

Australian Cancer Research Foundation
(A Company limited by guarantee)
ABN 27 076 461 360

Annual Financial Report
31 December 2005

**Australian Cancer Research Foundation
(A company limited by guarantee)**

**ABN 27 076 461 360
Annual Financial Report – 31 December 2005**

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Australian Cancer Research Foundation (A company limited by guarantee)

Directors' (Trustees') Report

The Trustees present their report together with the financial report of Australian Cancer Research Foundation for the year ended 31 December 2005 and the auditor's report thereon.

Trustees

The Trustees at any time during or since the end of the financial year are:

Qualifications and experience

- **Mr A J Boettcher OAM**
Director since 18/06/1984

Director - Cauty Pty Ltd

Honorary Governor of the Science Foundation for Physics at the University of Sydney
- **Mr G J Camm**
Director since 06/12/2000

Managing Director, AMP Financial Services (New Zealand);
Board Member, Catholic Development Fund, Archdiocese of Melbourne

MBS (Melb) BBus (Monash) CPA
- **Mr T B I Crommelin**
Director since 29/03/2000

Executive Chairman, Stockbroking ABN Amro
Morgans Limited, a Participant of ASX Group.
Deputy Chairman, CS Energy Limited.
Board of Trustees, Brisbane Grammar School.
Director, Investment Advisory Board of the
Australian National University.
Director, Abney Hotels Limited.
Trustee Queensland Museum Foundation.
Member of the Senate, University of
Queensland

B Commerce, University of Queensland 1973.
Advanced Management Program, University of
Hawaii 1982.
Fellow Society of Land Economists (FSLE).
Fellow of the Securities Institute of
Australia (FSIA).

**Australian Cancer Research Foundation
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**Directors' (Trustees') Report (continued)
Trustees (continued)**

Qualifications and experience

- Mr T S Dery
Chairman. Director since 01/04/1994

Executive Chairman Asia Pacific & US, M&C Saatchi.
Chairman of Sydney Dance Company, Board.
Board Member AsiaLink, Sydney Aquarium Limited.

BCom (Econ) (UNSW). MBA, Stanford
- Mr C B Gantner AO
Director Since 06/12/2000

President The Myer Foundation and the Victorian Arts Centre Trust, Chairman Mypac Pty Ltd, Barclay Custodians Pty Ltd; Sidney Myer Custodians Pty Ltd, The Asialink Centre, Mayfair Hanoi Ltd (Vietnam), and Sidney Myer Fund Director Nuco Pty Ltd, The Myer Family Company Pty Ltd, Jianguo Pty Ltd, Macallister Springs Pty Ltd, K-OSSS Pty Ltd, K-OSSS II Pty Ltd, HEA (Finance) Ltd (Hong Hong)

BA, University of Melbourne
Master Fine Arts, Stanford
Grad Dip Arts Admin, Harvard
- Mr S Gerlach
Director since 15/11/1996

Chairman of Santos Limited, Futuris Corporation Ltd, Elders Australia Ltd, Challenger Listed Investments Limited. Director Elders Rural Bank Ltd

Former Partner and Managing Partner of Adelaide legal firm Finlaysons. Chairman of Foodbank SA Inc, Director Foodbank Australia Ltd
- Mr P A S Jones
Director since 2/06/05

Solicitor Partner of Allens Arthur Robinson
LLB, BSurv
- Lady McMahon
Director since 18/06/1984

Board of the National and NSW Branch of the Australian Brain Foundation. Director Tinine Pty Ltd. Chairman of Private Investment Company. Patron of Australian Ladies Variety Association

**Australian Cancer Research Foundation
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**Directors' (Trustees') Report (continued)
Trustees (continued)**

Qualifications and experience

- Mr J M Millar
Director since 2/06/05
CEO, Ernst & Young Australia
Chairman, Crusader Union of Australia
Board Member, Australian Science Media Centre
Member, Business Council of Australia

B.Com (UNSW), FCA, FCPA
- Mr S J Perrott
Director since 06/12/2000

Managing Director, Head of Industrials ABN AMRO Australia Limited

BSc, University of Melbourne
MBA, Australian Graduate School of Management
- Mr S R Rix
Director since 01/12/05

Chairman of Board & Chairman of the Audit, Risk and Compliance Committee – Travellex Australasia and Japan, Non-executive Director and member of Audit Committee Colonial First State Private Capital Limited, Advisory council member Colonial First State Diversified Private Equity Fund, Non-executive director Allen & Unwin Pty Limited, Non-executive director International Parking Group Pty Ltd

B Ec, CA, FAICD
- Sir Ian Turbott AO, CMG, CVO
Director since 18/06/1984

Chairman Penrith Lakes Development Corporation Limited, I T Graham Investments Pty Limited, Australian Youth Trust, Director Commonwealth Council, Ted Noff Foundation, Fellow Institute of Directors Association of Australia, Emeritus Chancellor of the University of Western Sydney

Hon D Litt (UWS)
- Mr R S J Valentine OAM
Director since 06/12/1991 Resigned 02/06/05

Retired Barrister and Solicitor, Retired Public Trustee of Tasmania, Retired National senior Vice President of the Association of Independent Retirees Inc. A Chairman of the Aged Care Complaints Resolution Scheme, Commonwealth Department of Health and Aged Care

LLB FCIS

**Australian Cancer Research Foundation
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**Directors' (Trustees') Report (continued)
Trustees (continued)**

Qualifications and experience

• Dr J S Yu

Director since 01/12/05

Chair of International Council for UNSW Asia in Singapore, Chair of Australia China Council of Department of Foreign Affairs and Trade, Chair of Advisory Council of International Centre of Excellence for Asia Pacific Studies at ANU.

