

**Peer Support Foundation Victoria Limited**

**A.B.N. 97 006 716 758**

**(A Company limited by guarantee – Incorporated in Victoria)**

**NINETEENTH  
ANNUAL REPORT**

**31 DECEMBER 2005**

## Our Mission:

*Peer Support Foundation Victoria is dedicated to providing dynamic peer and mentoring programs which foster the physical, social and mental wellbeing of young people and their communities.*

## Our Values:

**Excellence:** We strive to achieve excellence and best practice in all areas of endeavour.

**Professionalism:** We have a commitment to high standards of professionalism, integrity and ethical behaviour.

**Social Justice:** We recognise the rights of all people to be treated humanely and with dignity.

**Innovation:** We endeavour to explore, stretch and push forward with new and innovative approaches.

**Health and Safety:** We are committed to promoting the health and safety of staff, students and the community.

### Staff:

Ken Dusting, CEO (April 2005)

Vance Hilton, General Manager (Retired April 2005)

Rhonda Briscoe, Training and Program Development Manager

Amanda Mior, Trainer and Program Writing

Kelly Vennus, Trainer (Dec 2005)

Marcus Andrews, Casual Trainer (Nov 2005)

Belinda Jakiel, Casual Trainer (Nov 2005)

Marlene Smith, Training Resources Assistance

Deborah Damman, Office Administrator

Jenny Davidson, Marketing and Business Development Manager (Oct 2005)

### Office:

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## The Year in Review

### *Looking Back*

Peer Support Foundation Victoria (PSF) has now been delivering holistic and innovative prevention programs in Victorian schools for over 18 years.

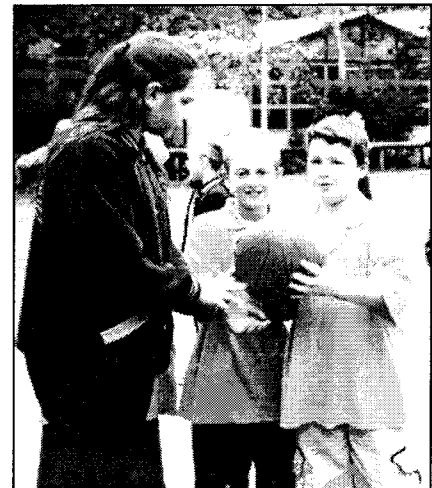
2005 was a dynamic year for Peer Support Foundation Victoria. April saw the retirement of General Manager Vance Hilton after 4 years in the role, who was succeeded by Ken Dusting, ushering in a new era as is always the case with a change of leadership.

Ken brings extensive senior management experience from non-profit, health and corporate sectors, and is piloting new growth for the Peer Support Foundation Victoria. The base for this growth is the high quality programs which the organisation develops and delivers in response to the changing issues that confronting young people in our community today.

Our programs address issues such as bullying, self harm, substance abuse, body image and self esteem by building resilience, leadership, peer mentoring and life skills in students of all ages.

The Peer Support Foundation Programs aim to:

- Enhance resilience and resourcefulness in individuals;
- Reduce problem issues in schools such as bullying and self harming behaviours by increasing each person's sense of social conscience with regard to supporting others;
- Provide a community approach to prevention.



Prevention of problems and development of resilience in young people in primary and secondary school is known to have a dramatic impact on our capacity to make positive choices now and in later life. The work of PSF contributes to reduction of high risk behaviours including sexual activity, misuse of alcohol and other drugs, and self harming behaviours such as suicide and eating disorders.

There have been a number of changes at Peer Support Foundation in 2005. These have included the employment of our first Marketing & Business Development Manager, as well as the increase in diversity of the training team through employment of casual trainers. A number of new programs have been made available, and more programs and resources are under development.

### **Program Updates**

Our trainers have continued to travel to schools across the state, delivering student workshops on leadership, peer mentoring, peer mediation, and girls' aggression, as well as training teachers in our many programs.

Professional development for teachers remains a PSF specialty, using a train-the-trainer approach to equip teachers to return to their schools and deliver PSF programs to their students. Training teachers has a number of advantages:



- Our small team of trainers can have a positive impact on a far greater number of young people by training groups of teachers;
- Having teachers deliver the programs themselves, over a number of weeks, embeds the new skills and attributes in the whole-school culture, ultimately contributing to more supportive school environments.

### **Bounce Back Foundation**

In mid-December PSF merged with Bounce Back Foundation, who deliver prevention programs utilising inspirational role models and mentoring to develop self-confidence and resilience in young people and overcome disadvantage. This is an exciting new period of growth for the united organisation, which is set to grow rapidly and have a lasting positive benefit on the lives of thousands of young Australians.

Bounce Back Programs are now included in the pool of Peer Support Foundation Programs, including:

### **Inspiration! Role Model Visits**

Inspiring role models who excel in their field, be it in sports, arts or entertainment domains, run motivational workshops with groups of young people addressing key concepts such as goal setting, overcoming barriers and disadvantage, and creating dreams for the future. Visits can be adapted to fit the school or community group.



### **Ramahyuk**

Koori Leadership Program operating throughout Gippsland with indigenous young people aged 12-18, delivered in partnership with Ramahyuk Aboriginal Corporation. Local Role models are trained in leadership and matched with young people in the region in a mentoring relationship. This program is centered around the Bataluk Trail, an indigenous cultural trail that spreads from west to east Gippsland, and provides a link between tribal elders, community role models and young aboriginal people in the region.

