532,336</b>	<b>99,380</b>	<b>3,631,716</b>
<b>TOTAL ASSETS</b>		<b>5,459,891</b>	<b>99,380</b>	<b>5,559,271</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		1,206,849	-	1,206,849
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,206,849</b>	<b>-</b>	<b>1,206,849</b>
<b>NON-CURRENT LIABILITIES</b>				
Provisions		163,594	-	163,594
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>163,594</b>	<b>-</b>	<b>163,594</b>
<b>TOTAL LIABILITIES</b>		<b>1,370,443</b>	<b>-</b>	<b>1,370,443</b>
<b>NET ASSETS</b>		<b>4,089,448</b>	<b>99,380</b>	<b>4,188,828</b>
<b>EQUITY</b>				
Reserves		4,063,400	-	4,063,400
Retained surplus / (deficit)	2c	26,048	99,380	125,428
<b>TOTAL EQUITY</b>		<b>4,089,448</b>	<b>99,380</b>	<b>4,188,828</b>
<b>Reconciliation of Equity at 30 June 2005</b>				
		30 June 2005		30 June 2005
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		1,653,309	-	1,653,309
Trade and other receivables		28,737	-	28,737
Financial assets		610,000	-	610,000
Other assets		166,687	-	166,687
<b>TOTAL CURRENT ASSETS</b>		<b>2,458,733</b>	<b>-</b>	<b>2,458,733</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets	2b	1,493,504	176,470	1,669,974
Property, plant and equipment	2d	636,075	(225,751)	410,324
Intangible assets	2e	-	222,751	222,751
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,129,579</b>	<b>173,470</b>	<b>2,303,049</b>
<b>TOTAL ASSETS</b>		<b>4,588,312</b>	<b>173,470</b>	<b>4,761,782</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		693,502	-	693,502
Interest bearing liabilities		16,290	-	16,290
Provisions		289,204	-	289,204
<b>TOTAL CURRENT LIABILITIES</b>		<b>998,996</b>	<b>-</b>	<b>998,996</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest bearing liabilities		26,618	-	26,618
Provisions		197,450	-	197,450
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>224,068</b>	<b>-</b>	<b>224,068</b>
<b>TOTAL LIABILITIES</b>		<b>1,223,064</b>	<b>-</b>	<b>1,223,064</b>
<b>NET ASSETS</b>		<b>3,365,248</b>	<b>173,470</b>	<b>3,538,718</b>
<b>EQUITY</b>				
Reserves		3,418,400	-	3,418,400
Retained surplus / (deficit)	2c	(53,152)	173,470	120,318
<b>TOTAL EQUITY</b>		<b>3,365,248</b>	<b>173,470</b>	<b>3,538,718</b>

**20 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

	Notes	Previous GAAP at 30 June 2005	Effect of transition to AIFRS	AIFRS at 30 June 2005
<b>Reconciliation of Surplus / (Deficit) for 2005</b>		\$	\$	\$
Revenue from operating activities	2a & 2f	7,042,681	(196,169)	6,846,512
Environmental programs expenses		3,774,390	-	3,774,390
Fundraising expenses - recruitment of supporters		1,376,680	-	1,376,680
Fundraising expenses - service and communication		1,233,069	-	1,233,069
Administration expenses - disposal of assets	2f	274,135	(274,135)	-
Administration expenses - operational support	2f	1,108,607	3,876	1,112,483
Expenses from operating activities		7,766,881	(270,259)	7,496,622
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>		<b>(724,200)</b>	<b>74,090</b>	<b>(650,110)</b>

	30 June 2005	1 July 2004
	\$	\$

**2a** Unrealised gains on financial assets amounting to \$173,470 have been recognised under the Australian equivalents to IFRS, which have been valued at their market value. This has been recognised via a retrospective adjustment to retained earnings for 2004 of \$99,380 and additional income of \$74,090 has been included in the income statement for the year ended 30 June 2005.

**2b** Financial assets comprise:

Financial assets unrealised gains recognised at market value	173,470	99,380
Financial assets reallocated from property, plant and equipment	3,000	-
	<u>176,470</u>	<u>99,380</u>

**2c** Retained surplus / (deficit) comprise:

Unrealised gains recognised at market value	173,470	99,380
	<u>173,470</u>	<u>99,380</u>

**2d** Property, plant and equipment comprise:

Property, plant and equipment reallocated to financial assets	(3,000)	-
Property, plant and equipment reallocated to intangible assets	(222,751)	-
	<u>(225,751)</u>	<u>-</u>

**2e** Intangible assets comprise:

Intangible assets reallocated from property, plant and equipment	222,751	-
	<u>222,751</u>	<u>-</u>

**2f** Reclassifications have been made to the income statement for the year ended 30 June 2005 because under Australian equivalents to IFRS, the sale of non-current assets must be reflected as a gain or loss on sale and not separately split between proceeds and costs of disposal. This reclassification has no effect on the deficit for the 2005 financial year.

**21 CHANGE IN ACCOUNTING POLICIES**

**a.** The Foundation has adopted the following Accounting Standards for application on or after 1 January 2005:

- AASB 132: Financial Instruments: Disclosure and Presentation
- AASB 139: Financial Instruments: Recognition and Measurement

The changes resulting from the adoption of AASB 132 relate primarily to increased disclosures required under the standard and do not affect the value of amounts reported in the financial statements.

The adoption of AASB 139 has resulted in material differences in the recognition and measurement of the Foundation's financial instruments. The Foundation has elected to adjust comparative information resulting from the introduction of AASB 139 as permitted under the transitional provisions of this Standard. A summary of the main adjustments as a result of the introduction of AASB 139 and applied retrospectively is included on the following page.

**21 CHANGE IN ACCOUNTING POLICIES**

*Held for trading financial assets*

Under AASB 139, held for trading financial assets are revalued to fair value at reporting date. All adjustments resulting from changes in fair value are taken directly to the income statement. The effects of the retrospective application of AASB 139 are detailed in Note 21 - First time adoption of Australian equivalents of International Financial Reporting Standards.

- b.** A number of Australian Accounting Standards issued or amended are applicable to the Foundation, but are not yet effective and therefore have not been adopted in preparation of the financial statements at reporting date. These changes have been reviewed and it is not anticipated that they will have any significant impact on the presentation of the financial statements.