Deputy President of Board of Trustees of Art Gallery of NSW, Chairman of VisAsia and a member of the NSW Public Education Council. Patron of the Association of Children's Hospital of Australia, Season's of Growth (Sisters of St Joseph), Children's Hospitals Australia and Child Safe.

MB, BS (Sydney), DCH (RCP&S), FRACP, FRACMA, Hon MD Syd, Hon DLitt UWS

• Mr P M Cameron
(Alternate for T S Dery)

Director since 22/06/2000

CFO Asia Pacific – M&C Saatchi

Fellow Australian Society of CPA's
BCom UNSW

The Trustees have been in the office since the start of the financial year to the date of this report unless otherwise stated. The Trustees also have a wide range of business and community interests.

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Directors' (Trustees') Report (continued)

Trustees meetings

The number of Trustees' meetings (including meetings of committees of Trustees) and number of the meetings attended by each of the Trustees of the Foundation during the financial year are:

Trustee	Trustee meetings		Finance Committee meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Mr A J Boettcher OAM	4	4	-	-
Mr G J Camm	4	1	-	-
Mr T B I Crommelin	4	1	3	-
Mr T S Dery	4	4	3	3
Mr C B Gantner AO	4	3	-	-
Mr S Gerlach	4	-	-	-
Mr P A Jones (Appointed 02/06/05)	3	3	-	-
Lady McMahon	4	4	-	-
Mr J M Millar (Appointed 02/06/05)	3	3	-	-
Mr S J Perrott	4	2	3	3
Mr S R Rix (Appointed 01/12/05)	1	1	-	-
Sir I Turbott AO, CMG, CVO	4	4	-	-
Mr R S J Valentine OAM (Res. 02/06/05)	2	2	-	-
Dr J S Yu (Appointed 01/12/05)	1	1	-	-

Principal activities

The principal activity of the Foundation during the year was to act as a charitable institution providing Cancer research funds. No significant change in the nature of those activities had occurred during the year.

Review and result of operations

The operating surplus for the year before grants was \$7,685,126 (2004: \$5,353,511). Surplus after grants expense was \$4,655,126 (2004: \$2,053,511).

Australian Cancer Research Foundation (A company limited by guarantee)

Directors' (Trustees') Report (continued)

Grants awarded

In 2005 the Foundation paid grants (excluding GST) totalling \$3,740,000 as listed below. These grants were mentioned in last year's Directors' (Trustees') Report.

The Garvan Institute of Medical Research received the balance of its grant payments of	\$300,000
The Institute of Molecular Bioscience received its last 3 payments totalling	\$900,000
The Peter MacCallum Cancer Centre received its final 3 payments totalling	\$750,000
The University of Adelaide received its fifth and final payment of	\$300,000
The John Curtin School of Medical Research received its first 2 payments totalling	\$565,000
The Murdoch Children's Research Institute received its first payment of	\$250,000
St Vincent's Institute of Medical Research received the first 3 instalments totalling	\$675,000

During the year the Trustees resolved to award grants to the following organisations:

Flinders Medical Centre	\$1,000,000
Ludwig Institute for Cancer Research	\$1,000,000
Queensland Brain Institute	\$1,140,000
Royal Melbourne Hospital	\$1,000,000
Westmead Institute for Cancer Research	\$1,000,000

At year-end all five grants are contingent upon satisfactory contractual arrangements being negotiated between the respective parties. The Foundation receives annual progress reports from past grant recipients.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Foundation that occurred during the financial year under review.

Environmental regulation

The Foundation's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation. However, the Trustees believe that the Foundation has adequate systems in place for the management of its environmental requirements and is not aware of any breach of any of those environmental requirements as they apply.

Matters subsequent to the end of the financial year

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 Trustees of the Foundation, to affect significantly the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation in future financial years.

Likely developments

The Foundation will continue to act as a charitable institution and to raise funds for cancer research. The Foundation operates under a statement of compliance to the Charitable Fundraising Act 1991.

Trustees' Benefits

During the year no trustee has received or become entitled to receive any benefit by reason of a contract made by the Foundation with the trustee or with a firm of which he or she is a member or a company in which he or she has a substantial financial interest.

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Directors' (Trustees') Report (continued)

Indemnification and insurance of officers and auditors

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

During the financial year the Foundation has paid premiums in respect of trustees' and officers' liability and legal expenses insurance contracts for the year ending 24 July 2006. Such insurance contracts insure against certain liability (subject to specific exclusions) arising against persons who are or have been Trustees or Officers of the Foundation.

The Trustees have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the trustees' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Dated at Sydney this day of April 2006

Signed in accordance with a resolution of the Directors (Trustees):




TS Dery
Director/Chairman (Trustee)



SJ Perrott
Director (Trustee)

Australian Cancer Research Foundation
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Directors' (Trustees') Report (continued)

PRICEWATERHOUSECOOPERS 

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Auditor's Independence Declaration

As lead auditor for the audit of Australian Cancer Research Foundation for the year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Cancer Research Foundation during the period.