### **Online Dreaming**

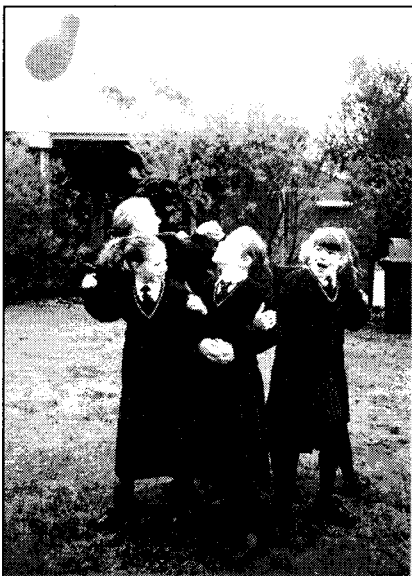
Providing leadership and online mentoring to young people in the South Australian Communities of Port Augusta, Ceduna and Coober Pedy, in addition to IT skills. Participants attend initial camps at which they are trained in leadership and life skills, and are then provided with mentoring through weekly emails and fortnightly teleconferences.

### **Healthy Choices**

Health and fitness program in primary schools with students from grades 5 & 6. The program is delivered by professional athletes and nutritionists to schools in Victoria, South Australia and Tasmania. The program is centered around assisting young people to take ownership of their health and fitness choices by examining the various choices they have and the subsequent consequences of these choices. Furthermore, the program then provides a framework for participants to make more productive choices.

### **Playford City Council**

Music mentor program with disconnected young people in the Playford community, South Australia. Local musicians mentor young people who have disconnected with education and employment, using music and the arts as a tool for re-connection with education.



### ***Looking Forward***

Peer Support Foundation Victoria will continue to grow and evolve in 2006. The first big change you will see is a new name and image to encompass the diverse elements of our organisation: PSF, Connecting Kids Company and Bounce Back Foundation. Look out for this new identity to be revealed in mid-2006!

## Chairman's Report

It is almost customary for a Chairman's report to begin with the comment that the last year has been a year of significant change. For the Peer Support Foundation Victoria in 2005, this is indeed a very true statement.

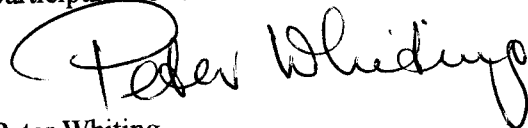
At the Board level, Don Parncutt took a well earned retirement after 11 years of committed service as Treasurer. Our founder Elizabeth Campbell also left the Board, pleased that throughout our 19 years since commencement we have been creating and delivering high quality programs which address the current issues confronting young people and prepare them for their future. Sadly, our Board colleague and dear friend Ian Freer passed away leaving a much appreciated legacy to PSF. However, additions to our Board have set us up with a good mix of skill and experience and provide great confidence for us as we move along the significant growth path ahead.

In the Management group, one of the changes we saw in 2005 was the employment of CEO, Ken Dusting, who brings a range of experience to drive the organisation forward. This followed the retirement of General Manager Vance Hilton, after many years at the helm. In addition, PSF has seen a growth in staff numbers, with the addition of more trainers, and the employment of our first Marketing and Business Development Manager. These new staff members bring with them a range of skills and enthusiasm that will move us towards our strategic goals over the coming years.

In mid-2005, PSF created its first Three Year Strategic Plan to carry us through until the end of 2008. The process of creating the document has encouraged the setting of goals and direction for the organisation's advancement. A key initiative as part of that new direction has been the merger with the Bounce Back Foundation, which was finalised in mid-December. This increases the scope for the organisation both in terms of programs and geography. Bounce Back Foundation brings with it a national reputation for delivery mentoring and leadership programs using sports role models, programs which PSF will continue to deliver.

Consistent with our strategic agenda, the organisation will be christened with a new name in 2006, to capture these changes and update our image. Our aim is to reflect the interests of all our stakeholders – schools and teachers, government and philanthropic organisations, parents and of course, the young people with whom we work.

Finally, I would personally like to acknowledge the efforts of my Board colleagues and in particular the staff who have worked so solidly in 2005 to achieving our goals. On behalf of all at PSF I would also extend many thanks to all our supporters, customers, and participants for a successful 2006.



Peter Whiting  
Chairman

## Chief Executive Officer's Report

The year 2005 was a year of change for our organisation. A new Chief Executive Officer, Mr Ken Dusting was appointed in April to replace the out-going General Manager, Mr Vance Hilton, who had loyally led the organization for many years. With the assistance and input of Board Members and staff a Three Year Strategic Business Plan was developed and has subsequently been enacted. This document restates our Mission:

*To provide dynamic peer and mentoring programs which foster the physical, social and mental wellbeing of young people and their communities.*

Our Objectives are:

- To provide a respected point of reference for youth peer and mentoring training consultation services and other related issues.
- To develop and deliver effective, innovative, evidence-based peer and mentoring programs and services.
- To inform community debate and policy formulation with the youth sector.
- To demonstrate effective and financially sound organisational practices.

Several strategies have been developed and are now being implemented:

- **Growth** to achieve "critical mass" and become a viable organization.

We plan to achieve this through a number of strategies including marketing and promotion and seeking opportunities to merge with complimentary organisations. On December 14<sup>th</sup>, 2005 we formally merged with the Bounce Back Foundation Ltd which will enable us to broaden our services and develop new innovative programs for young people. It also enable us develop a national profile and will result in our organisation growing by some 200% over the next twelve months. We are now in the process of re-branding our organization to reflect this change and our new direction. We have also appointed a dedicated Marketing and Business Development Manager to strengthen this side of our business.


- **Research and Development.**

We have established links with a number of organisations and individuals who will assist us in the development of new and existing programs and ensure that they are not only innovative but also evidence based. We have also appointed several new staff to assist with the development and delivery of some of these programs, including Revved Up and MPower Girls – addressing bullying, anger and self esteem.

- **Collaborations**

We have established semi-formal collaborative agreements with a number of organizations including: K.I.D.S Foundation, RMIT, Duke of Edinburgh's Award Victoria, Athlete Development Australia and the Youth Collaboration Project Group.

