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Great Barrier Reef Research Foundation

A Public Company Limited by Guarantee

ACN 090 616 443

Special Purpose Financial Report for the Financial
Year Ended 31 December 2004



**Report of the Directors of
Great Barrier Reef Research Foundation**

**Annual Financial Report
For The Financial Year Ended
31 December 2004**

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Great Barrier Reef Research Foundation A.B.N. 82 090 616 443**Auditors Report****Scope**

We have audited the attached financial report, being a special purpose financial report comprising the Directors Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements for the year ended 31 December, 2004 of Great Barrier Reef Research Foundation. The company's directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of Great Barrier Reef Research Foundation. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

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

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of 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 the accounting policies described in Note 1 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 its operations and its cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements to the extent described in Note 1.

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

Audit opinion

In our opinion, the financial report of Great Barrier Reef Research Foundation presents fairly, in accordance with:

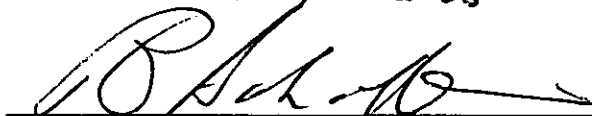
1. the Corporations Act 2001, including:

(a) giving a true and fair view of the Company's financial position as at 31 December, 2004 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and

(b) complying with Accounting Standards, comprising AASB 1025: Application of the Reporting Entity Concept and Other Amendments and other Accounting Standards to the extent described in Note 1 and the Corporations Regulations; and

2. other mandatory professional requirements to the extent described in Note 1.

Signed on: *14th April 2005*



Bevin Scafferius, Partner

CNS Partners

Chartered Accountants

Great Barrier Reef Research Foundation

Independent Audit Report to the Members of Great Barrier Reef Research Foundation

The Directors of the Great Barrier Reef Research Foundation submit herewith the annual financial report of the company for the financial year ended 31 December 2004. In order to comply with the Corporations Act 2001, the Directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

| <i>Director</i> | <i>Directorship Dates</i> | <i>Particulars</i> | |
|--|----------------------------|----------------------|--|
| | | <i>Date of Birth</i> | <i>Qualifications and Other</i> |
| John Boyd Reid, AO | 19/11/1999 – 18/11/2004 | 27/12/1929 | LLB, Hon DBus (CSU), Hon PhD (Qld), Hon. DUniv (QUT), CPEng, FIEAust, FAIM, FAICD. |
| Sir Ian McFarlane | 19/11/1999 – 24/02/2004 | 25/12/1923 | BSc (Syd), BE, MS (MIT), FAIMM, MAICD. |
| David Keith Windsor | 19/11/1999 – 24/02/2004 | 22/09/1938 | Managing Director, Company Secretary |
| Michael Simcha Baevski (previously Myer) | 11/04/2001 – 09/08/2004 | 24/08/1951 | BA |
| George Edward Chapman, AO | 11/04/2001 - current | 30/01/1938 | B.Surv (Qld), Hon DUniv (QUT) FAICD |
| Stephen John Gillies | 11/04/2001 – current | 08/12/1959 | BBS |
| John Michael Schubert | 11/04/2001 – current | 11/12/1942 | BCEng (Hons I), PhD (Chem Eng), FIEAust, CPEng, FTS, FICHEM |
| Steven Monteith Wilson | 26/08/2002 – 24/02/2004 | 12/08/1954 | BCom, LLB, Hon PhD |
| Phillip David Strachan | 23/12/2003 – current | 01/08/1960 | BCom, FCPA |
| Peter James Isdale | 24/02/2004 – current | 19/08/1953 | BA (Hons), PhD MAICD, JP (C.Dec) |
| David Mark Lawson | 24/02/2004 – current | 30/10/1959 | Juris Doc, BA Juris (Hons), BA (Political Science) |
| Emmanuel Clive Pohl | 24/02/2004 - 30/07/2004 | 30/11/1953 | Pr.Eng, BCs [Eng], MBA, DBA, FAICD |
| Jane Ferrier Reid | 24/02/2004 - 03/03/2005 | 01/10/1956 | BA (Syd) |
| Michael John Roux | 24/02/2004 - current | 17/10/1948 | BEc, MSIA, FSAICD |

