

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

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**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2005.

**Directors**

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

Anthony Chandler (Resigned 03/05/05)  
Robert Allingham (Resigned 06/04/05)  
John Woods (Resigned 06/04/05)  
Steven McDermott (Resigned 06/04/05)  
Roslyn Kenny (Resigned 06/10/04)  
Mark Fenton (Resigned 06/10/04)  
Lesley Marshall (Resigned 11/03/05)  
Phillip Rist  
Christina George (Resigned 06/10/04)  
Gary Martin (Appointed 06/10/04)  
Deree King (Appointed 01/12/04; Resigned 14/02/05)  
George Lukacs (Appointed 11/03/05)  
Peter Bahr (Appointed 06/04/05)  
Brian Beveridge (Appointed 06/04/05)  
Vern Veitch (Appointed 06/04/05)  
Treena List (Appointed 06/04/05)  
Dr. Romy Greiner (Appointed 03/05/05)  
Dr. Lisa MacDonald (Appointed 09/06/05)  
Michael Cannon

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Operating Results**

The profit of the company for the financial year after providing for income tax amounted to \$30,586. (2004: \$130,192).

**Review of Operations**

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

**Significant Changes in State of Affairs**

Significant changes in the state of affairs of the company that occurred during the financial year, other than those referred to elsewhere in this report, are as follows:

The adoption of the company's Regional Investment Strategy (RIS) will result in a significant increase in funding and related projects for the three year period of 2004-2007.

**Principal Activity**

The principal activity of the company during the financial year was natural resource project management. No significant change in the nature of these activities occurred during the year.

**BURDEKIN SOLUTIONS LIMITED**  
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**DIRECTORS' REPORT (continued)**

**After Balance Date Events**

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

**Likely Developments**

The likely developments in the operations of the company and the expected results of those operations in future financial years are as follows:

Coastal Catchment Initiative: Burdekin Solutions Limited has been funded by the Department of Agriculture Forestry and Fisheries to develop a Water Quality Plan for the Burdekin Region. Funding is \$1.57 million over 2 years.

Regional Competitive Component: Burdekin Solutions Limited has been funded by the above Department to develop a Biodiversity Management and Condition Assessment Toolkit for Queensland's Tropical Rangelands. Funding is \$717,120 over 3 years.

**Environmental Issues**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**Dividends Paid or Recommended**

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

**Information on Directors**

The information on directors is as follows:

**Phillip Rist**

- |                          |   |
|--------------------------|---|
| Qualifications           | – Appointed by Regional TO Management Group   |
| Experience               | – CEO Girrigun Aboriginal Corporation (Cardwell); Director - Townsville Aboriginal and Torres Strait Islander Legal Service; Director - Rainforest CRC; Member - GBRMPA Community Consultative Committee; Community Regional Cabinet Forum Member |
| Special Responsibilities | – Director - Traditional Owner Representative   |

**Gary Martin**

- |                          |   |
|--------------------------|---|
| Qualifications           | – A/Dip Civil Engineering; A/Dip Surveying  |
| Experience               | – Manager Water Services - Bowen Shire Council; Director - Murroona Gardens Care Facility; Director - Joreben Pty Ltd |
| Special Responsibilities | – Community Director  |

**George Lukacs**

- |                          |   |
|--------------------------|---|
| Qualifications           | – BSc (Hons) (University of Adelaide)   |
| Experience               | – Freshwater Ecologist, Director, Australian Centre for Tropical Freshwater Research James Cook University, 1995-2005 James Cook University |
| Special Responsibilities | – Technical Director Biophysical Science  |

**BURDEKIN SOLUTIONS LIMITED**  
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**DIRECTORS' REPORT (continued)**

**Information on Directors (Continued)**

**Peter Bahr**

- Qualifications – Appointed by BRIG, an association of Rangelands Landcare Groups  
Experience – Dalrymple Shire Councillor, Pastoralist, Dalrymple Landcare  
Special Responsibilities – Community Director - BRIG