Overall, 2005 has been an exciting year and a year of reflection and reassessing our vision and future direction. In 2006 we will continue to enhance our foundations, aiming to be a centre of leadership and excellence within the youth well-being sector. I would like to take this opportunity to thank the Board, staff, collaborative partners and our many supporters who have so ably assisted us through the year.

  
Ken Dusting  
Chief Executive Officer

## DIRECTORS' REPORT

The directors present their report together with the financial report of the Peer Support Foundation Victoria Limited (“the Company”) for the financial year ended 31 December 2005 and the auditor’s report thereon.

The Board of Directors met six times during the year. The Merger Board Sub Committee met two times during the year.

The directors of the Company at any time during or since the financial year are:

<p><b>Mr Peter Whiting – Chairman</b> <b>B.Com.Hons., B.Theol</b></p>	<p>Business Consultant, director of Diamond Key International Pty Ltd and previously, Retail Manager for Shell Australia Pty Ltd. Appointed director October 1999.</p>
<p><b>Mr Ian Jenkins – Secretary</b> <b>Dip.Bus. (ACCTG)</b> <b>F.C.A.</b></p>	<p>Partner in Chartered Accountancy firm MSI Ragg Weir, specializing in Tax and Business Service, board member for several commercial and charitable organizations, member of Rotary. Appointed director October 2001.</p>
<p><b>Ms Elizabeth Bishop</b> <b>B.A. Lib.</b></p>	<p>Completing her doctorate of Juridical Science, investigating the benefits of mediation in school disciplinary policies. Former Senior Advisor to the Attorney General and Secretary to the Rule Committee of the Victoria Civil and Administrative Tribunal. Appointed director July 2004.</p>
<p><b>Ms Elizabeth Campbell</b> <b>A.M.</b></p>	<p>Founder of the Peer Support Program in New South Wales and Victoria, who continues to provide guidance for organizational development. Appointed director April 1987. Retired November 2005.</p>
<p><b>Mr Jason Cripps</b></p>	<p>Former professional athlete with St Kilda Football Club who has taken up a training role with the club. Jason has been facilitating community programs for over seven years. Appointed director December 2005.</p>
<p><b>Mr Ian Freer</b> <b>B.SC.Hons.</b></p>	<p>Non-Executive director of Shell Coal Holdings Pty Ltd, Callide Power, and Woodside Petroleum and retired director of Shell Australia Pty. Appointed director September 1999. Died December 2005.</p>
<p><b>Mr Kraig Grime</b> <b>F.A.I.C.D</b></p>	<p>Human Resource consultant. Kraig has trained many athletes to facilitate community based programs and has extensive experience working with indigenous communities. Appointed director December 2005.</p>

## DIRECTORS' REPORT (*CONTINUED*)

<b>Mr Vance Hilton</b> <b>A.F.A.I.M.</b>	General Manager of Peer Support Foundation Victoria, past Director Governor of Rotary International and member of Rotary Down Under Committee of Management. Appointed director December 2003. Retired November 2005.
<b>Mr Don Parncutt</b> <b>A.A.S.A., A.C.I.S., A.A.I.I.</b>	Semi-retired from various administrative and agency positions with the AMP Society and National Mutual Life Association. Appointed director April 1994. Retired June 2005.
<b>Mr Justin Peckett</b>	Former professional athlete with St Kilda Football Club and now a team trainer. Justin has been facilitating community programs for over five years. Appointed director December 2005.
<b>Ms Kriss Will</b> <b>B.A.Hons. (Psych), M.B.A.</b>	Master of Business Admin and Arts Honours holder, Kriss has worked in professional services for over seventeen years and has run her own management consultancy since 1996. Appointed director July 2005.

The principal activities of the Company during the period of the financial year were to instigate the teaching of the Peer Support Program in Victoria, support the teachers with the instigation of the Program into schools, and to create a public awareness of the aims and objects of the Company.

In December 2005, the Company acquired the net assets of Bounce Back Foundation Limited (see note 13 in the financial statements).

There were no other significant changes in the nature of the activities of the Company during the year.

The activities of the Company resulted in a net loss for the year of \$43,931 (2004: loss \$54,401). The Company is not subject to income tax.

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

For detailed review of the activities and outline of future developments, see the Year in Review Report, the Chairman's Report, the Chief Executive Officer's Report and the Training Report.

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

## DIRECTORS' REPORT (CONTINUED)

During the financial year, the Company has paid insurance premiums of \$4,889 in respect of directors' liability and legal expenses insurance contracts for current and former directors.

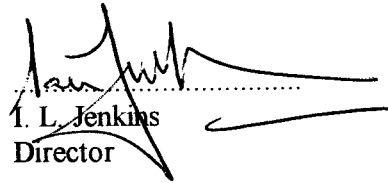
Since inception no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company of which he is a member or with a company in which he has a substantial financial interest.

The Lead auditor's independence declaration is set out on page 13, and forms part of the director's report for the financial year ended 31 December 2005.

This report is made with a resolution of the directors:



P. F. Whiting  
Director



I. L. Jenkins  
Director

Dated at Melbourne this 23<sup>rd</sup> day of May, 2006

## Training Report 2005

It was an exciting year for training at Peer Support in 2005. As well as the solidly established programs which we have facilitated over many years, this year saw the consolidation of the Mpower Girls Program and the development of our new Revved Up (anger management) Program which is highly suitable for boys.

Revved Up, which assists boys and young men to turn anger into positive energy, was developed in collaboration with St Johns School in Heidelberg, with feedback from the teacher, Margarite Jones, and her students being incorporated into the final program. Revved up is available to schools in 2006.

The training team began to develop some new connections with other professionals working in similar and complementary organisations and this provided possibilities for collaboration on interesting projects.