Great Barrier Reef Research Foundation

Independent Audit Report to the Members of Great Barrier Reef Research Foundation

| | | | |
|-----------------------|---------------------------|----------------------|---------------------------------|
| Judith Ann Stewart | 15/03/2004 – current | 11/06/1959 | LLB, Grad Dip Bus Mgt |
| Don Pinel | 26/05/2004 - current | 08/05/1946 | BE(Elec) |
| <i>Director</i> | <i>Directorship Dates</i> | <i>Particulars</i> | |
| | | <i>Date of Birth</i> | <i>Qualifications and Other</i> |
| Russell Evan Reichelt | 31/08/2004 - current | 10/05/1954 | BSc, PhD, FAICD, FTSE |
| Alastair Walton | 18/11/2004 - current | 03/10/1957 | BEcon, MBA, CPA |
| Peter Francis Young | 18/11/2004 - current | 07/02/1945 | BSc (Geology), MBA |

Directors Meetings

The following table sets out the number of directors meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

| <i>Director</i> | <i>Board of Directors</i> | | <i>Audit Committee</i> | |
|--|---------------------------|-----------------|------------------------|-----------------|
| | <i>Held</i> | <i>Attended</i> | <i>Held</i> | <i>Attended</i> |
| John Boyd Reid, AO | 4 | 4 | | |
| Sir Ian McFarlane | 1 | 1 | | |
| David Keith Windsor (resigned as Co Sec 26 May 2004 2004) | 2 | 1 | | |
| Michael Simcha Baevski (previously Myer) | 1 | 0 | | |
| George Edward Chapman, AO | 4 | 1 | | |
| Stephen John Gillies | 4 | | | |
| Alternates | | 1 | 3 | 2 |
| Gregory John Heaney | | 3 | | |
| John Christopher Shuey | | 4 | | |
| John Michael Schubert Chairman | 4 | 4 | | |
| Steven Monteith Wilson Alternate (to 24 Feb 2004) | 1 | | | |
| Emmanuel Clive Pohl | | 1 | | |
| Phillip David Strachan Chairman Audit Committee (apptd 31 August 2004) | 4 | 3 | 3 | 1 |
| Peter James Isdale Audit Committee Member | 4 | 4 | 3 | 3 |
| David Mark Lawson Company Secretary (apptd 26 May 2004) | 4 | 4 | | |
| Emmanuel Clive Pohl | 2 | 1 | 2 | 2 |

Great Barrier Reef Research Foundation

Independent Audit Report to the Members of Great Barrier Reef Research Foundation

| | | |
|---|---|---|
| Chairman Audit Committee (resigned 30 July 2004) | | |
| Jane Ferrier Reid | 4 | 4 |
| Michael John Roux | 4 | 0 |
| Judith Ann Stewart | 3 | 3 |
| Don Pinel | 2 | 1 |
| Russell Evan Reichelt | 2 | 2 |
| Alastair Walton | 1 | 0 |
| Peter Francis Young | 1 | 0 |

Great Barrier Reef Research Foundation

Independent Audit Report to the Members of Great Barrier Reef Research Foundation

Principal Activity

The principal activity of the Foundation was the support of research into the ecologically sustainable use and protection of Australia's tropical coral reefs especially the Great Barrier Reef World Heritage Area for the benefit of the world community.

There were no significant changes in the nature of the activities carried out by the Foundation during the year.

Review Of Operations

Operations for the year ended 31 December 2004 resulted in a surplus of \$497,725 (2003: deficit \$486,004).