**Brian Beveridge**

- Qualifications – Police 35 years: Finished 1995 Station o/c Charters Towers  
Experience – Mayor of Charters Towers last 12 years; President - Great Inland Way Tourism; Member - Mount Isa / Townsville Economic Zone, NQ Economic Development Group, NQ Decentralisation Group, Div. 5 Mayors Group, Regional Roads Group, Regional Organisation Councils; Chair - Area Counter Disaster.  
Special Responsibilities – Director Local Government Eastern Councils

**Vern Veitch**

- Qualifications – Previous Military Qualifications - Quarter Master, Commanding Officer (Financial Accountability)  
Experience – Manager - Motosport Yamaha 95-96; Sunfish QLD Inc Environmental Officer 96-05 (Voluntary); Community Representative on various NRM Committees; Director - Wetlandcare Australia (Ducks Unlimited Pty Ltd)  
Special Responsibilities – Community Director NaREF

**Treana List**

- Qualifications – Appointed by Local Government  
Experience – Burdekin Shire Councillor  
Special Responsibilities – Director Local Government Eastern Councils

**Dr. Romy Greiner**

- Qualifications – M.AgSci (Germany); PhD.AgSci (Germany)  
Experience – Ecological Economist, Director, River Consulting Pty Ltd, 1997-2005 CSIRO, 1995 -1997 Australian Bureau of Agriculture & Resource Economics  
Special Responsibilities – Tehcnical Director Socio-Economic

**Dr. Lisa MacDonald**

- Qualifications – B. Rural Science (University of New England); Doctor of Philosphpy (University of New England); MBA (James Cook University); Currently completing Master in Social Ecology.  
Experience – Chair, BBIFMAC; Project Officer - CSR Burdekin  
Special Responsibilities – Community Director Burdekin-Bowen Floodplains Management Advisory Committee (BBIFMAC)

**Michael Cannon**

- Qualifications – Soil Surveyor, CSIRO, DPI, IPA, Rural Certificate in Soil Conservation  
Experience – Small Business Operator, 30 Years in North Queensland.  
Special Responsibilities – Chairman

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**DIRECTORS' REPORT (continued)**

**Meetings of Directors**

DIRECTORS	Number eligible to attend	Number attended
Anthony Chandler (Resigned 03/05/05)	10	10
Robert Allingham (Resigned 06/04/05)	9	7
John Woods (Resigned 06/04/05)	9	6
Steven McDermott (Resigned 06/04/05)	9	7
Roslyn Kenny (Resigned 06/10/04)	3	1
Mark Fenton (Resigned 06/10/04)	3	1
Lesley Marshall (Resigned 11/03/05)	7	5
Phillip Rist	12	9
Christina George (Resigned 06/10/04)	3	-
Gary Martin (Appointed 06/10/04)	10	10
Deree King (Appointed 01/12/04; Resigned 14/02/05)	2	2
George Lukacs (Appointed 11/03/05)	5	4
Peter Bahr (Appointed 06/04/05)	4	4
Brian Beveridge (Appointed 06/04/05)	4	4
Vern Veitch (Appointed 06/04/05)	4	3
Treena List (Appointed 06/04/05)	4	2
Dr. Romy Greiner (Appointed 03/05/05)	1	1
Dr. Lisa MacDonald (Appointed 09/06/05)	-	-
Michael Cannon	12	12

**Indemnification of Officer or Auditor**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

**Proceedings on Behalf of the Company**

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 or any part of those proceedings.

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

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors:

Director \_\_\_\_\_  
Michael Cannon

Director \_\_\_\_\_  
George Lukacs

Dated this 19th day of September 2005

**BURDEKIN SOLUTIONS LIMITED  
ABN 18 101 770 601**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C  
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BURDEKIN SOLUTIONS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2005 there have been:

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

WHK - TCM Smith Audit Partnership

.....  
Roger Dunstan  
Partner

19 September 2005  
22 Walker Street  
Townsville

The accompanying notes form part of these financial statements.