Teacher workshops have again been offered in Western Australia in 2005, as in the past, and workshops in other states are being explored further.

### Programs

The range of programs presented Australia-wide now includes:

#### *The Peer Support Program*

This continues to be presented regularly throughout the year at our office workshops and frequently as a student training workshop in many schools.

#### *The Peer Mediation Program*

Apart from the regular office workshops for teachers, many schools are training a whole staff group as well as a large number of students.

#### *The Supportive Friends Program*

Several schools have been training students in this program every year since its introduction nine years ago. It maintains its popularity every year.

#### *Mpower Girls Program*

In the three years since we created this program to address girls bullying issues, it has been highly acclaimed by many schools. This is certainly a hot issue which continues to be an area of need.

#### *Revved Up Program*

In response to repeated requests for a program suitable for boys we have developed highly interactive exercises tailored to their needs.

#### *Switched On Schools (Professional Development for Teachers)*

Many requests for individualised programs continue to be received and we are responding with a range of flexible programs.

### Resources

The resources continue to be distributed Australia-wide and to be helpful in supporting students in their learning about leadership and building positive relationships.

### **Collaborative Partnerships**

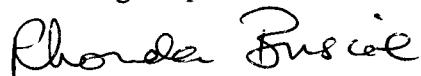
New connections with organisations which are also in the youth sector have opened up the potential for linking our complementary programs. This has already led to our programs being promoted as leadership activities suitable for the Duke of Edinburgh's Award and has resulted in our emotional well-being focus being an important facet of K.I.D.S. Foundation safety programs. A positive connection with "Titles" - an organisation for professional development for teachers in Melbourne's Western Suburbs - has increased our profile in that region. We have been excited by meetings with these and other organisations and we are keen to develop strong links with some of their future projects.

### **Representing Schools and Young People**

Our unique position as an organisation in constant contact with schools and therefore with young people and their teachers has given us great insight into the current values and needs of the school sector. We continue to respond to the individual needs of schools and to represent their views in the wider community.

Presentations at conferences and seminars increased during 2005 and some worthwhile research activities were conducted and reported in various journals. Links with RMIT have been important for continuing research and development in our work. New presentations to parents have been well received.

We are excited about the possibilities for expansion in the future and we look forward to continuing our positive work for young people.



Rhonda Briscoe  
Program Development and Training Manager

## **Our Supporters**

Many thanks to all the people and organisations that made our work possible in 2005.

### **Trusts & Foundation:**

- Rotary
- Perpetual Trustees
- Parncutt Family Foundation
- The Myer Foundation
- The Danks Trust
- Melbourne Newsboys Foundation
- Coca-Cola Australia Foundation
- IOOF Foundation
- Honda Foundation
- William Angliss Charitable Fund

### **Victorian State Government:**

- DE&T

### **South Australian State Government:**

- Department of Mental Health

### **Federal Government:**

- FaCS
- Department of Health & Ageing

### **Corporate:**

- Catholic Church Insurances
- Victorian Teachers Credit Union

### **Pro-Bono and In-kind Support:**

- KPMG
- Fenton Communications
- Minter Ellison
- Microsoft Unlimited Potential
- Australian Education Union
- Peter Brock
- Aviva Group
- Yachtmaster Sailing School
- Victoria Yacht Charters

## **Our Community Partners**

- RMIT
- KIDS Foundation
- Duke of Edinburgh's Award Victoria
- Youth Services Collaboration Project
- Athlete Development Australia



**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

To: the directors of The Peer Support Foundation Victoria Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2005 there have been:

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

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to read 'Peter Jovic'.

Peter Jovic  
*Partner*

Melbourne

24 May 2006



**Independent audit report to the members of The Peer Support Foundation Victoria Limited**

**Scope**

We have audited the financial report of The Peer Support Foundation Victoria Limited (“the Company”) for the financial year ended 31 December 2005, consisting of the income statement, statement of recognised income and expense, balance sheet, statement of cash flows, accompanying notes 1 to 22, and the directors’ declaration set out on page 15. The Company’s directors are responsible for the financial report. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company’s financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit opinion**

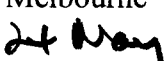
In our opinion, the financial report of The Peer Support Foundation Victoria Limited is in accordance with:

- a) the Corporations Act 2001, including:
  - i. giving a true and fair view of the Company’s financial position as at 31 December 2005 and of their performance for the financial year ended on that date; and
  - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia

  
KPMG

  
Peter Jovic

Partner

Melbourne  
 2006

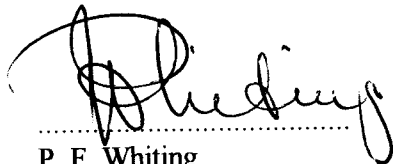
## DIRECTORS' DECLARATION

31 DECEMBER 2005

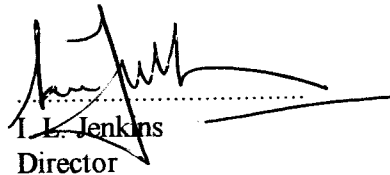
In the opinion of the directors of The Peer Support Foundation Victoria Ltd ("the Company"):

- (a) the financial statements and notes, set out on pages 16 to 39 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Company as at 31 December 2005 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



