

for the year ended 31 December 2005

Annual financial report

Foundation ABN 82 090 616 443

Great Barrier Reef Research

Great Barrier Reef Research Foundation ABN 82 090 616 443
Annual financial report - 31 December 2005

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**Great Barrier Reef Research Foundation
Directors' report
31 December 2005**

Your directors present their report on the company consisting of Great Barrier Reef Research Foundation for the year ended 31 December 2005.

Directors

The following persons were directors of Great Barrier Reef Research Foundation during the financial year and up to the date of this report:

- John Michael Schubert (Chairman) (director since 11/4/2001)
BEng(Hons), PhD (Chem Eng), FEAust, CPEng, FTS, FICHEM
- Ian Buchanan (director since 15/2/2005)
MA (Oxon) MBA
- George Edward Chapman (resigned 26 July 2005) (director since 11/4/2001)
BSc (Hon) BSc (Hon) BSc (Hon) BA
- Stephen John Gillies (director since 11/4/2001)
BBS
- Peter James Isdale AM (Audit committee member) (director since 24/2/2004)
BA (Hons), PhD MAICD, JP (C, Dec)
- David Mark Lawson (Company secretary) (director since 24/2/2004)
JD, MA (Juris) (Oxon), BA
- Don Finel (director since 26/5/2004)
BE (Elec)
- Russell Evan Reichelt (director since 31/8/2004)
BSc, PhD, FAICD, FTSE
- Jane Ferrer Reid (resigned 3 March 2005)
BA (Syd)
- Michael John Roux (director since 24/2/2004)
BEC, MSIA, FSAICD
- Judith Ann Stewart (Managing Director) (director since 15/3/2004)
LLB, Grad Dip Bus Mgt
- Phillip David Strachan (Chairman Audit committee) (director since 23/12/2003)
BCom, FCPA
- Alastair Walton (director since 18/11/2004)
BCom, MBA, CPA
- Peter Francis Young (director since 18/11/2004)
BSc (Geology), MBA

Alternate directors

- Greg Heaney (alternate for Stephen John Gillies) (resigned 15/12/2005)
- Brett Riley (alternate for Don Finel)
- John Christopher Shuey (alternate for Stephen John Gillies)

Principal activities

The principal activity of the Foundation was to raise and provide funding to support the provision of research into and education about the environmental protection, enhancement, preservation and conservation of tropical reefs (especially the Great Barrier Reef) and adjoining coral coasts, for the benefit of the world community.

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

Dividends - Great Barrier Reef Research Foundation

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

Review of operations

Operations for the year ended 31 December 2005 resulted in a deficit of \$229,968 (2004: surplus \$438,307).

In 2005 the Foundation prepared the groundwork for developing large scale project partnerships with corporate and philanthropic investors, with Australian reefs as their focus. The first step in this process was championing the need for a new strategic research plan on the Great Barrier Reef (GBR), a task that was ultimately undertaken by the interim Board of the newly established Marine and Tropical Sciences Research Facility (MTRF). Not only did the Foundation highlight the need for such a framework, it also made its own contribution to the development of the plan as a member of the interim Board. The Foundation expects to utilise the newly established project portfolio devised by MTRF as the basis of its own portfolio of investment opportunities to take to business and philanthropy in 2006 and beyond.

Great Barrier Reef Research Foundation
Directors' report
31 December 2005
(continued)

It was also especially pleasing that the Foundation was the recipient of a grant by the Commonwealth Government to assist in defraying the costs of its involvement in the MTSRF process.

In 2005, the Foundation was also active in establishing a number of more consistent income streams to meet its ongoing administrative costs. To add to revenues received in recent years from Eco Bananas and Queensland Tissue Products, the Foundation launched its Chairman's Panel program, holding the inaugural Chairman's Panel event, with coverage on national television, in November 2005. Further, with the assistance and support of Mulpha Hotels, a Reef Levy on occupancy at the Hayman island resort was successfully implemented in December 2005.