SA Scoular
Partner
PricewaterhouseCoopers

Sydney
12 April 2006

Independent Audit Report to the Members

Qualified audit opinion

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been determined to be necessary had the limitation on our audit procedures referred to in the qualification paragraph below not existed:

- the financial report of the Australian Cancer Research Foundation:
 - presents a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Australian Cancer Research Foundation as at 31 December 2005 and of its performance for the year ended on that date
 - is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory professional reporting requirements in Australia, and the *Corporations Regulations 2001*
- the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 31 December 2005.
- the financial report has been properly drawn up and the associated records have been properly kept for the period from 1 January 2005 to 31 December 2005, in accordance with the *Charitable Fundraising (NSW) Act 1991* and Regulations
- money received as a result of fundraising appeal activities conducted during the period from 1 January 2005 to 31 December 2005 has been properly accounted for and applied in accordance with *Charitable Fundraising (NSW) Act 1991* and Regulations
- there are reasonable grounds to believe that the Foundation will be able to pay its debts when they become due and payable.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Qualification

Cash from donations and other fund raising activities are a significant source of revenue for the Foundation. The Foundation's Directors (Trustees) have determined that it is impracticable to establish controls over the collection of revenue from these sources prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from cash donations and other fundraising activities was limited, our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the Foundation's financial records. As a result, we are unable to express an opinion as to whether revenue from cash donations and other fundraising activities is complete.

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Scope

The financial report and Directors' (Trustees') responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, accompanying notes to the financial statements, and the Directors' (Trustees') declaration for the Australia Cancer Research Foundation, for the year ended 31 December 2005.

The Directors (Trustees) of the Foundation are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Foundation. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Foundation's financial position, and of its performance as represented by the results of its operations, changes in equity and cash flows.

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


- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors (Trustees).

Our procedures include reading the other information in the Directors (Trustees) Report to determine whether it contains any material inconsistencies with the financial report.

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

Our audit did not involve an analysis of the prudence of business decisions made by Directors (Trustees) or management.

Australian Cancer Research Foundation
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Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



SA Scouler
Partner

Sydney
12 April 2006

Australian Cancer Research Foundation
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Directors' (Trustees') Declaration

In the Directors' (Trustees') opinion:

- (a) the financial statements and notes set out on pages 12 to 31 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Foundation's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Dated at Sydney this day of April 2006

Signed in accordance with a resolution of the Directors (Trustees):

A handwritten signature in black ink, appearing to read 'TS Dery', written over a horizontal line.

TS Dery
Director/Chairman (Trustee)

A handwritten signature in black ink, appearing to read 'SJ Perrott', written over a horizontal line.

SJ Perrott
Director (Trustee)

**Australian Cancer Research Foundation
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**Income Statement
for the year ended 31 December 2005**

	Note	2005 \$	2004 \$
Revenue from ordinary activities			
Donations	2	918,783	884,967
Fundraising proceeds	2	766,810	543,746
Bequests	2	5,133,542	2,556,891
Investment revenue	2	1,890,803	1,424,681
Net fair value gains on financial assets	2	171,456	794,849
Other revenue	2	<u>480</u>	<u>590</u>
Total revenues		<u>8,881,874</u>	<u>6,205,724</u>
Expenses from ordinary activities			
Employee expenses		624,542	524,803
Fundraising expenses	2	347,177	78,989
Office and premises expenses		100,749	88,648
Other expenses from ordinary activities		<u>124,280</u>	<u>159,773</u>
Total expenses		<u>1,196,748</u>	<u>852,213</u>
Surplus for the year before grants	3	7,685,126	5,353,511
Grants expense	4	<u>(3,030,000)</u>	<u>(3,300,000)</u>
Surplus for the year after grants	17	<u>4,655,126</u>	<u>2,053,511</u>

The above income statement should be read in conjunction with the accompanying notes.

Australian Cancer Research Foundation
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Balance Sheet
as at 31 December 2005

	Notes	2005 \$	2004 \$
Current assets			
Cash and cash equivalents	7	10,228,823	6,590,186
Receivables	8	645,053	622,809
Financial Assets	9	19,124,301	18,932,278
Other	11	<u>37,357</u>	<u>17,411</u>
Total current assets		<u>30,035,534</u>	<u>26,162,684</u>
Non-current assets			
Property, plant and equipment	12	71,588	65,230
Intangibles	13	<u>-</u>	<u>6,227</u>
Total non-current assets		<u>71,588</u>	<u>71,457</u>
Total assets		<u>30,107,122</u>	<u>26,234,141</u>
Current liabilities			
Payables	14	<u>1,767,107</u>	<u>2,549,252</u>
Total current liabilities		<u>1,767,107</u>	<u>2,549,252</u>
Total liabilities		<u>1,767,107</u>	<u>2,549,252</u>
Net Assets		<u>28,340,015</u>	<u>23,684,889</u>
Accumulated funds			
Endowed funds for perpetual investment		10,000	10,000
General funds	17	<u>28,330,015</u>	<u>23,674,889</u>
Total accumulated funds		<u>28,340,015</u>	<u>23,684,889</u>

The above balance sheet should be read in conjunction with the accompanying notes.

**Australian Cancer Research Foundation
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**Statement of Recognised Income and Expenses
for the year ended 31 December 2005**

	2005 \$	2004 \$
Net income (expense) recognised directly in equity	-	-
Net surplus after tax attributable to members	<u>4,655,126</u>	<u>2,053,511</u>
Total recognised income and expenses for the year	<u>4,655,126</u>	<u>2,053,511</u>

The above statement of recognised income and expenses should be read in conjunction with the accompanying notes.