Changes In State Of Affairs

In accordance with a resolution of the Board at the board meeting of 26 May 2004, the Foundation terminated its sub-contract with The Association of Marine Park Tourism Operators (AMPTO) dated 1 January 2004 to perform Crown of Thorns Starfish Eradication work on selected sites on the Great Barrier Reef. Accordingly, as from 1 July 2004, AMPTO assumed full administrative and contractual control of the Crown of Thorns Starfish Eradication Program.

Grants paid in 2004 totalled \$294 (2003: \$182,937). Scholarships paid in 2004 totalled \$205,909 (2003: Nil).

The Foundation's total income for 2004 totalled \$1,177,361 compared with \$1,165,088 in 2003.

The Foundation also recorded a significant increase in donations in 2004. New Foundation Benefactors included Telstra Countrywide, the Wilson Charitable Trusts, John M Schubert and Alastair Walton with a total of \$340,000 received in 2004 (2003: \$105,000).

General Donations totalled \$246,165 in 2004 (2003: \$109,382) with a significant proportion generously contributed by the Reid Trusts.

In 2004, there were significant changes in both the composition of the Board and the management of the Foundation with a number of resignations and new appointments. Most notable was the appointment in November of Dr John Schubert as Chairman to replace Mr John B Reid AO and the appointment in March of Mrs Judy Stewart as Managing Director following the resignation of David Windsor. The Foundation pays tribute to Mr Reid for his enthusiastic leadership of the Foundation at a critical time in its development and his personal championship of its cause over the past five years.

To acknowledge the important role of support and advice which the Foundation's International Scientific Advisory Committee (ISAC) plays in the successful conduct of Foundation operations, the Board welcomed ISAC Chairman, Dr Russell Reichelt as a Director.

Great Barrier Reef Research Foundation

Independent Audit Report to the Members of Great Barrier Reef Research Foundation

Subsequent Events

There has not arisen, in the interval between the end of the financial year and date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the Directors of the Foundation, to significantly affect the operations of the Foundation in future financial years.

Future Developments

Since the end of the financial year, the Foundation has devised two new major fundraising initiatives to assist with meeting the operating costs of the Foundation. With these costs secured over the short to medium term, the Foundation will be well positioned to concentrate on attracting private funds to support new project initiatives and to meet its founding objectives.

The Foundation has moved to remove its current Auditors, CNS Partners, at its Annual General Meeting for 2004. CNS Partners has consented to this process.

Dividends

The Foundation is a Company limited by guarantee and is restricted from declaring any dividends.

Insurance Of Officers

During the financial year, the Company paid a premium of \$5,170 to insure the Directors, Secretary and Senior Officers of the Company. The liabilities insured are:

| | |
|---------------------------|--|
| Professional Indemnity | \$1,000,000 for any one claim, \$2,000,000 in the aggregate |
| Office Bearers | \$1,000,000 for any one claim and in the aggregate |
| Association Reimbursement | \$1,000,000 for any one claim and in the aggregate |
| Entity Insurance | \$1,000,000 for any one claim and in the aggregate (excluding known claims and Circumstances). |

Indemnification Of Officers and Auditor

Under section 66 of the Company's Constitution, the Company indemnifies each person who is or has been a Director or Secretary of the Company. The Indemnity relates to any liability (other than liability to the Company or related body corporate, pecuniary penalties or compensation orders and liability that did not arise out of conduct in good faith) which results directly or indirectly from facts or circumstances relating to service as a Director or Secretary of the Company and extends to the payment of the legal costs described therein.

Directors' remuneration

No Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company with the director of a related Company, other than, in the case of the former Managing Director, the payment of a Management Fee to Windsor's (Australia) Pty Limited and in the case of the current Managing Director, the amount of remuneration determined by the Board.

Proceedings on behalf of the Company

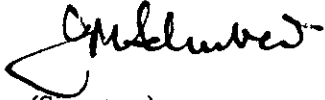
There are no proceedings that have been brought or intervened in on behalf of the Company with leave under Section 237 of the Corporations Act 2001.