By November 2005, the Foundation and Comalco Aluminium Limited had also finalised a \$1m investment in the Future Reef partnership. That investment, to be made over the next four years, will support a major research project into the acidification of the oceans of the Southern Great Barrier Reef conducted by the University of Queensland's Centre for Marine Studies, as well as a participation programme for Comalco employees. The Foundation hopes that this partnership will become the model for further successful partnerships with Australian corporations keen to support research targeting the major threats to the GBR's health and prospects.

Together, these initiatives, contributed to a more secure future for the Foundation, enabling it to transfer its focus from internal funding imperatives to more actively concentrate on attracting private funds to support new project initiatives and to meet its founding objectives.

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

Likely developments and expected results of operations
The Foundation is currently involved in pursuing partnership opportunities with a number of major Australian corporations interested in investing in Reef research. The Foundation is also taking steps to become closer to the national philanthropic sector. Its broad aim is to broker new partnerships that link the resources of business, government and philanthropy in support of targeted research on Australian reefs.

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

Directors
Full meeting of directors
A
B
Meetings of committees of directors
A
B
Audit

John Michael Schuben (Chairman)	4								
Ian Buchanan (appointed 15 February 2005)	4								
George Edward Chapman (resigned 26 July 2005)	2								
Stephen John Gillies	0								
Peter James Isdale	4								
David Mark Lawson	2								
Russell Ewan Reichelt	3								
Jane Ferner Reid (resigned 3 March 2005)	4								
Don Pihel	1								
Michael John Roux	3								
Judith Ann Stewart (Managing Director)	1								
Phillip David Strachan	4								
Alastair Walton	4								
Peter Francis Young	2								
Greg Heaney (resigned 15/12/2005) (alternate for Stephen John Gillies)	4								
John Christopher Shuey (alternate for Stephen John Gillies)	2								

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year

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

Insurance of officers
During the financial year, Great Barrier Reef Research Foundation paid a premium of \$2,860 (2004: \$5,170) to insure the directors and secretary and senior officers of the company.

Proceedings on behalf of the company
No proceedings have been brought or intervened in on behalf of the company which leave of the Court under section 237 of the Corporations Act 2001.

Indemnification of officers and auditor

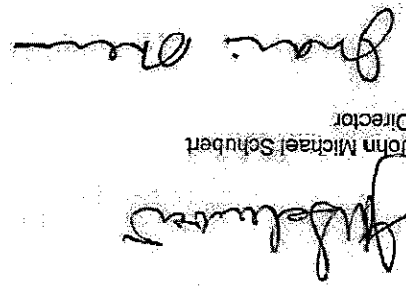
Under section 66 of the Company's Constitution, the Company indemnifies each person who is or has been a Director or Secretary of the Company. The indemnity relates to any liability (other than liability to the Company or related body corporate, pecuniary penalties or compensation orders and liability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

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 4.

Auditor
Dejette Touche Tomatsu was appointed to office in accordance with section 327 of the Corporations Act 2001 on 27 April 2005.

This report is made in accordance with a resolution of directors.

John Michael Schubert
Director



Judith Ann Stewart
Managing Director

Brisbane
20 March 2006

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Board of Directors
Great Barrier Reef Research Foundation
Level 20
307 Queen Street
Brisbane
QLD 4000

22 March 2006

Dear Board Members

Great Barrier Reef Research Foundation

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Great Barrier Reef Research Foundation.

As lead audit partner for the audit of the financial statements of Great Barrier Reef Research Foundation for the financial year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

M.G. Sheerin

DELOITTE TOUCHE TOHMATSU

M.G. Sheerin

M G Sheerin
Partner
Chartered Accountants

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© Deloitte Touche Tohmatsu, March 2006

Member of
Deloitte Touche Tohmatsu

**Great Barrier Reef Research Foundation ABN 82 090 616 443
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This financial report covers Great Barrier Reef Research Foundation as an individual entity. The financial report is presented in the Australian currency.