**Australian Cancer Research Foundation
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**Cash Flow Statement
for the year ended 31 December 2005**

	Note	2005 \$	2004 \$
Cash flows from operating activities			
Receipts in the course of operations		7,246,652	3,959,081
Payments in the course of operations		(1,230,209)	(781,912)
Payments in relation to grants		(4,114,000)	(3,310,000)
Dividend received		4,114	3,152
Interest and bill discounts received		839,809	854,791
Trust distributions received		<u>946,923</u>	<u>391,037</u>
Net cash inflow from operating activities	21	<u>3,693,289</u>	<u>1,116,149</u>
Cash flows from investing activities			
Net (payments for) / proceeds from bank bills		(25,000)	-
Net (payments for) / proceeds from (purchase) / sale of investments		1,600	(9,264,149)
Payments for property, plant and equipment		(31,252)	(38,235)
Payments for intangible assets		<u>-</u>	<u>(144)</u>
Net cash (outflow) from investing activities		<u>(54,652)</u>	<u>(9,302,528)</u>
Net (decrease) / increase in cash held		3,638,637	(8,186,379)
Cash at the beginning of the financial year		<u>6,590,186</u>	<u>14,776,565</u>
Cash at the end of the financial year		<u>10,228,823</u>	<u>6,590,186</u>

The above cash flow statement should be read in conjunction with the accompanying notes.

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Notes to the financial statements
for the year ended 31 December 2005

1 Statement of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

These financial statements are the first Australian Cancer Research Foundation financial statements to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

The financial statements of the Foundation until 31 December 2004 had been prepared in accordance with previous AGAAP. AGAAP differs in certain respects from AIFRS. When preparing the Foundations financial statements for the year ended 31 December 2005, management has amended certain accounting methods applied in the AGAAP financial statements to comply with AIFRS.

There are no material differences to total equity, surplus from ordinary activities after tax for the year ended 31 December 2004 or to the statement of cash flows under AIFRS from that presented under previous AGAAP other than disclosures. On the basis that no material adjusting items exist no reconciliation between AGAAP and AIFRS has been included in the financial statements.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation's accounting policies. There were no areas involving higher degrees of judgment or complexity, or areas where assumptions and estimates were significant to the financial statements of the Foundation.

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Notes to the financial statements
for the year ended 31 December 2005 (continued)

1 Statement of significant accounting policies (continued)

(b) Revenue recognition

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Investment income

Securities purchased at a discount to face value are carried at an amount representing cost and a portion of the discount recognised as income on an effective yield basis. Income earned on investments is brought to account on an accruals basis.

Dividends and trust distributions

Revenue from dividends and trust distributions are recognised when due and receivable.

(c) 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 Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the acquisition cost of the assets or of an item of expenses.

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

(d) Taxation

The Foundation is exempted from paying income tax. The Foundation holds an endorsement as an income tax exempt charity under subdivision 50-B of the Income Tax Assessment Act 1997.

(e) Acquisitions of assets

All assets acquired including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Where a bequest is received in the form of investments, these are recognised at fair value at the date acquired.

(f) Cash assets

Cash assets are carried at face value of the amounts deposited. The carrying amount of cash assets approximates net fair value.

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**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

1 Statement of significant accounting policies (continued)

(g) Receivables

The recoverability of debts is assessed at year-end and specific provision is made for any doubtful accounts. The carrying amount of receivables approximates net fair value.

(h) Investments and other financial assets

From 1 January 2004 to 31 December 2004

The Foundation has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 January 2005. The Foundation has applied previous AGAAP to the 2004 comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Adjustments on transition date: 1 January 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 is that fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are taken to the income statement. At the date of transition (1 January 2005) changes to carrying amounts are taken to retained earnings.

From 1 January 2005

The Foundation classifies its investments as financial assets at fair value through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Under previous AGAAP, investments and other financial assets were being carried at net market value. The increase or decrease in net market value was reflected as a revenue or expense for the period in the income statement. In the financial year ended 31 December 2003 and prior years, investments were carried at the lower of cost and recoverable amount. The revaluation of investments held as at 31 December 2004 from the lower of cost and recoverable amounts carried as at 31 December 2003 resulted in an unusually large gain for the 2004 year of \$794,849 as reflected in note 2 of the accounts.

(i) Recoverable amount of non-current assets valued on cost basis

The recoverable amount of an asset is the net amount expected to be recovered through the net inflows arising from its continued use and subsequent disposal.

The carrying amounts of non-current assets valued on a cost basis are reviewed to determine whether they are in excess of their recoverable amounts at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write down is recognised as an expense in the net surplus or loss amount in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, the recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows are discounted to their present values using a market determined, risk adjusted discount rate.

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Notes to the financial statements
for the year ended 31 December 2005 (continued)

1 Statement of significant accounting policies (continued)

(j) Depreciation and amortisation

All non-current assets have limited useful lives and are depreciated/amortised using the straight-line method over their estimated useful lives of five years.

Assets are depreciated/amortised from the date of acquisition. Depreciation/amortisation rates and methods are reviewed annually for appropriateness.

(k) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. The carrying amount of accounts payable approximates net fair value.

(l) Employee entitlements

The carrying amount of provisions for employee entitlements approximates net fair value.

Wages, salaries, annual leave and sick leave

Liabilities for employee entitlements to wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided up to the balance date, calculated at undiscounted amounts based on current wage and salary rates including related on-costs.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to the balance date.

Superannuation

Contributions are made to employee superannuation funds and are charged against income as they are made.

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(m) Donations

Donations represent monies received into the Foundation's bank account.

The Australian Cancer Research Foundation, in common with most organisations dependent on such contributions, is unable to establish control over voluntary donations prior to their initial entry into the accounting records.

(n) Committee fundraising activities

Proceeds from the fundraising activities of the Cancerian Committees, which are controlled by the Foundation, are brought to account on an accruals basis.