P. F. Whiting  
Director



I. L. Jenkins  
Director

Dated at Melbourne this 23<sup>rd</sup> day of May, 2006

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

		<u>2005</u>	<u>2004</u>
	Note	\$	\$
Revenue from rendering of services		133,625	125,702
Revenue from sale of goods		44,832	63,656
Donations		8,634	18,622
Government grant		80,000	80,000
Project grants		25,000	-
Other revenue	2	<u>66,870</u>	<u>36,129</u>
<b>Total revenue</b>		<b><u>358,961</u></b>	<b><u>324,109</u></b>
Changes in inventories of finished goods		894	(14,823)
Raw materials and consumables used		16,580	37,839
Employee benefits costs		292,400	261,547
Depreciation and amortisation expenses		5,150	5,946
Marketing expenses		6,848	6,143
Administrative expenses		69,711	70,042
Other expenses	3	<u>11,309</u>	<u>11,816</u>
<b>Total expenses</b>		<b><u>402,892</u></b>	<b><u>378,510</u></b>
<b>Loss for the period</b>		<b><u>(43,931)</u></b>	<b><u>(54,401)</u></b>

*The income statement is to be read in conjunction with the notes to the financial statements set out on pages 20 to 39.*

## STATEMENT OF RECOGNISED INCOME AND EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2005

		<u>2005</u>	<u>2004</u>
	Note	\$	\$
Change in fair value of available for sale financial instruments		<u>(1,465)</u>	<u>1,015</u>
<b>Net income recognised directly in equity</b>		(1,465)	1,105
<b>Loss for the period</b>		<u>(43,931)</u>	<u>(54,401)</u>
<b>Total recognised income and expense for the period</b>	14	<u>(45,396)</u>	<u>(53,386)</u>

*The statement of recognised income and expenses is to be read in conjunction with the notes to the financial statements set out on pages 20 to 39.*

## BALANCE SHEET

AS AT 31 DECEMBER 2005

	Note	<u>2005</u>	<u>2004</u>
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	133,811	50,902
Receivables	6	52,757	3,048
Inventories	7	29,565	28,741
Investments	8	<u>373,725</u>	<u>451,201</u>
<b>Total current assets</b>		<u>589,858</u>	<u>533,892</u>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	78,172	-
Plant and equipment	10	<u>18,306</u>	<u>16,207</u>
<b>Total non-current assets</b>		<u>96,478</u>	<u>16,207</u>
<b>TOTAL ASSETS</b>		<u>686,336</u>	<u>550,099</u>
<b>CURRENT LIABILITIES</b>			
Payables	11	96,031	20,002
Employee benefits	12	20,087	5,685
Non-interest bearing loan		<u>35,465</u>	-
<b>Total current liabilities</b>		<u>151,583</u>	<u>25,687</u>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	12	742	14,000
Non-interest bearing loan		<u>68,995</u>	-
<b>Total non-current liabilities</b>		<u>69,737</u>	<u>14,000</u>
<b>TOTAL LIABILITIES</b>		<u>221,320</u>	<u>39,687</u>
<b>NET ASSETS</b>		<u>465,016</u>	<u>510,412</u>
<b>EQUITY</b>			
Reserves		397,722	399,187
Retained profits		<u>67,294</u>	<u>111,225</u>
<b>Total equity</b>	14	<u>465,016</u>	<u>510,412</u>

*The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 20 to 39.*

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	<u>2005</u> \$	<u>2004</u> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts in the course of operations		284,281	256,845
Cash payments in the course of operations		(367,134)	(365,984)
Donations received		<u>8,634</u>	<u>18,622</u>
Net cash used in operating activities	20(ii)	<u>(74,219)</u>	<u>(90,517)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Receipts from investments		100,380	79,995
Payments for investments		(24,931)	-
Payments for plant and equipment		(7,249)	(722)
Acquisition of business' assets, net of cash acquired		60,380	-
Interest received		<u>28,548</u>	<u>32,364</u>
Net cash received from investing activities		157,128	111,637
Net increase/(decrease) in cash held		82,909	21,120
Cash at the beginning of the financial year		<u>50,902</u>	<u>29,782</u>
Cash at the end of the financial year	20(i)	<u>133,811</u>	<u>50,902</u>

*The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 20 to 39.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

### (a) **Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (“AASBs”), Urgent Issues Group Interpretations (“UIGs”) adopted by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. International Financial Reporting Standards (“IFRSs”) form the basis of Australian Accounting Standards (“AASBs”) adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS (“AIFRS”) to distinguish from previous Australian GAAP.

This is the Company’s first financial report prepared in accordance with AIFRS, and AASB 1 First-Time Adoption of AIFRS has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 22.

### (b) **Basis of preparation**

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except for financial instruments classified as available-for-sale, which are stated at their fair value.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Company.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial report and in preparing an opening AIFRS balance sheet at 1 January 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

### (e) **Investments**

#### *Investments in debt securities*

Financial instruments held by the Company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

The fair value of financial instruments classified available-for-sale is their quoted bid price at the balance sheet date.

The quantitative effect of the change in accounting policy is set out in Note 22.

### (f) **Receivables**

Receivables are stated at their cost less impairment losses (see accounting policy i).

### (g) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

### (h) **Cash and cash equivalents**

Cash and cash equivalents comprises cash balances.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

#### (i) **Impairment**

The carrying amounts of the Company's assets other than inventories (see accounting policy g), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy i(i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

#### (i) *Calculation of recoverable amount*

The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

#### (i) Impairment (*continued*)

##### (i) *Calculation of recoverable amount (continued)*

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

##### (ii) *Reversals of impairment*

If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (j) **Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

#### (k) Employee benefits

##### (i) *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

##### (ii) *Long-term service benefits*

The Company's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Company's obligations.

##### (iii) *Wages, salaries, annual leave, sick leave and non-monetary benefits*

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

#### (l) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### (m) Trade and other payables

Trade and other payables are stated cost.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

#### (n) **Revenue**

##### (i) *Goods sold and services rendered*

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the costs incurred or to be incurred cannot be measured reliably.

##### (ii) *Government grants*

Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Company will comply with the conditions attaching to it. Grants that compensate the Company for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred.

##### (iii) *Interest income*

Interest income is recognised in the income statement as it accrues, using the effective interest method.

