

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

CONTENTS

Directors Report	1
Independent Audit Declaration	3
Operating Statement	4
Balance Sheet	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Notes to the Financial Statements	8
Director's Declaration	15
Detailed Profit and Loss Statement	16
Independent Audit Report	17

The Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited

ACN 107 484 408
ABN 15 107 484 408

DIRECTORS' REPORT

Your directors present their report on the company for the financial period from 1 July 2006 to 30 June 2007.

The names of the directors in office at any time during or since the end of the period are:

Robert Gell	
Jack Krohn (Alternate Sue Hadden / Doug Miller)	
Bob Brinkman (Alternate Kevin Yorke)	
Libby Anthony	
Jim Kerin (Alternate Jeff Weir / Alison Kuitert)	
Reade Smith (Alternate Alex Atkins)	
Rob McNaught (Alternate Peter Woodgate)	Resigned April 2007
Jeff Weir (Alternate Peter Woodgate)	Appointed April 2007
Lorraine Wreford (Alternate Jane Halsall)	
Doug Hamilton (Alternate Ian Stevenson)	
Kelly Simrajh	Terminated December 2006
Gareth Barlow	Appointed December 2006
Jane Jobe (Alternate Neil Beddoe)	Appointed January 2007
Mark Cunningham (Alternate Cathy Harper)	Resigned January 2007

The operating deficit of the company for the financial period amounted to \$2,828. The entity is exempt from income tax as an income exempt charity under Section 50-145 of the Income Tax Assessment Act 1977.

No significant changes in the economic entity's state of affairs occurred during the financial period. The company retained significant cash reserves at the end of the financial period.

The principal activities of the economic entity during the financial period were conservation, scientific research and education. No significant change in the nature of these activities occurred during the period.

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of the economic entity in the future financial years.

Likely developments in the operation of the economic entity and the expected results of those operations in future financial years include consolidation of the entity's financial position to produce an operating surplus, resulting from a strategic fund-raising program and implementation of a marketing strategy to secure the entity's market niche.

The economic entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

The entity is a not for profit company limited by guarantee. Under its constitution, it cannot pay dividends to its members.

Whilst no insurance premiums have been paid directly by the company during or since the end of the financial period, adequate and appropriate insurances have been secured as a named additional insured under insurance policies of the Mornington Peninsula Shire Council. Documentation is available.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all and any part of those proceedings.

The company was not a party to any such proceedings during the financial period.

MEETING OF DIRECTORS

During the financial period, 5 meetings were held. Attendances by each director during the year were:

Director	No. eligible to attend	No. attended
Libby Anthony	5	5
Gareth Barlow	4	0
Bob Brinkman	5	2
Mark Cunningham	2	1
Robert Gell	5	5
Doug Hamilton	5	2
Jane Jobe	2	2
Jim Kerin	5	5
Jack Krohn	5	5
Rob McNaught	4	4
Reade Smith	5	5
Kelly Simrajh	1	0
Jeff Weir	1	1
Lorraine Wreford	5	1

Director



Jeff Weir, Director

Dated this 24th day of October 2007

Director



Jack Krohn, Secretary and Public Officer

Dated this 24th day of October 2007

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MORNINGTON PENINSULA AND WESTERN PORT BIOSPHERE RESERVE
FOUNDATION LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007, 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.

WHK Day Neilson



Margaret D Crossley
Principal

Date: 24 October 2007
Address: Melbourne

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
Revenues from operating activities	2	<u>81,680</u>	<u>62,561</u>
Professional Services Fees		(29,912)	(63,147)
Employee benefits expense		(16,867)	-
Depreciation Expense		(924)	(586)
Project Expenses		(19,499)	-
Other expenses from operating activities		<u>(17,306)</u>	<u>(15,153)</u>
		<u>84,508</u>	<u>78,885</u>
(Deficit) from operating activities before income tax expense		<u>(2,828)</u>	<u>(16,324)</u>
Income tax expense relating to operating activities		-	-
Net (deficit) from operating activities after income tax expense attributable to members of the company		<u>(2,828)</u>	<u>(16,324)</u>

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash and cash equivalents	3	118,223	89,391
Receivables	4	23,351	10,010
TOTAL CURRENT ASSETS		<u>141,574</u>	<u>99,401</u>
NON CURRENT ASSETS			
Property, Plant and Equipment	5	2,639	732
TOTAL NON CURRENT ASSETS		<u>2,639</u>	<u>732</u>
TOTAL ASSETS		<u>144,213</u>	<u>100,133</u>
CURRENT LIABILITIES			
Payables	6	9,989	5,399
Unexpended grants	7	42,318	
TOTAL CURRENT LIABILITIES		<u>52,307</u>	<u>5,399</u>
TOTAL LIABILITIES		<u>52,307</u>	<u>5,399</u>
NET ASSETS		<u>91,906</u>	<u>94,734</u>
EQUITY			
Accumulated surplus	8	91,906	94,734
TOTAL EQUITY		<u>91,906</u>	<u>94,734</u>