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 \$	2004 \$
Revenue from ordinary activities	2	<b>3,605,580</b>	3,177,544
Employee benefits expense		<b>(839,275)</b>	(752,057)
Depreciation and amortisation expenses	3	<b>(34,202)</b>	(21,404)
Subcontracting expenses		<b>(2,017,983)</b>	(1,539,162)
Consultancy expenses		<b>(124,591)</b>	(157,362)
Other expenses from ordinary activities		<u><b>(558,943)</b></u>	<u>(577,367)</u>
<b>Profit from ordinary activities</b>		<u><b>30,586</b></u>	<u>130,192</u>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	12	<u><b>30,586</b></u>	<u>130,192</u>

The accompanying notes form part of these financial statements.

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2005**

	Notes	2005 \$	2004 \$
<b>CURRENT ASSETS</b>			
Cash assets	5	2,683,505	72,663
Receivables	6	518,202	1,278,334
Other	7	<u>2,946</u>	<u>29,936</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>3,204,653</u></b>	<b><u>1,380,933</u></b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	<u>85,849</u>	<u>91,758</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>85,849</u></b>	<b><u>91,758</u></b>
<b>TOTAL ASSETS</b>		<b><u>3,290,502</u></b>	<b><u>1,472,691</u></b>
<b>CURRENT LIABILITIES</b>			
Payables	9	288,786	543,238
Provisions	10	45,674	28,474
Other	11	<u>2,841,126</u>	<u>816,649</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>3,175,586</u></b>	<b><u>1,388,361</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>3,175,586</u></b>	<b><u>1,388,361</u></b>
<b>NET ASSETS</b>		<b><u>114,916</u></b>	<b><u>84,330</u></b>
<b>EQUITY</b>			
Retained profits	13	<u>114,916</u>	<u>84,330</u>
<b>TOTAL EQUITY</b>	12	<b><u>114,916</u></b>	<b><u>84,330</u></b>

The accompanying notes form part of these financial statements.

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 \$	2004 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		800	-
Operating grant receipts		7,027,790	3,025,995
Payments to suppliers and employees		(4,409,530)	(2,965,251)
Interest received		31,923	18,403
Borrowing costs		<u>(7,140)</u>	<u>(1,975)</u>
Net cash provided by operating activities	16(b)	<u>2,643,843</u>	<u>77,172</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		464	-
Payment for property, plant and equipment		<u>(33,465)</u>	<u>(70,955)</u>
Net cash used in investing activities		<u>(33,001)</u>	<u>(70,955)</u>
Net increase in cash held		2,610,842	6,217
Cash at beginning of financial year		<u>72,663</u>	<u>66,446</u>
Cash at end of financial year	16 (a)	<u>2,683,505</u>	<u>72,663</u>

The accompanying notes form part of these financial statements.

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial report is for the entity Burdekin Solutions Limited as an individual entity. Burdekin Solutions Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs. It 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.

**(a) Income Tax**

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

**(b) Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other 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.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

**(c) Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

**(d) Revenue**

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

Other revenue is recognised when the right to receive the revenue has been established.

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

**(e) Comparative Figures**

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

**BURDEKIN SOLUTIONS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Impact of Adoption of Australian Equivalents to International Financial Reporting Standards**

The company is preparing and managing the transition to Australian Equivalent of International Financial Reporting Standards (AIFRS) effective for financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the company's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The company's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation. An AIFRS committee is overseeing and managing the company's transition to AIFRS. The impact of the alternative treatments and elections under AASB1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards, has been considered where applicable.

The directors are of the opinion that the key material differences in the company's accounting policies on conversion to AIFRS and the financial effect of these differences where known are as follows. Users of the financial statements should, however, note that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS, or interpretation of the AIFRS requirements changes from the continued work of the company's AIFRS committee.

– *Property Plant and Equipment*

AASB 116: Property, Plant & Equipment permits Not for Profit entities to 'deem' the carrying cost as at 30th June 2005 to be "fair value". The value stated for these assets at this date has been reviewed under the Recoverable Amounts test and is therefore deemed to be the fair value for implementation of Australian Equivalents to International Financial Reporting Standards.