#### (o) **Income tax**

The Company, being a charitable institution, is exempt from income tax in accordance with Section 50-5 of the Income Tax Assessment Act (1997).

#### (p) **Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>2. OTHER REVENUE</b>		
Gain on business acquisition	35,089	-
Interest income	28,548	32,364
Membership subscriptions	118	140
Royalties	-	123
Miscellaneous income	<u>3,115</u>	<u>3,502</u>
	<u>66,870</u>	<u>36,129</u>
<b>3. OTHER EXPENSES</b>		
Professional fees	10,649	8,642
Realised loss on investment	660	824
Other	<u>-</u>	<u>2,350</u>
	<u>11,309</u>	<u>11,816</u>
<b>4. AUDITORS' REMUNERATION</b>		
Audit services:		
Auditors of the Company – KPMG		
Audit of the financial report	<u>5,500</u>	<u>5,250</u>
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash at bank	<u>133,811</u>	<u>50,902</u>
<p>The weighted average interest rate on cash and cash equivalents at 31 December 2005 is 0.01% (2004: 0.01%).</p>		
<b>6. RECEIVABLES</b>		
Trade debtors	<u>52,757</u>	<u>3,048</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>7. INVENTORIES</b>		
Finished goods	<u>29,565</u>	<u>28,741</u>

### 8. INVESTMENTS

Listed securities available-for-sale	<u>373,725</u>	<u>451,201</u>
--------------------------------------	----------------	----------------

Investments include securities which are due to mature within twelve months. These securities will be reinvested by the Company in order to maintain the capital fund. The weighted average interest rate at 31 December 2005 is 7.10% (2004: 6.82%).

#### *Reconciliation of carrying amount*

Carrying amount at beginning of year	451,201	531,005
Additions	24,931	-
Disposal	(100,380)	(79,995)
Fair value adjustments	<u>(2,027)</u>	<u>191</u>
Carrying amount at end of year	<u>373,725</u>	<u>451,201</u>

### 9. INTANGIBLE ASSETS

#### *Cost*

Balance at 1 January	-	-
Acquisition of contractual rights through business combination	<u>78,172</u>	<u>-</u>
Balance at 31 December	<u>78,172</u>	<u>-</u>

#### *Carrying amounts*

At 1 January	-	-
At 31 December	78,172	-

The intangible assets balance represents the value of contractual rights acquired from Bounce Back Foundation Limited on 14 December 2005. The acquired contracts are due to expire on 31 July 2007. The intangible assets balance will be amortised over a 1.5-year period to reflect consumption of the benefits acquired. The directors are of the opinion that the contractual rights will generate additional revenue for the Company after the date the contracts were acquired.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>10. PLANT AND EQUIPMENT</b>		
Library		
At cost	24,054	24,054
Accumulated amortisation	<u>(24,054)</u>	<u>(24,054)</u>
	-	-
Furniture and fittings		
At cost	29,778	29,778
Accumulated amortisation	<u>(29,778)</u>	<u>(29,778)</u>
	-	-
Plant and equipment		
At cost	133,607	126,358
Accumulated depreciation	<u>(115,301)</u>	<u>(110,151)</u>
	<u>18,306</u>	<u>16,207</u>
Total plant and equipment		
Net book value	<u>18,306</u>	<u>16,207</u>

### *Reconciliations*

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

<i>Plant and equipment</i>		
Carrying amount at beginning of year	16,207	21,431
Acquisitions	7,249	722
Disposals	-	-
Depreciation	<u>(5,150)</u>	<u>(5,946)</u>
Carrying amount at end of year	<u>18,306</u>	<u>16,207</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>11. TRADE AND OTHER PAYABLES</b>		
Trade creditors	14,281	6,608
Other creditors and accruals	<u>81,750</u>	<u>13,394</u>
	<u>96,031</u>	<u>20,002</u>
<b>12. EMPLOYEE BENEFITS</b>		
<i>Current</i>		
Liability for long service leave	<u>20,087</u>	<u>5,685</u>
<i>Non-current</i>		
Liability for long service leave	<u>742</u>	<u>14,000</u>
<b>Total employee benefits</b>	<u>20,829</u>	<u>19,685</u>

The present values of employee entitlements not expected to be settled within 12 months of balance date have been calculated using the following weighted averages:-

Assumed rate of increase in wages and salary rates	2.80%	3.00%
Discount rate	5.29%	5.53%
Settlement terms (years)	7	10
Number of employees at year end	6	5

### *Defined contribution plans*

The Company makes contributions to the Hesta staff superannuation scheme, the CARE staff superannuation scheme and the Still Waters superannuation scheme, which are defined contribution plans. The amount recognised as expense was \$21,015 for the year ended 31 December 2005 (2004: \$22,215).

### **13. ACQUISITION OF BUSINESS**

#### *Acquisition of entities*

On the 14 December 2005 the Company acquired the net assets of Bounce Back Foundation Limited, and the operating results of the entity from that date have been included in the Company's operating loss.

