

**FINANCIAL REPORT  
2007-2008**

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

ABN 15 107 484 408

Foundation Office:  
4 / 37-41 Victoria Street  
Hastings, Victoria, 3915

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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

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# Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited

ABN 15 107 484 408

## DIRECTORS' REPORT

Your directors present their report on the company for the financial period from 1 July 2007 to 30 June 2008.

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

Robert Gell	
Jack Krohn (Alternate Doug Miller)	
Bob Brinkman (Alternate Kevin Yorke)	
Gareth Barlow	- Resigned as Director April 2008
Doug Hamilton (Alternate Ian Stevenson)	
Lorraine Wreford (Alternate Janet Halsall)	- Resigned as Director December 2007
Janet Halsall (Alternate Lorraine Wreford)	- Appointed as Director January 2008
Libby Anthony	- Resigned as Director December 2007
Judy Wachendorfer (Alternate Libby Anthony)	- Appointed as Director January 2008
Reade Smith (Alternate Alex Atkins)	
Jane Jobe (Alternate Neil Beddoe)	
Jim Kerin (Alternate Alison Kuitert)	
Jeff Weir (Alternate Peter Woodgate)	

The operating loss of the company for the financial period amounted to \$ 20,570. The entity is exempt from income tax as an income exempt charity under Section 50-145 of the Income Tax Assessment Act 1997.

No 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.

**Mornington Peninsula and Western Port  
Biosphere Reserve Foundation Limited**

ABN 15 107 484 408

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, 7 meetings were held. Attendances by each director during the financial year were:

Directors	Number of Meetings eligible to attend	Number of Meetings attended
Rob Gell	7	4
Jack Krohn	7	7
Bob Brinkman	7	2
Gareth Barlow	6	0
Doug Hamilton	7	5
Lorraine Wreford	4	0
Janet Haisall	3	1
Libby Anthony	4	4
Judy Wachendorfer	3	3
Reade Smith	7	6
Jane Jobe	7	7
Jim Kerin	7	6
Jeff Weir	7	7

Director



Jeff Weir, Director

Dated this 18<sup>th</sup> day of September 2008

Director



Jack Krohn, Secretary and Public Officer


Dated this 18<sup>th</sup> day of September 2008

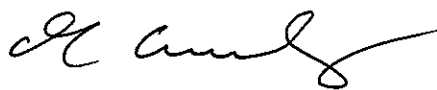
**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**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 2008, 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: 11 September 2008  
Address: Melbourne

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

**DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2008**

The directors of the company declare that:

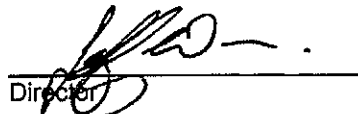
1. The financial statements and notes, as set out on pages 4 to 21 are in accordance with the Corporations Act 2001 and:
  - a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - b) give a true and fair view of the company's financial position as at 30 June 2008 and of its 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**

**OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
Revenues from operating activities	2	<u>114,120</u>	<u>81,680</u>
Employee benefits expense		(50,520)	(16,867)
Depreciation Expense		(1,745)	(924)
Project Expenses		(23,137)	(19,499)
Other expenses from operating activities		<u>(59,288)</u>	<u>(47,218)</u>
		<u>(134,690)</u>	<u>(84,508)</u>
<b>(Deficit) from operating activities before income tax expense</b>		<u>(20,570)</u>	<u>(2,828)</u>
Income tax expense relating to operating activities		-	-
<b>Net (deficit) from operating activities after income tax expense attributable to members of the company</b>		<u>(20,570)</u>	<u>(2,828)</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 2008**

	Note	2008 \$	2007 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	129,841	118,223
Receivables	4	50,920	23,351
<b>TOTAL CURRENT ASSETS</b>		<u>180,761</u>	<u>141,574</u>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	5	6,479	2,639
<b>TOTAL NON CURRENT ASSETS</b>		<u>6,479</u>	<u>2,639</u>
<b>TOTAL ASSETS</b>		<u>187,240</u>	<u>144,213</u>
<b>CURRENT LIABILITIES</b>			
Payables	6	3,432	9,989
Income in Advance	7	112,472	42,318
<b>TOTAL CURRENT LIABILITIES</b>		<u>115,904</u>	<u>52,307</u>
<b>TOTAL LIABILITIES</b>		<u>115,904</u>	<u>52,307</u>
<b>NET ASSETS</b>		<u>71,336</u>	<u>91,906</u>
<b>EQUITY</b>			
Accumulated surplus	8	71,336	91,906
<b>TOTAL EQUITY</b>		<u>71,336</u>	<u>91,906</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 2008**

	<b>Accumulated Surplus 2008</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	91,906	91,906
Net (deficit) /surplus for the year	(20,570)	(20,570)
Balance at end of year	71,336	71,336
	<b>2007</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	94,734	94,734
Net (deficit) /surplus for the year	(2,828)	(2,828)
Balance at end of year	91,906	91,906