Great Barrier Reef Research Foundation is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Great Barrier Reef Research Foundation
Level 20, 307 Queen Street
BRISBANE QLD 4000

Great Barrier Reef Research Foundation
 Income statement
 For the year ended 31 December 2005

	2005	2004
Revenue	400,053	1,181,907
Notes		
Employee benefits and subcontractor expenses	(265,383)	(285,535)
Grants and donations	(118,303)	(232,037)
Travel and meeting expenses	(66,513)	(36,523)
Occupancy and office administration expenses	(48,486)	(67,878)
Marketing and promotional expenses	(42,621)	(10,528)
Other expenses	(38,639)	(53,420)
Depreciation and amortisation expense	(25,593)	(42,166)
Loss on disposal of fixed assets	(21,581)	(22,642)
Finance costs	(2,902)	(2,971)
Profit/(loss) before income tax	(229,968)	438,307
Income tax expense		
Profit/(loss) attributable to members of Great Barrier Reef Research Foundation	(229,968)	438,307

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

Great Barrier Reef Research Foundation
Balance sheet
As at 31 December 2005

	2005	2004	Notes
ASSETS			
Current assets			
Cash and cash equivalents	131,662	213,159	5
Receivables	10,505	-	6
Other current assets	2,663	2,893	7
Total current assets	<u>144,830</u>	<u>216,052</u>	
Non-current assets			
Property, plant and equipment	38,719	166,177	8
Total non-current assets	<u>38,719</u>	<u>166,177</u>	
Total assets	<u>183,549</u>	<u>382,229</u>	
LIABILITIES			
Current liabilities			
Payables	37,681	8,961	9
Interest bearing liabilities	15,914	6,505	10
Provisions	50,000	58,791	11
Total current liabilities	<u>103,595</u>	<u>74,257</u>	
Non-current liabilities			
Interest bearing liabilities	19,376	17,426	12
Total non-current liabilities	<u>19,376</u>	<u>17,426</u>	
Total liabilities	<u>122,971</u>	<u>91,683</u>	
Net assets	<u>60,578</u>	<u>290,546</u>	
EQUITY			
Reserves	60,578	39,940	13(a)
Retained profits	-	250,606	13(b)
Total equity	<u>60,578</u>	<u>290,546</u>	

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

Great Barrier Reef Research Foundation
Statement of changes in equity
For the year ended 31 December 2005

	2005	2004
Notes	\$	\$
Total equity at the beginning of the financial year	290,546	(147,761)
Profit/(loss) for the year	(229,968)	438,307
Total equity at the end of the financial year	60,578	290,546

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Great Barrier Reef Research Foundation
 Cash flow statement
 For the year ended 31 December 2005

	2005	2004
Cash flows from operating activities		
Donations received	387,814	1,215,798
Employees	(228,446)	-
Grants paid (inclusive of goods and services tax)	(94,886)	-
Payments to suppliers and employees (inclusive of goods and services tax)	(243,954)	(992,135)
Interest received	1,735	1,431
Net cash inflow/(outflow) from operating activities	(177,737)	225,094
16		
Cash flows from investing activities		
Payments for property, plant and equipment (exclusive of goods and services tax)	(4,472)	-
Proceeds from sale of property, plant and equipment (exclusive of goods and services tax)	100,712	-
Net cash inflow/(outflow) from investing activities	96,240	-
5		
Net increase (decrease) in cash and cash equivalents	(81,497)	225,094
Cash and cash equivalents at the beginning of the financial year	213,159	(11,935)
Cash and cash equivalents at end of year	131,662	213,159

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

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1 Summary of significant accounting policies

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

(a) Basis of preparation

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

Statement of Compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with IFRSs ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRSs).