#### *Effect of acquisitions*

The acquisitions had the following effect on the Company's assets and liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

2005  
\$

### 13. ACQUISITION OF BUSINESS (CONTINUED)

#### *Acquiree's net assets at the acquisition date*

Intangible assets	78,172
Receivables	107,680
Payables	<u>(150,763)</u>
Net identifiable assets and liabilities	35,089
Gain on acquisition	<u>(35,089)</u>
Consideration paid	-
Cash (acquired)	<u>(60,380)</u>
Net cash inflow	<u>60,380</u>

### 14. CAPITAL AND RESERVES

#### Reconciliation of movement in capital and reserves

	Capital fund \$	Capital profit fund \$	Fair value reserve \$	Retained earnings \$	Total equity \$
Balance at 1 January 2004	352,000	15,134	-	165,626	532,760
Effect of change in accounting policy	-	-	31,038	-	31,038
Total recognised income and expenses	-	-	1,015	(54,401)	(53,386)
Balance at 31 December 2004	<u>352,000</u>	<u>15,134</u>	<u>32,053</u>	<u>111,225</u>	<u>510,412</u>
Balance at 1 January 2005	352,000	15,134	32,053	111,225	510,412
Total recognised income and expenses	-	-	(1,465)	(43,931)	(45,396)
Balance at 31 December 2005	<u>352,000</u>	<u>15,134</u>	<u>30,588</u>	<u>67,294</u>	<u>465,016</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

### 14. CAPITAL AND RESERVES (*CONTINUED*)

#### Nature and purpose of reserves

##### *The capital fund*

The Company has created a capital fund to which nominated donations are credited. The purpose of this account is to ensure such donations are not expended on recurrent expenses of the Company. The interest earned by the capital fund is able to be used to offset recurrent expenses.

##### *Capital profits reserve*

The Company has created a capital profits reserve which represents donations which were deposited upon incorporation of the Company in Victoria in 1987.

##### *Fair value reserve*

The fair value reserve includes the cumulative net changes in the fair value of available for sale investments until the investment is derecognised.

### 15. MEMBERS EQUITY

The Company is a Company limited by guarantee and accordingly does not issue shares. The members have undertaken to contribute \$100 to the Company should it have deficit funds upon liquidation. As at 31 December 2005 there were 6 (2004: 6) members and therefore a maximum liability of \$600 (2004: \$600).

### 16. COMMITMENTS

#### **Operating lease payable commitments**

Future non-cancellable operating lease rentals, not provided for in the financial statement and payable:

Within one year	<u>18,000</u>	<u>18,000</u>
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The lease of property provides the Company with a right of renewal at which time all terms are renegotiated. The lease expired on 15 October 2000 and is negotiated on a yearly basis.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

### 17. REMUNERATION OF DIRECTORS

Total income paid or payable, or otherwise made available, to all directors from the Company or any related party:

Nil Nil

The names of the directors who have held office during the financial year are:

Peter Whiting – Chairman  
Elizabeth Bishop  
Ian Jenkins (appointed Secretary July 2005)  
Kristen Will (appointed July 2005)  
Jason Cripps (appointed December 2005)  
Kraig Grime (appointed December 2005)  
Justin Peckett (appointed December 2005)  
Elizabeth Campbell (resigned November 2005)  
Vance Hilton (resigned November 2005)  
Ian Freer (resigned December 2005)  
Donald Parncutt – Secretary (resigned June 2005)

The Memorandum of Association specifically prohibits the payment of any remuneration to any director of the Company other than for services rendered in the normal course of business. Mrs Campbell supplies manuals and other publications to the Foundation on an arm's length basis.

### 18. SEGMENT REPORTING

The Company operates as an educational organisation. The Company's operations and customers are located in Victoria.

### 19. CONTINGENT LIABILITIES

The directors are not aware of any circumstances or information which would lead them to believe that contingent liabilities exist at 31 December 2005.

### 20. NOTES TO THE STATEMENT OF CASH FLOWS

#### (i) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheets as follows:

		<u>2005</u>	<u>2004</u>
		\$	\$
Cash and cash equivalents	5	<u>133,811</u>	<u>50,902</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

### 20. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(ii) Reconciliation of profit from ordinary activities to cash provided by operating activities	<u>2005</u>	<u>2004</u>
	\$	\$
Loss from ordinary activities	(43,931)	(54,401)
<u>Less items classified as investing activities:</u>		
Interest received	(28,548)	(32,364)
<u>Add non-cash items:</u>		
Depreciation	5,150	5,946
Amounts set aside to provisions – employee entitlements	1,144	-
Change in value of other investments	562	3,594
Gain on business acquisition	(35,089)	-
Net cash used in operating activities before change in assets and liabilities	(100,712)	(77,225)
<u>Change in assets and liabilities during the financial year:</u>		
Increase in inventories	(824)	(16,873)
(Increase)/decrease in trade debtors	(2,409)	595
Increase in other creditors and accruals	23,389	1,879
(Decrease)/increase in trade creditors	(342)	1,107
Increase in provisions	<u>6,679</u>	<u>-</u>
	<u>26,493</u>	<u>(13,292)</u>
Net cash used in operating activities	<u>(74,219)</u>	<u>(90,517)</u>

### 21. SUBSEQUENT EVENTS

Since 31 December 2005, there have been no events subsequent to balance date that the directors believe would have a major impact upon the financial statements of the Company.

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

### **22. EXPLANATION OF TRANSITION TO AIFRSs**

As stated in significant accounting policies note 1(a), these are the Company's first financial statements prepared in accordance with AIFRSs.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the year ended 31 December 2005, the comparative information presented in these financial statements for the year ended 31 December 2004 and in the preparation of an opening AIFRS balance sheet at 1 January 2004 (the Company's date of transition).