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

	Accumulated Surplus	
	2007	Total
	\$	\$
Balance at beginning of year	94,734	94,734
Net surplus for the year	(2,828)	(2,828)
Balance at end of year	91,906	91,906
	2006	Total
	\$	\$
Balance at beginning of year	111,058	111,058
Net surplus for the year	(16,324)	(16,324)
Balance at end of year	94,734	94,734

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from local government contributions		38,000	50,000
Receipts from grants		65,147	-
Receipts from membership fees		992	309
Receipts from other operations		4,217	274
Interest received		2,301	3,979
Payments to suppliers and employees		<u>(78,994)</u>	<u>(74,061)</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	13 (b)	<u>31,663</u>	<u>(19,499)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		<u>(2,831)</u>	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(2,831)</u>	-
NET INCREASE IN CASH HELD			
		28,832	(19,499)
Cash at the beginning of the financial year		<u>89,391</u>	<u>108,890</u>
CASH AT THE END OF THE FINANCIAL YEAR	13 (a)	<u>118,223</u>	<u>89,391</u>

The accompanying notes form part of these financial statements

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is for the entity Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited including the Mornington Peninsula Roundtable and Frankston Roundtable. Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited is a company limited by guarantee.

Basis of preparation

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

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Cash

For the purpose of the Statement of Cash Flows, Cash includes cash at bank and at call deposits with banks or financial institutions.

Revenue

Donations and memberships and other revenue are brought to account on recording the receipts in the accounting records.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Local government contributions brought to account when the entity gains control of the funding.

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

Grant revenue is recognised in the income statement when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the balance sheet as a liability until such conditions are met or services provided.

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

		2007	2006
		\$	\$
2	Revenue		
	Operating activities		
	Local government contributions	50,000	50,000
	Grants	22,829	8,000
	Memberships	992	309
	Donations	4,396	100
	Frankston Forum	500	173
	Total	<u>78,717</u>	<u>62,561</u>
	Interest from:		
	Interest Received		
	NAB Term Deposit	<u>2,301</u>	<u>3,979</u>
	Total	<u>2,301</u>	<u>3,979</u>
	Total Revenue	<u>81,680</u>	<u>62,561</u>
3	Cash and cash equivalents		
	Term Deposit	42,945	88,644
	Petty Cash Imprest	135	35
	Cash at Bank		
	- Foundation	64,042	(2,471)
	- Roundtables	11,001	3,083
	- Public trust fund	100	100
	Total	<u>118,223</u>	<u>89,391</u>
4	Receivables		
	Current		
	Councils	22,000	8,800
	Interest	662	-
	Frankston Forum	550	-
	Other	<u>139</u>	<u>1,210</u>
	Total	<u>23,351</u>	<u>10,010</u>

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
5 Property, Plant and Equipment		
Computer equipment, at cost	3,514	1,758
Accumulated depreciation	(1,622)	(1,026)
Total Computer equipment	1,892	732
Office Equipment	1,075	-
Accumulated depreciation	(328)	-
Total office equipment	747	-
Total Property, Plant and Equipment	<u>2,639</u>	<u>732</u>
Reconciliations		
Computer Equipment		
Carrying value at 1 July 2006	732	1,318
Additions	1,756	-
Disposal	-	-
Depreciation	<u>(596)</u>	<u>(586)</u>
Carrying value at 30 June 2007	<u>1,892</u>	<u>732</u>
Office Equipment		
Carrying value at 1 July 2006	-	-
Additions	1,075	-
Disposal	-	-
Depreciation	<u>(328)</u>	<u>-</u>
Carrying value at 30 June 2007	747	-
Total Property, Plant and Equipment	<u>2,639</u>	<u>732</u>

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

		2007	2006
		\$	\$
6	Payables		
	Current		
	Trade Creditors	1,176	5,399
	Payroll Liabilities	4,165	-
	GST Payable	4,648	-
	Total current payables	<u>9,989</u>	<u>5,399</u>
7	Unexpended Grants		
	Southern Bandicoot	34,818	-
	Eco Footprint	7,500	-
		<u>42,318</u>	<u>-</u>
8	Accumulated Surplus		
	Balance at the beginning of the period	94,734	111,058
	Net (deficit)	<u>(2,828)</u>	<u>(16,324)</u>
	Balance at the end of the period	<u>91,906</u>	<u>94,734</u>
9	Auditor's Remuneration		
	Audit services – for auditing the financial statements	1,000	800
10	Contingent Liabilities		
	There are no contingent liabilities.		
11	Subsequent Events		

There have been no significant events which have occurred subsequent to 30 June 2007.