(o) Bequests

The Australian Cancer Research Foundation has been nominated as a beneficiary for a number of estates throughout the period. Revenue is recognised when bequests are received by the Foundation.

(p) Grants

Grants are recognised as a liability in the financial statements when the Board of Trustees has approved the provision of a grant to an organisation, the contract has been signed and there are no further conditions that must be met for the grant to be made. Where the Board of Trustees has approved the provision of a grant to an organisation but no contract has been signed, a contingent liability is disclosed in the notes to the financial statements.

(q) Australian Accounting Standards issued but not yet effective

The AASB has issued the following amendments to Australian Accounting Standards:

Date	Title	Operative Date
Jan 2005	Amendments to Australian Accounting Standard [AASB 139]	1 January 2006
May 2005	Amendments to Australian Accounting Standards [AASB 1 and AASB 139]	1 January 2006
Jun 2005	Amendments to Australian Accounting Standard [AASB 3]	1 January 2006
Jul 2005	Amendments to Australian Accounting Standard [AASB 134]	30 June 2005
Sep 2005	Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 and AASB 132]	1 January 2006
Oct 2005	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4 AASB 1023 and AASB 1038]	1 January 2007
	Financial instruments: Disclosures [AASB 7]	1 January 2007
	Determining whether a asset contains a lease [UIG 4]	1 January 2006

These amendments are not effective for the annual report period ending 31 December 2005 and have not been applied in preparing the Foundations financial statements. The nature of the impact of the application of these standards is disclosure only. The Foundation will apply these standards for the annual reporting period beginning on or after the operative dates set out above.

(r) Australian Accounting Standards issued but not yet effective

The presentation of some accounts in the financial statements as at 31 December 2004 have been reclassified to conform with the presentation of the 2005 financial statements.

Australian Cancer Research Foundation
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Notes to the financial statements
For the year ended 31 December 2005 (continued)

2	Revenue and expenses	2005	2004
		\$	\$
	Revenue from ordinary activities		
	Donations	918,783	884,967
	Fundraising proceeds (note 2 (b))	766,810	543,746
	Bequests	5,133,542	2,556,891
	Investment revenue (note 2 (a))	<u>1,890,803</u>	<u>1,424,681</u>
		8,709,938	5,410,285
	add:		
	Net fair value gains on financial assets (note 1 (h))	171,456	794,849
	Other revenue	<u>480</u>	<u>590</u>
		<u>8,881,874</u>	<u>6,205,724</u>
(a)	Investment revenue		
	Interest received	691,534	701,987
	Dividends received	4,114	3,152
	Bank bills discount earned	169,334	169,539
	Managed trusts fund distributions	1,025,821	464,152
	Gain on disposal of investments	<u>-</u>	<u>85,851</u>
		<u>1,890,803</u>	<u>1,424,681</u>
(b)	Fundraising income and expenses from ordinary activities		
	Fundraising income		
	Princess Mary event	293,000	-
	Income from individual committee fundraising	368,462	326,665
	Other fundraising income	<u>105,348</u>	<u>217,081</u>
		<u>766,810</u>	<u>543,746</u>
	Fundraising expenses		
	Princess Mary event	182,750	-
	Advertising	83,529	42,468
	Other fundraising expenses	<u>80,898</u>	<u>36,521</u>
		<u>347,177</u>	<u>78,989</u>
3	Surplus	2005	2004
		\$	\$
	The surplus for the year includes the following income and expenses:		
	Income		
	Gain on disposal of investments	-	85,851
	Net fair value gains on financial assets	171,456	794,849
	Expenses		
	Depreciation of property, plant and equipment	20,613	15,686
	Net expense for movements in provisions for:		
	Employee entitlements	6,523	4,337
	Office accommodation	48,763	46,301

**Australian Cancer Research Foundation
(A company limited by guarantee)**

Notes to the financial statements
For the year ended 31 December 2005 (continued)

4 Grants expense

	2005 \$	2004 \$
Children's Cancer Centre (Murdoch)	1,000,000	-
Garvan Institute of Medical Research	-	1,100,000
Institute of Molecular Bioscience	-	1,200,000
John Curtin School of Medical Research	1,130,000	-
Peter MacCallum Cancer Centre	-	1,000,000
St Vincent's Institute of Medical Research	<u>900,000</u>	<u>-</u>
	<u>3,030,000</u>	<u>3,300,000</u>

5 Remuneration of the auditor

The auditor did not receive any remuneration or benefits

6 Segments information

The principal activity of the Foundation is to act as a charitable institution within Australia.

7 Cash and cash equivalents

	2005 \$	2004 \$
Current account	568,286	655,364
Deposits at call	9,660,237	5,934,579
Petty cash	<u>300</u>	<u>243</u>
	<u>10,228,823</u>	<u>6,590,186</u>

The interest rate on cash assets where balances were kept over \$5,000 at 31 December 2005 was 0.70% (2004: 0.70%)

The deposits at call bear interest at floating rates. As at 31 December 2005 this rate was 5.31% (2004: 5.1%)

Australian Cancer Research Foundation
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Notes to the financial statements
For the year ended 31 December 2005 (continued)

8	Receivables		
	Current		
		2005	2004
		\$	\$
	General receivables	422,870	320,079
	Income receivable from committees	63,220	71,392
	GST receivable - general	4,963	6,338
	GST receivable on grants payable	<u>154,000</u>	<u>225,000</u>
		<u>645,053</u>	<u>622,809</u>
9	Financial assets at fair value through the income statement		
		2005	2004
		\$	\$
	Listed		
	Shares in listed companies	<u>58,512</u>	<u>63,680</u>
	Unlisted		
	AMP term deposit	5,000,000	5,000,000
	St George Bank bill	<u>3,122,843</u>	<u>3,100,677</u>
		<u>8,122,843</u>	<u>8,100,677</u>
	Unlisted Unit Trusts		
	Kaplan Master Trust Income Fund	5,475,786	5,469,414
	Maple-Brown Abbott Diversified Investment Trust	<u>5,467,160</u>	<u>5,298,507</u>
		<u>10,942,946</u>	<u>10,767,921</u>
	Total financial assets	<u>19,124,301</u>	<u>18,932,278</u>

The AMP term deposit is a 180 day term deposit maturing on 15 February 2006. The interest rate on the deposit is 5.73% (2004: 5.5%).