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

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

Financial statements of Great Barrier Reef Research Foundation until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from IFRSs. When preparing Great Barrier Reef Research Foundation 2005 financial statements, management has reviewed certain accounting and valuation methods applied in the AGAAP financial statements to comply with IFRSs. Management can confirm that there are no significant effects to the company's measurement of accounts on the adoption of IFRSs and that the application of IFRSs has resulted in minor amendments to disclosure items only.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Going concern

For the year ended 31 December 2005 the company incurred a deficit of \$229,968 and had a net cash flow outflow of \$81,497. As at 31 December 2005 the company has retained profits of \$60,578. The continuing viability of the company and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent upon the company being successful in generating sufficient additional donations and grants to enable its obligations to be met.

The revenue raising plan is the culmination of effort on a number of fundraising fronts including:

- a) The development of large scale project partnerships with corporate and philanthropic investors with Australian reefs as their focus, such as the Comalco Future Reef project;

- b) The continuation and expansion of the Chairman's Panel program, initially launched in 2005;

- c) Reef levies and donations from resort patronage such as successfully implemented in December 2005 with the Hayman Island Resort;

- d) Government contributions to the Foundation; and

- e) General public and corporate support.

The directors believe that the company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2005. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

1 Summary of significant accounting policies (continued)

(b) Revenue recognition

(i) Donations and grants

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

(ii) Contractual arrangements

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

(c) Government grants

Grants received from the government are recognised as revenue to the extent they have been received into the Foundation's bank account or are entitled to be received by the Foundation at year end.

(d) Income tax

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

(e) Leases

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases (note 8). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 15). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(f) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Property, plant and equipment

Vessel and equipment is shown at fair value, based on periodic review by directors supported by at least triennial valuations by external independent valuers. Other property, plant and equipment is stated at historical cost less depreciation. Depreciation on assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

- Vessel

- Furniture, fittings and equipment

6 years
 2-7 years

Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

1 Summary of significant accounting policies (continued)

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

(j) Provisions

Provisions for legal claims and service warranties are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(k) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(l) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred from the Australian Taxation Office ("ATO") in these circumstances, the GST recognised is part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, and payable to, the ATO is included as a current asset or liability in the Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

2 Revenue

	2005	2004
Grants received	105,000	50,000
Donations - Foundation Benefactor	100,000	340,000
Donations - General	44,321	246,165
Donation - Chairman's Panel	96,000	-
Donations - Chairman's Panel Membership	8,795	-
Donations - Cause Related Marketing	43,077	104,407
Donations - Tropical Marine Network	-	200,000
Scholarships/prizes	1,125	-
Vessel hire	-	239,903
Interest income	1,735	1,432
	<u>400,053</u>	<u>1,181,907</u>

3 Correction of error and revision of estimates

(a) Expenditure for office equipment and computer rental expenses disclosed as occupancy and office administration expenses was overstated in the income statement for the year ended 31 December 2004 by \$1,916 due to leases for equipment not being capitalised during the year. Depreciation expense was also understated by \$876 and borrowing costs by \$227. This error had the effect of understating gross property, plant and equipment at cost by \$25,619, accumulated depreciation by \$876 and total assets by \$24,743, the corresponding lease liability was understated by \$23,931, and retained profits and total equity by \$813 as at 31 December 2004. The error had the net effect of understating profit by \$813 for the year ended 31 December 2004.

(b) A provision for employee remuneration in relation to the 2004 financial year was not taken up as at 31 December 2004. This error had the effect of understating the employee benefits expense by \$50,000, total liabilities by \$50,000, and retained profits and total equity by \$50,000 as at 31 December 2004. The error had the effect of overstating profit by \$50,000 for the year ended 31 December 2004.

(c) An adjustment was also made to increase grants paid by \$5,682, scholarships by \$9,092 and grants received by \$4,546 with the corresponding increase in GST payable of \$10,228 as a result of net GST claimed in error on these expenses and receipts during the year ended 31 December 2004. The error had the net effect of overstating profit by \$10,228, total retained earnings by \$10,228 and total liabilities by \$10,228.