	Note	2005 \$	2004 \$
<hr/>			
<b>NOTE 2: REVENUE</b>			
<b>Operating activities</b>			
- interest	2(a)	31,923	18,403
- operating grants		3,564,768	3,159,141
- other revenue		<u>8,889</u>	<u>-</u>
		<u><b>3,605,580</b></u>	<u><b>3,177,544</b></u>
(a) Interest from:			
- financial institutions		<u>31,923</u>	<u>18,403</u>

**BURDEKIN SOLUTIONS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
<hr/>			
<b>NOTE 3: PROFIT FROM ORDINARY ACTIVITIES</b>			
Profit (losses) from ordinary activities has been determined after:			
(a) Expenses			
Borrowing costs:			
- other persons		<u>7,140</u>	<u>1,975</u>
Depreciation of non-current assets			
- Plant and equipment		<u>34,202</u>	<u>21,404</u>
Bad and doubtful debts:			
- other entities		<u>3,176</u>	<u>-</u>
Remuneration of the auditors for			
- audit or review services		<u>17,694</u>	<u>18,268</u>

**BURDEKIN SOLUTIONS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
<b>NOTE 4: REMUNERATION AND RETIREMENT BENEFITS</b>			
<b>(a) Directors' remuneration</b>			
Income paid or payable to all directors of the company by the company and any related parties		41,249	44,484
Number of directors whose income from the company or any related parties was within the following bands:			
		<b>No.</b>	<b>No.</b>
\$0 - \$1,000		6	-
\$1,001 - \$5,000		12	10
\$15,001 - \$20,000		1	1
The names of directors who have held office during the financial year are:			
Anthony Chandler			
Robert Allingham			
John Woods			
Steven McDermott			
Roslyn Kenny			
Mark Fenton			
Lesley Marshall			
Phillip Rist			
Christina George			
Gary Martin			
Deree King			
George Lukacs			
Peter Bahr			
Brian Beveridge			
Vern Veitch			
Treena List			
Dr. Romy Greiner			
Dr. Lisa MacDonald			
Michael Cannon			
<b>(b) Retirement and Superannuation Payments</b>			
Amounts of a prescribed benefit given during the financial year to a director or prescribed superannuation fund in connection with the retirement from a prescribed office.		<u>1,902</u>	<u>3,699</u>
Full particulars are not provided as the directors believe this would be unreasonable.			

**BURDEKIN SOLUTIONS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
<b>NOTE 5: CASH ASSETS</b>			
Cash on hand		500	1,367
Cash at bank		2,682,805	71,096
Cash - other		<u>200</u>	<u>200</u>
		<u><b>2,683,505</b></u>	<u><b>72,663</b></u>
 <b>NOTE 6: RECEIVABLES</b>			
CURRENT			
Trade debtors		<u><b>518,202</b></u>	<u><b>1,278,334</b></u>
 <b>NOTE 7: OTHER ASSETS</b>			
CURRENT			
Prepayments		<u><b>2,946</b></u>	<u><b>29,936</b></u>
 <b>NOTE 8: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>PLANT AND EQUIPMENT</b>			
(a) Plant and equipment			
At cost		129,035	118,838
Less accumulated depreciation		<u>(55,672)</u>	<u>(27,080)</u>
		<u><b>73,363</b></u>	<u><b>91,758</b></u>
(b) Software pool			
At cost		16,257	-
Less accumulated depreciation		<u>(3,771)</u>	<u>-</u>
		<u><b>12,486</b></u>	<u><b>-</b></u>
Total plant and equipment		<u><b>85,849</b></u>	<u><b>91,758</b></u>
Total property, plant and equipment		<u><b>85,849</b></u>	<u><b>91,758</b></u>

**(a) Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Plant & equipment \$	Software pool \$	Total \$
<b>2005</b>			
Balance at the beginning of the year	91,758	-	91,758
Additions	17,208	16,257	33,465
Disposals	(5,172)	-	(5,172)
Depreciation expense	<u>(30,431)</u>	<u>(3,771)</u>	<u>(34,202)</u>
Carrying amount at end of year	<u><b>73,363</b></u>	<u><b>12,486</b></u>	<u><b>85,849</b></u>