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 2008**

	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from local government contributions	61,996	38,000
Receipts from grants	80,854	65,147
Receipts from membership fees	1,050	992
Receipts from other operations	7,050	4,217
Interest received	5,755	2,301
Payments to suppliers and employees	<u>(139,501)</u>	<u>(78,994)</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b> 13 (b)	<u>17,204</u>	<u>31,663</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	<u>(5,586)</u>	<u>(2,831)</u>
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<u>(5,586)</u>	<u>(2,831)</u>
<b>NET INCREASE IN CASH HELD</b>		
Cash at the beginning of the financial year	<u>118,223</u>	<u>89,391</u>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b> 13 (a)	<u>129,841</u>	<u>118,223</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 2008**

**NOTE 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.

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.

**Basis of preparation**

The accounts have been prepared on the basis of historical costs and except where stated do not take into account current valuations of non-current assets. Cost is based on fair values of the consideration given in exchange for assets.

**Accounting Policies**

**(a) INCOME TAX**

Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited is exempt from income tax under the provision of the Income Tax Assessment Act.

**(b) RECEIVABLES**

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days. The collectability of debts is assessed on an ongoing basis and a specific provision for doubtful debts is raised where doubt as to collection exists.

**(c) OTHER FINANCIAL ASSETS**

Other financial assets are recognized and derecognized when the organization becomes or ceases to become a party to the contractual provisions of the instrument and are measured at fair value, net of transaction costs.

The foundation classifies its other financial assets as current assets or non current assets based on the instructions of the Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited and the board of governance's intentions at balance date with respect to timing of disposal of each investment.

Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited assesses at each balance date whether a financial asset or group of financial assets is impaired.

**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 2008**

**(d) PROPERTY, PLANT AND EQUIPMENT**

Property Plant and Equipment are measured at cost less accumulated depreciation and impairment. Furniture, equipment and motor vehicles are measured at cost less accumulated depreciation and impairment.

Assets with a cost in excess of \$300 are capitalized and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives to the entity using the straight line method. The rates of depreciation for the various classes of assets are provided in the table below. The useful lives of assets and their related depreciation rates are reviewed on an annual basis.

Asset Class	Rate of Depreciation 2008	Rate of Depreciation 2007
Furniture and Fittings	33.33%	33.33%
Office Equipment	33%	33%
Plant and Equipment	33.33%	33.33%

**(e) PAYABLES AND ACCRUED EXPENSES**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the foundation. The amounts are unsecured and are normally settled within 30 days.

**(f) EMPLOYEE BENEFITS**

Provision is made for the foundation's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(g) LEASED PROPERTY AND EQUIPMENT**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains all such risks and benefits. Where a non-current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non-current asset at the beginning of the lease term and is amortised on a straight line basis over its expected economic life. A corresponding liability is established and each lease payment is allocated between the principle component and the interest expense. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged against revenue in the periods in which they are incurred.

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**MORNINGTON PENINSULA AND WESTERN PORT  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**(h) REVENUE**

Grant revenue is recognised in the operating 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.

Donations and bequests are recognised as revenue when received.

Revenue from the rendering of a service is recognised upon the delivery of the service.

Interest revenue includes interest received from investments on bank deposits and other investments.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(i) GOODS and SERVICES TAX (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

**(j) UNEXPENDED GRANTS**

The foundation receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the entity to treat grant monies as unexpended grants in the balance sheet where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

**(k) IMPAIRMENT OF ASSETS**

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

Where the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the agency would, if deprived of the asset, replace its remaining economic benefits, value in use is depreciated replacement cost of an asset.

**(l) COMPARATIVE FIGURES**

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

**(m) CASH AND CASH EQUIVALENTS**

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

**MORNINGTON PENINSULA AND WESTERN PORT  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**(n) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The directors evaluate estimates and judgements incorporated into the financial reports based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

*Key estimates - impairment*

The foundation assesses impairment at each reporting date by evaluating conditions specific to the foundation that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of assets.

*Key Judgements- Doubtful Debts Provision*

Included in accounts receivable at 30 June 2008 is an amount receivable from sundry debtors. The directors believe that the full amount will be recoverable and a doubtful debt provision has not been made at 30 June 2008.