Great Barrier Reef Research Foundation

Independent Audit Report to the Members of Great Barrier Reef Research Foundation

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors



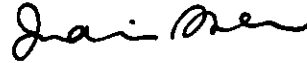
(Signature)

Dr John M Schubert

Director

Brisbane

Date 14/4/05



(Signature)

Judith Stewart

Director

Brisbane

Date 14.4.05

Compilation report to the Directors of Great Barrier Reef Foundation

Scope

On the basis of information provided by the directors, we have compiled in accordance with APS 9 "Statement on Compilation of Financial Reports" the attached special purpose financial report of Great Barrier Reef Foundation for the period ended 31 December 2004 as set out on pages 11 to 23.

The special purpose financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting requirements under the Corporations Act 2001. The extent to which Accounting Standards and other mandatory professional reporting requirements in Australia have or have not been adopted in the preparation of the special purpose financial report is set out in Note 1 to the financial statements.

The directors are responsible for the information contained in the special purpose financial report and have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the financial reporting requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the directors, may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared exclusively for the benefit of the directors and for the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M. G. Sheerin

M G Sheerin
Partner
Chartered Accountants
Brisbane, 14 April 2005

Great Barrier Reef Research Foundation

Directors' Declaration

As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this "special purpose financial report" has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The directors declare that:

- a) the attached financial statements and notes thereto comply with Accounting Standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company;
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) in the directors' opinion, 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 made pursuant to s295 (5) of the Corporations Act 2001.

On behalf of the Directors



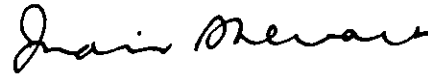
(Signature)

Dr John M Schubert

Director

Brisbane

Date 14/4/05



(Signature)

Judith Stewart

Director

Brisbane

Date 14.4.05

Great Barrier Reef Research Foundation

Statement of Financial Performance For the Financial Year ended 31 December 2004

| | <u>Note</u> | <u>2004</u> \$ | <u>2003</u> \$ |
|--|-------------|-------------------|-------------------|
| Revenues from grants, fundraising and operating activities | 2 | 1,177,361 | 1,165,088 |
| Grants and donations | | (294) | (182,937) |
| Scholarships | | (205,909) | - |
| Employee benefits expense | | (182,726) | - |
| Depreciation and amortisation expense | | (41,290) | (57,238) |
| Other expenses from ordinary activities | 2 | (249,417) | (1,054,357) |
| <i>Surplus/ (Deficit) From Ordinary Activities</i> | | 497,725 | (129,444) |
| <i>Total Changes in Members' Funds</i> | | 497,725 | (129,444) |

Notes to the financial statements are included on pages 15 to 23

Great Barrier Reef Research Foundation

Statement of Financial Position as at 31 December 2004

| | Note | 2004 \$ | 2003 \$ |
|--|------|----------------|-----------------|
| Current Assets | | | |
| Cash assets | | 213,159 | 180 |
| Receivables | 5 | 19,956 | 15,348 |
| Other current assets | 6 | 1,993 | 36,257 |
| Investments | | 900 | 900 |
| Total Current Assets | | 236,008 | 52,685 |
| Non-Current Assets | | | |
| Property, plant and equipment | 7 | 141,434 | 318,251 |
| Total Non-Current Assets | | 141,434 | 318,251 |
| Total Assets | | 377,442 | 370,936 |
| Current Liabilities | | | |
| Payables | 8 | 18,689 | 395,273 |
| Employee provisions | | 8,791 | - |
| Interest-bearing liabilities | | - | 12,115 |
| Total Current Liabilities | | 27,480 | 407,388 |
| Net Assets/ (Liabilities) | | 349,962 | (36,452) |
| Members' funds | | | |
| Revaluation reserve | 10 | 39,939 | 151,250 |
| Retained surplus/ (deficit) | 11 | 310,023 | (187,702) |
| Total Members' surplus/ (deficit) | | 349,962 | (36,452) |