The St George Bank bill has a face value of \$3,180,000 and matures on 24 April 2006. The interest rate is fixed at 5.59% (2004: 5.42%).

The Kaplan Master Trust Income Fund units were purchased in October 2003. They consist of 4,248,088.36 units at an issue price of \$1.177 per unit totalling \$5,000,000. As at 31 December 2005 the redemption price of these units was \$1.289 (2004: \$1.2875).

The Maple-Brown Abbott Diversified Investment Trust units were purchased in July 2004. They consist of 2,282,167 units at an issue price of \$2.1909 per unit totalling \$5,000,000. As at 31 December 2005 the redemption price of these units was \$2.4456 (2004: \$2.3217).

**Australian Cancer Research Foundation
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**Notes to the financial statements
For the year ended 31 December 2005 (continued)**

10 Financial instruments

(a) Credit risk exposure

The credit risk on financial assets of the Foundation, which have been recognised in the balance sheet, is generally the carrying amount.

The Foundation's investment in bank bills, which have been purchased at a discount to face value, are carried on the balance sheet at an amount less than the realisable amount at maturity. The total credit risk exposure of the Foundation could also be considered to include the difference between the carrying amount and the realisable amount at maturity.

(b) Interest rate risk exposures

The Foundation's exposure to interest rate risk on financial assets is shown in note 9. No interest rate risk exposure exists on financial liabilities.

(c) Net fair value of financial assets and liabilities

The net fair value of financial assets and liabilities approximates their carrying value.

11 Other current assets

	2005	2004
	\$	\$
Prepayments	28,966	17,011
Deferred expenses	7,991	-
Returnable float	200	200
Deposits (security)	200	200
	<u>37,357</u>	<u>17,411</u>

Australian Cancer Research Foundation
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Notes to the financial statements
for the year ended 31 December 2005 (continued)

12 Property, plant and equipment

	2005	2004
	\$	\$
Furniture and fittings		
At cost	15,524	12,336
Less: accumulated depreciation	<u>(3,653)</u>	<u>(9,007)</u>
	<u>11,871</u>	<u>3,329</u>
Computer equipment		
At cost	53,022	77,177
Less: accumulated depreciation	<u>(11,691)</u>	<u>(43,140)</u>
	<u>41,331</u>	<u>34,037</u>
Leasehold improvements		
At cost	52,107	51,208
Less: accumulated amortisation	<u>(33,721)</u>	<u>(23,344)</u>
	<u>18,386</u>	<u>27,864</u>
Net book value	<u>71,588</u>	<u>65,230</u>

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment at the beginning of the financial year are set out below:

	2005	2004
	\$	\$
<i>Furniture and fittings</i>		
Carrying amount at 1 January	3,329	2,567
Additions	10,072	2,092
Depreciation	<u>(1,530)</u>	<u>(1,330)</u>
Carrying amount at 31 December	<u>11,871</u>	<u>3,329</u>
<i>Computer equipment</i>		
Carrying amount at 1 January	34,037	6,291
Additions	17,440	31,860
Disposals	(1,440)	-
Depreciation	<u>(8,706)</u>	<u>(4,114)</u>
Carrying amount at 31 December	<u>41,331</u>	<u>34,037</u>

Australian Cancer Research Foundation
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Notes to the financial statements
for the year ended 31 December 2005 (continued)

12 Property, plant and equipment (continued)

	2005 \$	2004 \$
<i>Leasehold improvements</i>		
Carrying amount at 1 January	27,864	38,106
Additions	899	-
Amortisation	<u>(10,377)</u>	<u>(10,242)</u>
Carrying amount at 31 December	<u>18,386</u>	<u>27,864</u>

13 Intangible Assets

Intangible assets in 2004 comprised of the cost of the Foundation's registered trademark and web site development costs. These costs have been written-off in 2005.

The presentation of the accounts in the financial statements as at 31 December 2004 have been reclassified to conform with the presentation of the 2005 financial statements.

14 Payables

	2005 \$	2004 \$
Grants payable (note 14(a))		
Garvan Institute of Medical Research	-	300,000
Institute of Molecular Bioscience	-	900,000
John Curtin School	565,000	-
Murdoch Childrens Research Institute	750,000	-
Peter MacCallum Cancer Centre	-	750,000
St Vincent's Institute	225,000	-
University of Adelaide	<u>-</u>	<u>300,000</u>
	1,540,000	2,250,000
GST on grants payable	<u>154,000</u>	<u>225,000</u>
Total grants payable	<u>1,694,000</u>	<u>2,475,000</u>
Sundry creditors and accrued expenses	44,271	62,226
Employee entitlements	<u>28,836</u>	<u>12,026</u>
Total payables	<u>1,767,107</u>	<u>2,549,252</u>

(a) Reconciliation of grants payable

Balance at 1 January	2,475,000	2,486,000
Grants expense (note 4)	3,030,000	3,300,000
GST recoverable on grants expense	303,000	330,000
Grants paid	<u>(3,740,000)</u>	<u>(3,310,000)</u>
GST recovered on grants paid	<u>(374,000)</u>	<u>(331,000)</u>
Balance at 31 December	<u>1,694,000</u>	<u>2,475,000</u>

Australian Cancer Research Foundation
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Notes to the financial statements
for the year ended 31 December 2005 (continued)

15 Employee Entitlements

There were no employees with service of more than 5 years at 31 December 2005. The average number of employees during the financial year was 7 (2004: 7).