**BURDEKIN SOLUTIONS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
<b>NOTE 9: PAYABLES</b>			
CURRENT			
Unsecured liabilities			
Trade creditors		83,809	420,660
Sundry creditors and accruals		<u>204,977</u>	<u>122,578</u>
		<u>288,786</u>	<u>543,238</u>
 <b>NOTE 10: PROVISIONS</b>			
CURRENT			
Employee benefits	10(a)	<u>45,674</u>	<u>28,474</u>
(a) Aggregate employee benefits liability		<u>45,674</u>	<u>28,474</u>
(b) Number of employees at year end		<u>10</u>	<u>13</u>
 <b>NOTE 11: OTHER LIABILITIES</b>			
CURRENT			
Unexpended Grants		<u>2,841,126</u>	<u>816,649</u>
		<u>2,841,126</u>	<u>816,649</u>
 <b>NOTE 12: EQUITY</b>			
Total equity at the beginning of the financial year		84,330	(45,862)
Total changes in equity recognised in the statement of financial performance		<u>30,586</u>	<u>130,192</u>
Total equity at the reporting date		<u>114,916</u>	<u>84,330</u>
 <b>NOTE 13: RETAINED PROFITS</b>			
Retained profits/(accumulated losses) at the beginning of the financial year		84,330	(45,862)
Net profit (loss) attributable to members of the entity		<u>30,586</u>	<u>130,192</u>
Retained profits at the end of the financial year		<u>114,916</u>	<u>84,330</u>

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
<b>NOTE 14: RELATED PARTY TRANSACTIONS</b>			
(a) Transactions with directors and director-related entities			
Mark Fenton is a Director and shareholder of Feltar Pty Ltd trading as Environment and Behaviour Consultants. This entity performed work for the company during the financial year.			
		<u>48,570</u>	<u>134,295</u>
		<u>48,570</u>	<u>134,295</u>
 <b>NOTE 15: ECONOMIC DEPENDENCE</b>			
The company's future viability is dependent on the continued funding support from the Department of Natural Resources and Mines and other Government organisations. Should this support be lost or reduced the company would not be able to continue operating at its present level of operations.			
We note that the company has secured funding for the 2006 and 2007 financial years.			
 <b>NOTE 16: CASH FLOW INFORMATION</b>			
(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 statement of financial position as follows:			
Cash on hand		500	1,367
Cash at bank		2,682,805	71,096
Other cash		<u>200</u>	<u>200</u>
		<u>2,683,505</u>	<u>72,663</u>
 (b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax			
Profit from ordinary activities after income tax		30,586	130,191
Non-cash flows in profit from ordinary activities			
Depreciation		34,202	21,404
Net (gain) / loss on disposal of property, plant and equipment		4,708	-
Changes in assets and liabilities			
(Increase)/decrease in receivables		760,132	(1,260,209)
(Increase)/decrease in other assets		26,990	(29,936)
Increase in Unexpended Grants		2,024,477	815,073
Increase/(decrease) in payables		(254,452)	391,354
Increase in provisions		<u>17,200</u>	<u>9,295</u>
Cash flows from operations		<u>2,643,843</u>	<u>77,172</u>

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**NOTE 17: FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk**

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective		Floating Interest Rate		Non Interest Bearing		Total	
	Interest Rate		2005	2004	2005	2004	2005	2004
	2005	2004	2005	2004	2005	2004	2005	2004
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash	-	-	2,682,805	71,096	700	1,567	2,683,505	72,663
Receivables	-	-	-	-	518,202	1,278,334	518,202	1,278,334
Total Financial Assets			<u>2,682,805</u>	<u>71,096</u>	<u>518,902</u>	<u>1,279,901</u>	<u>3,201,707</u>	<u>1,350,997</u>
Financial Liabilities:								
Trade and sundry creditors	-	-	-	-	288,786	543,238	288,786	543,238
Total Financial Liabilities			<u>-</u>	<u>-</u>	<u>288,786</u>	<u>543,238</u>	<u>288,786</u>	<u>543,238</u>

**NOTE 18: COMPANY DETAILS**

The registered office of the company is:

Burdekin Solutions Limited

Level 2

25 Sturt Street

TOWNSVILLE QLD 4810

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 16 are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the financial year ended on that date of 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 directors.