Notes to the financial statements are included on pages 1 to 22

Great Barrier Reef Research Foundation

Statement of Cash Flows For the Financial Year ended 31 December 2004

| | | Inflows/ (Outflows) | |
|--|------|------------------------|-------------|
| | Note | 2004 \$ | 2003 \$ |
| Cash flows from operating activities | | | |
| Receipts from operating activities | | 1,215,798 | 1,367,037 |
| Payments for operating activities | | (992,135) | (1,588,742) |
| Interest received | | 1,431 | 2,049 |
| Net cash provided/ (used) by operating activities | 3 | 225,094 | (219,656) |
| Net increase/ (decrease) in cash held | | 225,094 | (219,656) |
| Cash at the beginning of the financial year | | (11,935) | 207,721 |
| Cash at the end of the financial year | | 213,159 | (11,935) |

Notes to the financial statements are included on pages 1 to 22

Great Barrier Reef Research Foundation

Notes to the Financial Statements for the Financial Year Ended 31 December 2004

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Notes to the Financial Statements for the Financial Year Ended 31 December 2004

1. Summary Of Accounting Policies

Financial Reporting Framework

The company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this "special purpose financial report" has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report has been prepared in accordance with the Corporations Act 2001, the basis of accounting specified by all Accounting Standards and UIG Consensus Views, and the disclosure requirements of Accounting Standards AASB 1001 "Accounting Policies", AASB 1018 "Statement of Financial Performance", AASB 1034 "Financial Report Presentation and Disclosures" and AASB 1040 "Statement of Financial Position".

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) *Accounts Payable*

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

(b) *Acquisition of Assets*

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(c) *Depreciation*

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a diminishing basis so as to write off the net cost or other revalued amount of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2004

(d) *Employee Benefits*

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, sick leave, and other employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of other employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Contributions made to defined benefit superannuation plans are expensed when incurred. The difference between the accrued benefits and net market value of plan assets has not been recognised in the financial statements.

(e) *Goods and Services Tax*

Expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(f) *Income Tax*

The company is a tax exempt entity and is therefore not liable for income tax.

(g) *Recoverable Amount of Non-Current Assets*

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value.

(h) *Income Recognition*

Donations and Grants

Income from donations and grants is recognised when the donation or grant is received.

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

(i) *Revaluation of vessel and equipment*

Vessel and equipment are measured on the fair value basis. The fair values are recognised in the financial statements of the entity and are reviewed at the end of each reporting period to ensure that the carrying value of non-current assets is not materially different from their fair values.

Revaluation increments and decrements arising from recognising non-current assets at their fair values are offset against one another within the class of assets. Net revaluation increments in the carrying amounts of non-current assets are recognised directly in the asset revaluation reserve, except to the extent that the increment reverses a decrement that was previously recognised as an expense in net profit or loss in respect of the same class of assets, in which case the increment is recognised as revenue in net profit or loss in respect of the same class of assets. Net revaluation decrements in the carrying amounts of non-current assets are recognised as an expense in net profit or loss, except to the extent that the decrement reverses a previous revaluation increment in respect of the same class of assets credited directly to the asset and revaluation reserve, in which case the decrement is debited directly to the reserve to the extent that a credit exists in respect of the same class of assets.