16 Related Parties

Details of the Trustees are disclosed in the Directors' (Trustees') report. No emoluments were received or due and receivable by the Trustees of the Foundation during this year.

17 General Funds

	2005	2004
	\$	\$
General funds at beginning of year	23,674,889	21,621,378
Recognised income and expenses	<u>4,655,126</u>	<u>2,053,511</u>
Total general funds	<u>28,330,015</u>	<u>23,674,889</u>

18 Contingent Liabilities

	2005	2004
	\$	\$
Future grants approved by the Board of Trustees at balance date but agreements not signed:		
Children's Cancer Centre (Murdoch)	-	1,000,000
Flinders Medical Centre	1,000,000	-
John Curtin School of Medical Research	-	1,130,000
Ludwig Institute for Cancer Research	1,000,000	-
Queensland Brain Institute	1,140,000	-
Royal Melbourne Hospital	1,000,000	-
St Vincent's Institute of Medical Research	-	900,000
Westmead Institute for Cancer Research	<u>1,000,000</u>	<u>-</u>
	<u>5,140,000</u>	<u>3,030,000</u>

19 Commitments

	2005	2004
	\$	\$
Operating lease commitments		
Future non-cancellable operating lease rentals not provided for in the financial statements and payable:		
Within one year	7,800	40,000
After one year and no later than five years	<u>-</u>	<u>-</u>
	<u>7,800</u>	<u>40,000</u>

The lease is in relation to the premises occupied by the Foundation and is for a 5 year term expiring on 25 November 2006, given at least two months prior notice. There is no option to renew. The rent is reviewed, effective 26 November each year, by fixed 3.5% increases.

**Australian Cancer Research Foundation
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**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

20 Members liabilities

The liability of the members is limited to \$100.

21 Notes to the statement of cash flows

**Reconciliation of surplus after income tax and grants
to net inflow from operating activities**

	2005	2004
	\$	\$
Surplus for the year	4,657,070	2,053,511
Add/ (less) non-cash items:		
Depreciation & write-offs	24,896	15,686
Loss on disposal of assets	1,440	-
GST from non-operating activities refunded	2,841	-
Accrued bill discount movement	2,834	47,070
Net fair value gains on financial assets	(171,456)	(794,849)
Profit on disposal of investment	-	(85,851)
Change in assets and liabilities during the financial year:		
(Increase)/decrease in receivables	(22,245)	(142,421)
(Increase)/decrease in other current assets	(19,946)	(8,270)
Increase/(decrease) in payables	(788,668)	27,277
Increase/(decrease) in membership fees in advance	-	(341)
Increase/(decrease) in provisions	<u>6,523</u>	<u>4,337</u>
Net cash inflow from operating activities	<u>3,693,289</u>	<u>1,116,149</u>

Australian Cancer Research Foundation
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Notes to the financial statements
for the year ended 31 December 2005 (continued)

22 Information and declarations to be furnished under the
Charitable Fundraising Act 1991

Section 22 / Regulation 9 / Schedule 1 / Condition 7 of the Charitable Fundraising Act 1991 requires the following information to form part of the published annual financial statements of the Foundation.

There has been a change in accounting policy from that applied in previous years with respect to expenses recognised as costs of fundraising activities. Those costs that are directly attributable to fundraising activities, and can be reliably identified as such, have been included as a cost of fundraising activities in this note. This provides a comparatively more accurate measure of the Foundation's fundraising performance from year to year. The change will therefore result in an overall improvement in the relevance and reliability of this report.

The Foundation has applied the above stated change in accounting policy to the comparative information in this note.

(a) Statement of income and expenditure of all fundraising
activities conducted during the financial year

	2005	2004
	\$	\$
Gross proceeds from fundraising activities		
Donations		
Corporate and private	897,288	828,798
Committees	<u>21,495</u>	<u>56,169</u>
	918,783	884,967
Bequests	5,133,542	2,556,891
Proceeds from fundraising activities:		
Foundation appeals	102,942	126,419
Fundraising activities	<u>768,593</u>	<u>534,537</u>
	<u>6,923,860</u>	<u>4,102,814</u>
Less: Total costs of fundraising activities		
Advertising	83,529	42,468
Business development	21,282	-
Employee expenses	175,421	176,571
Events management	183,714	-
Printing, postage & stationery	37,859	61,138
Promotion expenses	3,913	17,851
Other Fundraising activities	<u>121,604</u>	<u>148,134</u>
	<u>627,322</u>	<u>446,162</u>
Net surplus from fundraising activities	<u>6,296,538</u>	<u>3,656,652</u>

(b) Information on any material occurrence

The Foundation is not aware of any material matter or occurrence, including those of an adverse nature affecting the conduct of and financial results of fundraising activities during the year.