**MORNINGTON PENINSULA AND WESTERN PORT  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

		2008	2007
		\$	\$
<b>2</b>	<b>Revenue</b>		
	<b>Operating activities</b>		
	Local government contributions	44,546	50,000
	Grants	56,200	22,829
	Memberships	1,050	992
	Donations	7,091	4,396
	Frankston Forum	--	500
	Other	140	--
	Total	<u>109,027</u>	<u>78,717</u>
	<b>Interest from:</b>		
	Interest Received		
	NAB Cash Maximiser	<u>5,093</u>	<u>2,963</u>
	Total	<u>5,093</u>	<u>2,963</u>
	Total Revenue	<u>114,120</u>	<u>81,680</u>
<b>3</b>	<b>Cash and cash equivalents</b>		
	Cash at Bank		
	- Foundation	9,551	64,042
	- Cash Maximiser	103,700	--
	- Roundtables	9,320	11,001
	- Public trust fund	7,100	100
	Term Deposit	--	42,945
	Petty Cash Imprest	170	135
	Total	<u>129,841</u>	<u>118,223</u>

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
4 <b>Receivables</b>	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Councils	44,000	22,000
Grants	5,500	0
Interest Receivable	--	662
Frankston Forum	--	550
Bond on Premises	1,420	0
Other	<u>0</u>	<u>139</u>
Total	<u>50,920</u>	<u>23,351</u>

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

		2008	2007
		\$	\$
<b>5</b>	<b>Property, Plant and Equipment</b>		
	Computer equipment, at cost	3,950	3,514
	Accumulated depreciation	<u>(2,413)</u>	<u>(1,622)</u>
	Total Computer equipment	<u>1,537</u>	<u>1,892</u>
	Office Equipment, at cost	4,391	1,075
	Accumulated depreciation	<u>(1,282)</u>	<u>(328)</u>
	Total office equipment	<u>3,109</u>	<u>747</u>
	Furniture and Fittings, at cost	1833	-
	<b>Total Property, Plant and Equipment</b>	<u><u>6,479</u></u>	<u><u>2,639</u></u>
	<b>Reconciliations</b>		
	<b>Computer Equipment</b>		
	Carrying value at 1 July 2007	1,892	732
	Additions	435	1,756
	Disposal	-	-
	Depreciation	<u>(790)</u>	<u>(596)</u>
	Carrying value at 30 June 2008	<u>1,537</u>	<u>1,892</u>
	<b>Office Equipment</b>		
	Carrying value at 1 July 2007	747	-
	Additions	3316	1,075
	Disposal	-	-
	Depreciation	<u>(954)</u>	<u>(328)</u>
	Carrying value at 30 June 2008	<u>3,109</u>	<u>747</u>
	<b>Furniture and Fittings</b>		
	Carrying value at 1 July 2007	-	-
	Additions	1,833	-
	Disposal	-	-
	Depreciation	<u>-</u>	<u>-</u>
	Carrying value at 30 June 2008	<u>1,833</u>	<u>-</u>
	<b>Total Property, Plant and Equipment</b>	<u><u>6,479</u></u>	<u><u>2,639</u></u>

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
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	2008	2007
	\$	\$
<b>6 Payables</b>		
<b>Current</b>		
Trade Creditors	0	1,176
Payroll Liabilities	1,562	4,165
GST Payable	1,870	4,648
Total current payables	<u>3,432</u>	<u>9,989</u>
<b>7 Unearned Income</b>		
Southern Bandicoot	15,720	34,818
Eco Footprint	6,175	7,500
Envirofund 9	15,022	-
Envirofund 10	22,498	-
Watsons Creek	784	-
WWF Threatened Species	12,273	-
Contributions in Advance	40,000	-
	<u>112,472</u>	<u>42,318</u>
<b>8 Accumulated Surplus</b>		
Balance at the beginning of the period	91,906	94,734
Net (deficit)	<u>(20,570)</u>	<u>(2,828)</u>
Balance at the end of the period	<u>71,336</u>	<u>91,906</u>
<b>9 Auditor's Remuneration</b>		
Audit services – for auditing the financial statements	1,500	1,000
<b>10 Contingent Liabilities</b>		
There are no contingent liabilities.		

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**11 Subsequent Events**

There have been no significant events which have occurred subsequent to 30 June 2008.

**12 Financial Risk Management**

**(a) Financial Risk Management Policies**

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:

**(i) Treasury Risk Management**

An audit committee consisting of the Board of Governance members meet on a monthly basis to analyse financial risk exposure and to confirm that the foundation is complying with Financial Risk Management Policies. The committee's overall risk management strategy seeks to assist the foundation in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Audit Committee operates under policies approved by the Board and risk management policies are approved and reviewed by the committee on a regular basis.

These include the future cash flow requirements.

<b>Financial Instruments</b>	<b>Accounting Policy</b>	<b>Terms and Conditions</b>
<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.
<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

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**12 Financial Risk Management (Cont'd)**

(ii) Financial Risk Exposures and Management

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

**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:

**Liquidity Risk**

The foundation manages liquidity risk by monitoring forecast cashflows

**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. There are no material amounts of collateral held as security at 30 June 2008.

Credit risk is managed and reviewed regularly by the audit committee. It arises from exposure to customers and deposits with financial institutions.