Director \_\_\_\_\_  
Michael Cannon

Director \_\_\_\_\_  
George Lukacs

Dated this 19th day of September 2005

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF**  
**BURDEKIN SOLUTIONS LIMITED**

**Scope**

**The financial report and directors' responsibility**

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for Burdekin Solutions Limited, for the year ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report, in accordance with the Company's Constitution. 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 company. 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.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Company's Constitution, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of their performance as represented by the results of its operations 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.

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.

**Independence**

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

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditors independence declaration set out on page 5 of the financial report, has not changed as at the date of providing our audit opinion.

## **Audit Opinion**

In our opinion, the financial report of Burdekin Solutions 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 2005 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

WHK - TCM Smith Audit Partnership

Roger Dunstan  
Partner  
19 September 2005

Townsville  
22 Walker Street  
Townsville

**BURDEKIN SOLUTIONS LIMITED  
ABN 18 101 770 601**

**DISCLAIMER TO THE MEMBERS OF  
BURDEKIN SOLUTIONS LIMITED**

The additional financial data presented on page 21 is in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our statutory audit of the company for the financial year ended 30 June 2005. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Burdekin Solutions Limited) in respect of such data, including any errors of omissions therein however caused.

WHK - TCM Smith Audit Partnership  
22 Walker Street  
Townsville

Roger Dunstan  
Partner

19 September 2005  
Townsville

**BURDEKIN SOLUTIONS LIMITED**  
**ABN 18 101 770 601**

**PRIVATE INFORMATION FOR THE DIRECTORS ON THE 2005 FINANCIAL STATEMENTS**

**DETAILED PROFIT AND LOSS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<hr/>		
<b>INCOME</b>		
Interest received	31,923	18,403
Grant Funding received	3,564,768	3,159,141
Other income	<u>8,889</u>	<u>-</u>
<b>TOTAL INCOME</b>	<b>3,605,580</b>	<b>3,177,544</b>
<b>LESS EXPENSES</b>		
Administration costs	61,312	59,353
Advertising	26,171	24,667
Audit fees	7,554	18,268
Bad debts	3,176	-
Bank charges	1,629	3,008
Cleaning	6,500	6,117
Computer expenses	2,201	58,639
Conference/Seminar costs	64,035	72,932
Consultancy fees	136,769	157,621
Consumables	12,514	30,415
Depreciation	34,202	21,404
Donations	8,418	4,412
Electricity	10,536	2,476
Fringe benefits tax	11,954	14,000
General expenses	621	1,222
Insurance	1,056	3,913
Interest paid	7,140	1,975
Loss on disposal/revaluation of non current assets	4,708	-
Motor vehicle expenses	81,956	84,040
Petty cash expenditure	300	-
Postage	7,070	3,223
Printing and stationery	20,341	12,467
Rent	72,401	59,839
Repairs and maintenance	9,011	16,704
Salaries and wages	751,867	681,216
Staff training and welfare	2,479	5,071
Subcontracting costs	2,017,983	1,539,162
Superannuation	72,975	51,770
Telephone	35,932	37,924
Travelling expenses	99,897	74,474
Workcare/WorkCover/Workers Compensation	<u>2,286</u>	<u>1,040</u>
<b>TOTAL EXPENSES</b>	<b><u>3,574,994</u></b>	<b><u>3,047,352</u></b>
<b>OPERATING PROFIT/(LOSS)</b>	<b><u>30,586</u></b>	<b><u>130,192</u></b>

These financial statements should be read in conjunction with the attached Disclaimer.