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

12 Financial Instruments

(a) Accounting Policies, Terms and Conditions

The Foundation's accounting policies, including terms and conditions of each material class of financial asset and liability, recognised at the balance date, are as follows:

Financial Instruments	Accounting Policy	Terms and Conditions
(i) <u>Financial Assets</u>		
Cash at Bank	Cash at bank is carried at Principal amount. Interest Recognised as it is paid.	Interest earned on cash at bank is at floating rates. The rate at balance date was Nil%
Receivables	Amount receivable are carried at nominal amounts due.	No interest is chargeable on late payment.
(ii) <u>Financial Liabilities</u>		
Payables	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Foundation.	Liabilities are normally settled on 30 day terms

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

12 Financial Instruments (Cont'd)

(b) Interest Rate Risk

The Foundation's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised, are as follows:

Financial Instruments	Non-Interest Bearing		Interest Bearing		Total Carrying Amount		Weighted Average Interest Rate	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets								
Cash at Bank	75,278	747	42,945	88,644	118,223	89,391	5.04%	4.66%
Receivables	22,689	10,010	-	-	22,689	10,010	-	-
Total	97,967	10,757	42,945	88,644	140,912	99,401	5.04%	4.66%
Financial Liabilities								
Payables	9,989	5,399	-	-	9,989	5,399	-	-
Total	9,989	5,399	-	-	9,989	5,399	-	-

(c) Net Fair Values

The net fair values of the Foundation's financial assets and financial liabilities are not expected to be significantly different from the class of asset and liability as disclosed above and recognised in the Balance Sheet as at 30 June 2007.

(d) Credit Risk

The Foundation's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

13 Cash Flow Information

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Term deposit	42,945	88,644
Petty cash imprest	135	35
Cash at bank	<u>75,143</u>	<u>712</u>
Cash at the end of the financial year	<u>118,223</u>	<u>89,391</u>

(b) Reconciliation of cash flow from operations with surplus from ordinary activities:

Operating (deficit)	(2,828)	(16,324)
Depreciation	924	586
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	(13,341)	(8,800)
Increase/(Decrease) in payables	4,590	5,039
Increase in unexpended grants	<u>42,318</u>	<u>-</u>
Net cash from operating activities	<u>31,663</u>	<u>(19,499)</u>

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED
ABN 15 107 484 408**

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2007


The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 13 are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date for the company.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Director



Director

**MORNINGTON PENINSULA AND WESTERN PORT
BIOSPHERE RESERVE FOUNDATION LIMITED**

ABN 15 107 484 408

**DETAILED OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
REVENUE		
Local government contributions	50,000	50,000
Grants	22,829	8,000
Memberships	992	309
Donations	4,396	100
Other	500	173
	<u>78,717</u>	<u>58,582</u>
OTHER INCOME		
Interest Received	2,301	3,979
	<u>2,301</u>	<u>3,979</u>
	<u>81,680</u>	<u>62,561</u>
EXPENSES		
Accounting	1,899	1,340
Audit Fees	1,000	800
Bookkeeping	403	131
Meeting Costs	1,438	1,697
Bank charges	36	58
Chairs allowance	2,500	5,000
Computer Costs	705	-
Committee Research	273	-
Contract Staff	1,575	-
Depreciation	924	586
Donations	-	100
Employer Expense	100	-
Events	1,506	-
Fees & Charges	375	353
Library	45	104
Marketing	1,532	-
Motor vehicle allowance	-	4,662
Office expenses	853	427
Postage, Printing & stationery	857	480
Professional Services	29,912	63,147
Project expenses	19,499	-
Salaries and wages	16,867	-
Superannuation	1,517	-
Travelling expenses	33	-
Telephone	659	-
	<u>84,508</u>	<u>78,885</u>
NET SURPLUS (DEFICIT)	<u>(2,828)</u>	<u>(16,324)</u>

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MORNINGTON PENINSULA AND WESTERN PORT BIOSPHERE RESERVE FOUNDATION LIMITED

Report on the Financial Report

We have audited the financial report of Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited which comprises the balance sheet as at 30 June 2007 and the operating statement, statement of changes in equity, cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 provided to the directors of Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited, on 17 October 2007, would be in the same terms if provided to the directors as at the date of the audit report.

Audit Opinion

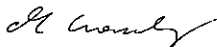
In our opinion, the financial report of Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited is in accordance with:

- a. the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- b. other mandatory professional reporting requirements.

Emphasis of matter

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in note 1 to the financial statements, revenue is recognised at the time receipts are entered in the accounting records. As is common for organisations of this type, it is not practicable for the Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited to maintain an effective system of internal control over donations or other receipts until their final entry in the accounting records. Accordingly, our audit in relation to receipts was limited to the amounts recorded.

WHK Day Neilson



M D Crossley
Principal

Date 24 October 2007
Melbourne