The errors have been corrected by restating each of the affected financial statement line items for the prior year, as described above.

4 Expenses

	2005	2004
Profit before income tax includes the following specific expenses:		
Depreciation	25,593	42,166
Plant and equipment	25,593	42,166
Total depreciation	<u>25,593</u>	<u>42,166</u>
Finance costs - net	2,902	2,971
Interest and finance charges paid/payable	2,902	2,971
Finance costs expensed	<u>2,902</u>	<u>2,971</u>

4 Expenses (continued)

	2005	2004
Rental expense	23,848	33,280
Rent expense	23,848	33,280
Total rental expense	23,848	33,280
Disposal of assets	21,581	22,542
Loss on disposal of asset	21,581	22,542
Total disposal of assets	21,581	22,542

5 Current assets - Cash and cash equivalents

	2005	2004
Operating account	110,035	211,917
Public fund account	21,627	1,242
	131,662	213,159

Public fund monies
 The Foundation is registered as an Environmental Organisation under legislative requirements in the Income Tax Assessment Act. One of the mandatory constitutional requirements of environmental organisations includes the establishment and maintenance of a public fund.
 - to which gifts of money or property for its principle purpose are to be made; and
 - to which any money received because of such gifts is to be credited; and
 - that does not receive any other money or property.
 The release of monies from the public fund account and the management of, and sale of, public fund assets must be authorised by the fund's management committee.

6 Current assets - Receivables

	2005	2004
Donations receivable - Cause related marketing	10,505	-
	10,505	-

7 Current assets - Other current assets

	2005	2004
Deposits paid	1,993	1,993
Investments	670	900
Repayments	2,663	2,893
	<u>5,326</u>	<u>5,786</u>

8 Non-current assets - Property, plant and equipment

	2005	2004
Year ended 31 December 2004		
Opening net book amount	40,254	318,251
Revaluation decrement	-	(111,310)
Additions	1,585	27,204
Disposals	(26,678)	(26,678)
Depreciation charge	(8,727)	(41,290)
Closing net book amount	6,434	166,177
At 31 December 2004		
Cost	37,243	314,357
Accumulated depreciation	(30,809)	(148,180)
Net book amount	6,434	166,177
Year ended 31 December 2005		
Opening net book amount	6,434	166,177
Additions	4,473	20,429
Disposals	(609)	(122,294)
Depreciation charge	(3,953)	(25,593)
Closing net book amount	6,345	38,719
At 31 December 2005		
Cost	24,389	65,964
Accumulated depreciation	(18,044)	(27,245)
Net book amount	6,345	38,719

9 Current liabilities - Payables

Trade payables	6,820	10,698
Accrued expenses	8,250	-
Goods and services tax (GST) payable	5,855	(5,490)
Other payables	16,756	3,753
	<u>37,681</u>	<u>8,961</u>
	\$	\$
	2005	2004

10 Current liabilities - Interest bearing liabilities

Secured		
NAB Business Visa card	5,292	
Lease liabilities (note 15)	10,622	6,505
Total secured current interest bearing borrowings	<u>15,914</u>	<u>6,505</u>
Total current interest bearing borrowings	15,914	6,505
	\$	\$
	2005	2004

11 Current liabilities - Provisions

Provision for employee benefits	50,000	58,791
	<u>50,000</u>	<u>58,791</u>
	\$	\$
	2005	2004

Employee numbers
 Number of employees at reporting date was 2 (2004: 2)

12 Non-current liabilities - Interest bearing liabilities

Lease liabilities (note 15)	19,376	17,426
Total non-current interest bearing liabilities	<u>19,376</u>	<u>17,426</u>
	\$	\$
	2005	2004

13 Reserves and retained profits

	2005	2004
(a) Reserves		
Property, plant and equipment revaluation reserve	39,940	39,940