In preparing its opening AIFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to AIFRSs has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

### 22. EXPLANATION OF TRANSITION TO AIFRSs (CONTINUED)

#### *Reconciliation of equity*

	Note	Effect of transition to AIFRSs		Effect of transition to AIFRSs			
		Previous GAAP	AIFRSs	Previous GAAP	AIFRSs	AIFRSs	
			1 January 2004		31 December 2004		
<b>Assets</b>							
Cash and cash equivalents		29,782	-	29,782	50,902	-	50,902
Receivables		3,643	-	3,643	3,048	-	3,048
Inventories		11,868	-	11,868	28,741	-	28,741
Investments	(a)	499,967	31,038	531,005	419,972	31,229	451,201
<b>Total current assets</b>		<b>545,260</b>	<b>31,038</b>	<b>576,298</b>	<b>502,663</b>	<b>31,229</b>	<b>533,892</b>
Plant and equipment		21,431	-	21,431	16,207	-	16,207
<b>Total non-current assets</b>		<b>21,431</b>	<b>-</b>	<b>21,431</b>	<b>16,207</b>	<b>-</b>	<b>16,207</b>
<b>Total assets</b>		<b>566,691</b>	<b>31,038</b>	<b>597,729</b>	<b>518,870</b>	<b>31,229</b>	<b>550,099</b>
<b>Liabilities</b>							
Payables		15,266	-	15,266	20,002	-	20,002
Employee benefits		6,047	-	6,047	5,685	-	5,685
<b>Total current liabilities</b>		<b>21,313</b>	<b>-</b>	<b>21,313</b>	<b>25,687</b>	<b>-</b>	<b>25,687</b>
Employee benefits		12,618	-	12,618	14,000	-	14,000
<b>Total non-current liabilities</b>		<b>12,618</b>	<b>-</b>	<b>12,618</b>	<b>14,000</b>	<b>-</b>	<b>14,000</b>
<b>Total liabilities</b>		<b>33,931</b>	<b>-</b>	<b>33,931</b>	<b>39,687</b>	<b>-</b>	<b>39,687</b>
<b>Net assets</b>		<b>532,760</b>	<b>31,038</b>	<b>563,798</b>	<b>479,183</b>	<b>31,229</b>	<b>510,412</b>
<b>Equity</b>							
Reserves		367,134	31,038	398,172	367,134	32,053	399,187
Retained profits	(b)	165,626	-	165,626	112,049	(824)	111,225
<b>Total equity</b>		<b>532,760</b>	<b>31,038</b>	<b>563,798</b>	<b>479,183</b>	<b>31,229</b>	<b>510,412</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

### 22. EXPLANATION OF TRANSITION TO AIFRSs (*CONTINUED*)

#### *Reconciliation of equity (continued)*

- (a) In accordance with AASBs, available-for-sale investments have been recognised as assets or liabilities at fair value. Under previous GAAP, all derivatives and equity investments were recognised at cost.

The effect of measuring available-for-sale debt securities at fair value is to:

- increase investments and the fair value reserve by \$31,038 as at 1 January 2004; and
- increase reserves by \$32,053 and decrease retained earnings by \$824 as at 31 December 2004.

- (b) The effect of the above adjustments on retained earnings is as follows:

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

### 22. EXPLANATION OF TRANSITION TO AIFRSs (CONTINUED)

#### *Effect of adjustments on retained earnings*

	1 January 2004	31 December 2004
Cash and cash equivalents	-	-
Receivables	-	-
Inventories	-	-
Intangible assets	-	-
Investments	-	824
Plant and equipment	-	-
Payables	-	-
Employee benefits	-	-
Non-interest bearing loan	-	-
<b>Total adjustment to equity</b>	-	824

#### *Reconciliation of loss for 2004*

	Previous GAAP	Effect of transition to AIFRS	AIFRS
Revenue from rendering of services	125,702	-	125,702
Revenue from sale of goods	63,656	-	63,656
Donations	18,622	-	18,622
Government grants	80,000	-	80,000
Other revenue	36,129	-	36,129
<b>Total revenue</b>	324,109	-	324,109
Changes in inventories of finished goods	(14,823)	-	(14,823)
Raw materials and consumables used	37,839	-	37,839
Employee benefit costs	261,547	-	260,547
Depreciation and amortisation expenses	5,946	-	5,946
Marketing expenses	6,143	-	6,143
Administrative expenses	70,042	-	70,042
Other expenses	10,992	824	11,816
<b>Total expenses</b>	377,686	824	378,510
<b>Loss for the period</b>	(53,577)	(824)	(54,401)

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

### **22. EXPLANATION OF TRANSITION TO AIFRSs (CONTINUED)**

#### **Explanation of material adjustments to the cash flow statement for 2004**

There are no material differences between the cash flow statement presented under AIFRSs and the cash flow statement presented under previous GAAP.



## DISCLAIMER OF OPINION

The additional financial information presented on page 41 is in accordance with the books and records of The Peer Support Foundation Victoria Ltd, which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 31 December 2005. It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the Company) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused.

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG

Melbourne ..... *24 May* ....., 2006

## DETAILED INCOME & EXPENDITURE ACCOUNT

AS AT 31 DECEMBER 2005

This statement provides details of the operations of the company and is supplementary to the income statement on page 16.

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>INCOME</b>		
Net revenue from workshops	119,299	113,824
Net gain from sale of books	27,618	40,640
Interest income	28,548	32,364
Membership subscriptions	118	140
Miscellaneous income	3,115	3,502
Department of Education subsidy	80,000	80,000
Grants	25,000	-
Royalty income	-	123
Gain from business acquisition	<u>35,089</u>	<u>-</u>
	<u>318,787</u>	<u>270,593</u>
<b>EXPENDITURE</b>		
Salaries and on-costs	292,400	261,547
Accommodation costs	25,097	21,403
Communication costs	12,283	15,794
Promotional costs	6,848	6,143
Equipment costs	27,136	27,433
Administrative costs	908	638
Realised (gain)/loss	660	824
Professional fees	5,760	7,706
Miscellaneous expenses	-	1,508
Stock write-off	<u>260</u>	<u>620</u>
	<u>371,352</u>	<u>343,616</u>
<b>OPERATING SURPLUS/(DEFICIT)</b>	(52,565)	(73,023)
<b>OTHER INCOME</b>		
Donations	<u>8,634</u>	<u>18,622</u>
<b>NET SURPLUS/(DEFICIT) FOR YEAR</b>	<u>(43,931)</u>	<u>(54,401)</u>