**Australian Cancer Research Foundation
(A company limited by guarantee)**

**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

**22 Information and declarations to be furnished under the
Charitable Fundraising Act 1991 (continued)**

(c) Statement on the application of funds to charitable purposes

The current policy of the Foundation is to make medical research grants in the vicinity of \$1 million each to selected research units. The selection process, which is carried out by the Foundation's Medical Research Advisory Committee, can extend over a period of one year or more.

During the year the Foundation received net income of \$6,296,538 (2004: \$3,656,652) from fundraising appeals and \$2,062,739 (2004: \$2,220,120) from the investment of appeal monies and from other sources.

Medical research grants expensed during the year totalled \$3,030,000 (2004: \$3,300,000). Administration costs incurred during the year totalled \$672,207 (2004: \$523,261). The surplus for the year of \$4,657,070 (2004: \$2,053,511) was transferred to general funds after deducting the write-off for intangible assets of \$1,944 at 31 December 2005.

(d) List of all forms of fundraising appeals conducted during the financial year

Direct mail	Regular direct debit donations
Corporate donations	Private donations and bequests
Parties (New Year, Cocktails)	Fundraising ball
Raffles	

(e) Comparisons by monetary figures and percentages

	2005	2005	2004	2004
	\$	%	\$	%
Total cost of fundraising/ gross income from fundraising	<u>627,322</u> 6,923,860	9.1	<u>446,162</u> 4,102,814	10.9
Net surplus from fundraising/ gross income from fundraising	<u>6,296,538</u> 6,923,860	90.9	<u>3,656,652</u> 4,102,814	89.1
Total cost of service*/ total expenditure	<u>3,030,000</u> 4,329,529	70.0	<u>3,300,000</u> 4,269,423	77.3
Total cost of service*/ total income received	<u>3,030,000</u> 8,986,599	33.7	<u>3,300,000</u> 6,322,934	52.2

*"Total cost of service" relates to amounts spent on direct services in accordance with the objectives or purposes of the Foundation, that is, to provide medical research grants.

The above disclosures for the current year are included to comply with the Charitable Fundraising Act 1991 and regulations effective from 1 September 1993.

**Australian Cancer Research Foundation
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Declaration by the Chairman of Trustees in respect of Fundraising appeals

I, TS Dery, Chairman of the Board of Trustees of the Australian Cancer Research Foundation, declare that in my opinion:

- a. the financial statements for the year ended 31 December 2005 give a true and fair view of all income and expenditure of the Foundation with respect to fundraising appeals;
- b. the statement of financial position as at 31 December 2005 gives a true and fair view of the state of affairs with respect to fundraising appeals;
- c. the provisions of the Charitable Fundraising Act, 1991 and the regulations under that Act and the conditions attached to the authority have been complied with; and
- d. the internal controls exercised by the Foundation are appropriate and effective in accounting for all income received.

Dated at Sydney this day of April 2006



TS Dery
Chairman/Director (Trustee)

**Australian Cancer Research Foundation
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Disclaimer

The additional financial information presented on page 33 is in accordance with the books and records of the Australian Cancer Research Foundation, which have been subjected to the auditing procedures applied in our statutory audit of the Foundation 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 Foundation) in respect of the additional financial information, including any errors or omissions therein, arising through negligence or otherwise however caused.



PricewaterhouseCoopers

Dated at Sydney this 12th day of April 2006

Australian Cancer Research Foundation
(A company limited by guarantee)

Detailed Income Statement
for the year ended 31 December 2005

	2005	2004
	\$	\$
Income		
Donations		
- Corporate and private	897,288	828,798
- Committees	21,495	56,169
Net proceeds from fund raising activities		
- Foundation appeals	102,942	126,419
- Fundraising activities	663,868	417,327
Bequests	5,133,542	2,556,891
Interest received	691,534	701,987
Dividends received	4,114	3,152
Bank bill discounts earned	169,334	169,539
Managed trust fund distributions	1,025,821	464,152
Net fair value gains on financial assets	171,456	794,849
Gain on disposal of investments	-	85,851
Membership fees	480	590
	<u>8,881,874</u>	<u>6,205,724</u>
Expenditure		
Accounting	32,203	22,683
Advertising	83,529	42,468
Annual leave accrued	6,523	4,337
Bank and Government charges	6,995	7,642
Business Development Costs	21,283	-
Cleaning	2,490	2,122
Consultancy	2,973	-
Courier charges	339	928
Depreciation	20,613	15,686
Entertainment expenses	21,586	8,751
Equipment maintenance	4,158	6,523
Events management	183,714	-
Fringe benefit tax	-	16,110
Filing fees	275	221
Grants Promotions	6,187	-
Insurance	26,110	12,827
Legal disbursements	-	4,607
Magazines and journals	1,091	1,136
Loss on Disposal of Assets	1,440	-
Newsletters	-	150
Office accommodation	48,763	46,301
Office supplies	2,645	3,150
Postage	29,534	37,025
Printing and stationery	33,734	45,526
Promotion and publicity expenses	3,913	17,851
Salaries	550,977	443,309
Staff hiring	14,100	16,951
Staff training	1,970	5,492
Subscriptions	2,788	655
Sundry expenses	2,174	2,415
Superannuation contributions	43,391	38,604
Telephone/internet	16,786	27,209
Travel expenses	24,464	21,534
Total expenses	<u>1,196,748</u>	<u>852,213</u>
Surplus for the year before grants	7,685,126	5,353,511
Less: Grants expense	<u>(3,030,000)</u>	<u>(3,300,000)</u>
Surplus for the year after grants	<u>4,655,126</u>	<u>2,053,511</u>

The detailed income statement should be read in conjunction with the disclaimer set out on page 33.