The Audit Committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an "A" rating are utilised
- all potential members are rated for credit worthiness taking into account their particular circumstances and financial standing; and

At year end the foundation does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the foundation.

**MORNINGTON PENINSULA AND WESTERN PORT  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**12 Financial Risk Management (Cont'd)**

**(b) Financial Instrument Composition and Maturity Analysis**

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

<b>Financial Instruments</b>	<b>Non-Interest Bearing</b>		<b>Interest Bearing</b>		<b>Total Carrying Amount</b>		<b>Weighted Average Interest Rate</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>Financial Assets</u></b>								
Cash at Bank	26,141	75,278	103,700	42,945	129,841	118,223	7.10%	5.04%
Receivables	50,920	22,689	-	-	50,920	22,689	-	-
<b>Total</b>	<b>77,061</b>	<b>97,967</b>	<b>103,700</b>	<b>42,945</b>	<b>180,761</b>	<b>140,912</b>	<b>7.10%</b>	<b>5.04%</b>
<b><u>Financial Liabilities</u></b>								
Payables	3,433	9,989	-	-	3,433	9,989	-	-
<b>Total</b>	<b>3,433</b>	<b>9,989</b>	<b>-</b>	<b>-</b>	<b>3,433</b>	<b>9,989</b>	<b>-</b>	<b>-</b>

Trade and sundry payables are expected to be paid as follows

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Less than 6 months	3,433	9,989

**(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 2008

**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 2008**

**12 Financial Risk Management (Cont'd)**

**Sensitivity analysis**

Interest rate risk

The foundation has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows

	2008 \$	2007 \$
Change in profit		
- Increase in interest rate by 1%	1,037	429
- Decrease in interest rate by 1 %	(1,037)	(429)
Change in equity		
- Increase in interest rate by 1%	1,037	429
- Decrease in interest rate by 1 %	(1,037)	(429)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign currency risk as the foundation is not exposed to foreign currency functions.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**13 Cash Flow Information**

(a)	Reconciliation of cash	<b>2008</b>	<b>2007</b>
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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:

Cash at bank	25,971	75,143
Petty cash imprest	170	135
Term deposit/ Cash Maximiser	103,700	42,945
<b>Cash at the end of the financial year</b>	<b>129,841</b>	<b>118,223</b>

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

Operating (deficit)	(20,570)	(2,828)
Depreciation	1,745	924
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	(27,569)	(13,341)
Increase/(Decrease) in payables	(6,556)	4,590
Increase in unexpended grants	70,154	42,318
<b>Net cash from operating activities</b>	<b>17,204</b>	<b>31,663</b>

**14 Operating Lease Commitments**

Non cancellable operating operating leases contracted for but not capitalised in the financial statements.

**Property Lease**

Payable - Minimum lease payments

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Not later than 12 months	15,496	---
Later than 12 months but no later than 5 years	29,700	---
	<b>45,196</b>	<b>---</b>

## 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 2008 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, 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 2008 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**

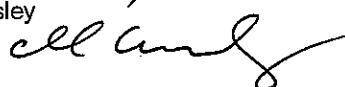
Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in note 1 to the financial statements, revenue is recognised at the time receipts are entered in the accounting records. As is common for foundations of this type, it is not practicable for 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



Melbourne

Date 18/9/2008

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

**ABN 15 107 484 408**

**DETAILED OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$
<b>REVENUE</b>		
Local government contributions	44,546	50,000
Grants	56,200	22,829
Memberships	1,050	992
Donations	7,091	4,396
Other	140	500
	<u>109,027</u>	<u>78,717</u>
<b>OTHER INCOME</b>		
Interest Received	5,093	2,963
	<u>5,093</u>	<u>2,963</u>
	<u>114,120</u>	<u>81,680</u>
<b>EXPENSES</b>		
Accounting	1,363	1,899
Audit Fees	1,500	1,000
Bookkeeping	0	403
Meeting Costs	571	1,438
Bank charges	0	36
Chairs allowance	5,000	2,500
Computer Costs	2,448	705
Committee Research	0	273
Contract Staff	0	1,575
Depreciation	1,745	924
Events	4,935	1,506
Fees & Charges	1,370	375
Library	-	45
Marketing	555	1,532
Newsletter Costs	1,788	-
Office expenses	556	953
Postage, Printing & stationery	605	857
Contractors	29,579	29,912
Project expenses	23,137	19,499
Salaries and wages	50,520	16,867
Superannuation	4,515	1,517
Travelling expenses	814	33
Workcover	210	-
Rent	1,291	-
Repairs and Maintenance	1,341	-
Telephone	847	659
	<u>134,690</u>	<u>84,508</u>
<b>NET SURPLUS (DEFICIT)</b>	<u>(20,570)</u>	<u>(2,828)</u>