Great Barrier Reef Research Foundation

Notes to the Financial Statements for the Financial Year Ended 31 December 2004

| | 2004 \$ | 2003 \$ |
|--|------------------|------------------|
| 2. Surplus/ (deficit) from ordinary activities | | |
| Surplus/ (deficit) from ordinary activities before income tax includes the following items of revenue and expense: | | |
| (a) Revenue | | |
| Donations – Foundation Benefactor | 340,000 | 105,000 |
| Donations - General | 246,165 | 109,382 |
| Donations – Cause Related Marketing | 99,862 | 21,435 |
| Donations – Tropical Marine Network | 200,000 | - |
| Grant received | 50,000 | 658,166 |
| Vessel hire | 239,903 | 268,976 |
| | <u>1,175,930</u> | <u>1,162,959</u> |
| Interest revenue: | 1,431 | 2,049 |
| | <u>1,177,361</u> | <u>1,165,008</u> |
| (b) Other Expenses from Ordinary Activities | | |
| Accountancy | 22,860 | 720 |
| Audit fees | 4,263 | 2,700 |
| Bad debts | - | 25,000 |
| Bank fees, charges and interest | 2,072 | 5,192 |
| Capital items < \$300 | 1,030 | 354 |
| IT consultancy and related computer costs | 13,248 | 12,231 |
| Diving costs | - | 8,399 |
| Donations | - | 1,000 |
| Electricity | 218 | - |
| Entertainment | 1,489 | - |
| General | 35,732 | 114,769 |
| Fundraising and media consultants | 5,979 | 60,706 |
| Insurance | 7,991 | 5,218 |
| Legal fees and stamp duty | 1,604 | 17,513 |
| Licence fees | 1,009 | 116 |
| Lobbying costs | 550 | 2,400 |
| Management and consultancy fees | 22,840 | 221,000 |
| Meeting costs | 4,055 | 1,286 |
| Motor vehicle costs | 3,525 | 29,520 |
| Postage | 1,974 | 3,655 |
| Printing and stationery | 5,230 | 8,237 |
| Publications and brochures | 4,560 | 5,769 |
| Rent | 34,443 | 84,082 |
| Repairs and maintenance | 3,292 | 233 |
| Secretarial and business services | - | 12,771 |
| Staff amenities | 591 | 1,110 |
| Staff training | 685 | 162 |
| Subscriptions and memberships | 1,411 | 10,445 |
| Telephone | 13,757 | 14,835 |
| Loss on sale of assets | 22,542 | - |
| Vessel costs | - | 336,462 |
| Travel, accommodation and meals | 32,467 | 68,472 |
| | <u>249,417</u> | <u>1,054,357</u> |

Great Barrier Reef Research Foundation

Notes to the Financial Statements for the Financial Year Ended 31 December 2004

3. Notes to the statement of cash flows

| | Inflows (Outflows) | |
|---|-----------------------|-----------|
| | 2004 | 2003 |
| | \$ | \$ |
| Net Surplus/(Deficit) | 497,725 | (129,444) |
| Depreciation | 41,290 | 57,238 |
| Loss on sale of assets | 22,542 | - |
| Changes in assets and liabilities net of effects of purchases and disposals of controlled entities: | | |
| (Increase)/ Decrease in Receivables | (2,933) | 246,413 |
| (Increase) / Decrease in Other receivables | 34,264 | 6,878 |
| Increase / (Decrease) in Payables – trade | (30,583) | (7,547) |
| Increase / (Decrease) in Payables – other | (346,002) | (353,730) |
| Increase / (Decrease) in provisions | 8,791 | (39,464) |
| Net cash provided by / (used in) operating activities | 225,094 | (219,656) |

4. Remuneration of Auditors

(a) Auditor of the Company

| | 2004 | 2003 |
|-------------------------------|-------|-------|
| | \$ | \$ |
| Auditing the financial report | 4,263 | 2,104 |
| Other services | - | - |
| | 4,263 | 2,104 |

Great Barrier Reef Research Foundation

Notes to the Financial Statements for the Financial Year Ended 31 December 2004

| | 2004 \$ | 2003 \$ |
|---|------------|------------|
| 5. Receivables | | |
| Trade Debtors | - | 5,528 |
| GST Receivable | 19,956 | 9,820 |
| | 19,956 | 15,348 |
| | | |
| | 2004 \$ | 2003 \$ |
| 6. Other Current Assets | | |
| Deposits | 1,993 | 6,631 |
| Prepayments and other | - | 29,626 |
| | 1,993 | 36,257 |
| | | |
| | 2004 \$ | 2003 \$ |
| 7. Property, Plant and Equipment | | |
| Plant and equipment: | | |
| At cost | 37,243 | 97,508 |
| Accumulated depreciation | (30,809) | (57,254) |
| | 6,434 | 40,254 |
| Vessel and equipment: | | |
| At directors' valuation | 251,495 | 362,805 |
| Accumulated amortisation | (116,495) | (84,808) |
| | 135,000 | 277,997 |
| | 141,434 | 318,251 |

Great Barrier Reef Research Foundation

Notes to the Financial Statements for the Financial Year Ended 31 December 2004

| | 2004 \$ | 2003 \$ |
|--|-------------|-------------|
| 8. Payables | | |
| Trade creditors | 10,698 | 41,281 |
| Funds committed to projects | - | 315,326 |
| Other creditors and accruals | 7,991 | 38,667 |
| | 18,689 | 395,274 |
| | | |
| | 2004 No. | 2003 No. |
| 9. Employees | | |
| Number of employees at end of financial year | 2 | 2 |
| | | |
| | 2004 \$ | 2003 \$ |
| 10. Reserves | | |
| Asset Revaluation Reserve | 39,939 | 151,250 |
| | | |
| <i>Asset Revaluation Reserve</i> | | |
| Balance at beginning of financial year | 151,250 | - |
| Revaluation (decrement)/ increment | (111,311) | 151,250 |
| Balance at end of financial year | 39,939 | 151,250 |
| | | |
| <p>The movement in the current year represents a reduction as a result of the directors' assessment of the recoverable amount of the vessel and related equipment.</p> | | |
| | 2004 \$ | 2003 \$ |
| 11. Retained Surplus/ (Deficit) | | |
| Balance at beginning of financial year | (187,702) | (58,258) |
| Net surplus/ (deficit) for the financial year | 497,725 | (129,444) |
| Balance at end of financial year | 310,023 | (187,702) |

Great Barrier Reef Research Foundation

Notes to the Financial Statements for the Financial Year Ended 31 December 2004

| | 2004 \$ | 2003 \$ |
|--|----------------|----------------|
| 12. Commitments For Expenditure | | |
| Within one year: | | |
| Sponge aquaculture | 100,000 | 100,000 |
| ARC Linkage | 10,000 | 0 |
| CRC - Irukandji | 57,553 | 88,595 |
| | <u>167,553</u> | <u>188,595</u> |
| Greater than one year but less than two years: | | |
| ARC Linkage | 10,000 | 0 |
| CRC - Irukandji | 15,774 | 0 |
| | <u>25,774</u> | <u>0</u> |

13. Contingent Liabilities

During the year, an employee served Notices of Claim on WorkCover Queensland and the Foundation. The directors are of the opinion that the claim, if any, will be covered by insurance. No amounts have been provided within the Financial Statements in respect of the claims.

14. Subsequent Events

There have been no material subsequent events requiring disclosure.

**Notes to the Financial Statements
for the Financial Year Ended 31 December 2004**

15. Fundamental Error

A \$671,886 debit adjustment was made to the opening brought forward accumulated fund in the 2003 financial report and accounts to account for under-accrued program expenditure incurred in the 2002 and previous financial years. Brought forward funds as at 1 January 2003 per the 2003 financial report were a debit balance of \$58,258, compared to a closing reserve balance as at 31 December 2002 per the 2002 financial statements of \$613,628 credit.

Under Australian Accounting Standards (AASB1018 paragraph 7.1) it is not permitted to make an adjustment to the opening brought forward reserves. This correction of \$671,886 should have been debited to the statement of financial performance in 2003, resulting in a deficit in that year of \$801,330.

Further under paragraph 7.3 of AASB1018 if the error is a "Fundamental Error" then additional disclosure also would have also been required in relation to this error.

Whilst any correcting adjustment would not impact on the current year report and financial statements, the Directors are of the opinion that due to its size and significance the Fundamental Error needs to be drawn to the attention of the members of the Foundation.

16. Additional Company Information

The Great Barrier Reef Research Foundation is a public company limited by guarantee, incorporated and operating in Australia.

Registered Office

Level 20
307 Queen Street
BRISBANE QLD 4000
Tel: (07) 3211 8890

Principal Place of Business

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