Movements:

	2005	2004
Movements in the asset revaluation reserve were as follows:		
Balance 1 January	39,940	151,251
Transfer to retained earnings	(39,940)	
Revaluation decrement		(111,311)
Balance 31 December		39,940

(b) Retained profits

Movements in retained profits were as follows:

	2005	2004
Balance 1 January	250,606	(187,701)
Net profit/(loss) for the year	(229,968)	438,307
Net increase from Asset Revaluation Reserve	39,940	
Balance 31 December	60,578	250,606

14 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the company, and its related practices:

	2005	2004
Audit and review of financial reports and other audit work under the Corporations Act 2001	7,500	4,263
Total remuneration for audit services	7,500	4,263

	2005	2004
Commitments in relation to leases on the Foundation's premises at the reporting date but not recognised as liabilities, payable:		
Within one year	34,596	30,097
Later than one year but not later than five years	128,339	162,936
Later than five years		
Representing:		
Cancellable operating leases	162,935	193,033
Non-cancellable operating leases		
Future finance charges on finance leases	162,935	193,033

The above commitments for Comalco - Future Reef Project will be matched with grants receivable from Comalco.

	2005	2004
Sponge aquaculture	50,000	100,000
Within one year	50,000	100,000
ARC linkage	10,000	10,000
Payable:		
Within one year	10,000	10,000
Later than one year but not later than five years	10,000	20,000
CRC - Inukandji	-	57,553
Payable:		
Within one year	-	15,774
Later than one year but not later than five years	-	73,327
Comalco - Future Reef project	200,000	-
Payable:		
Within one year	200,000	-
Later than one year but not later than five years	600,000	800,000

(a) Capital and other commitments
Expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

15 Commitments

2005	2004
\$ 15,956	\$ 25,619
\$ 15,956	\$ 25,619

Acquisition of plant and equipment by means of finance leases

17 Non-cash investing and financing activities

2005	2004
\$ (229,968)	\$ 438,307
\$ 25,593	\$ 42,166
\$ 21,581	\$ 22,542
\$ (670)	\$ (2,933)
\$ 900	\$ -
\$ (10,505)	\$ 34,264
\$ 22,667	\$ (20,355)
\$ (9,889)	\$ 23,931
\$ 11,345	\$ -
\$ (8,791)	\$ (371,619)
\$ (177,737)	\$ 58,791
\$ (177,737)	\$ 225,094

Profit for the year
 Depreciation and amortisation
 Net (gain) loss on sale of non-current assets
 (Increase) decrease in other current assets
 Decrease (increase) in prepayments
 Decrease (increase) in investments
 Decrease (increase) in donations receivable
 Increase (decrease) in trade and sundry creditors
 Increase (decrease) in lease liabilities
 Increase in goods and services tax (GST) payable
 Increase (decrease) in other payables
 Increase (decrease) in other provisions
 Net cash inflow from operating activities

16 Reconciliation of profit after income tax to net cash inflow from operating activities

The weighted average interest rate implicit in the leases is 5.5% (2004: 5.5%).

2005	2004
\$ 12,256	\$ 7,659
\$ 20,676	\$ 19,388
\$ 32,932	\$ 27,047
\$ (2,934)	\$ (3,116)
\$ 29,998	\$ 23,931
\$ 10,622	\$ 6,505
\$ 19,376	\$ 17,426
\$ 29,998	\$ 23,931

Commitments in relation to finance leases are payable as follows:

Within one year
 Later than one year but not later than five years
 Minimum lease payments

Future finance charges
 Recognised as a liability

Representing lease liabilities:

Current (note 10)
 Non-current (note 12)

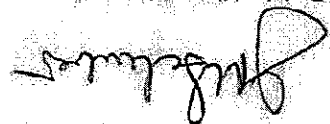
15 Commitments (continued)

Great Barrier Reef Research Foundation
Directors' declaration
31 December 2005

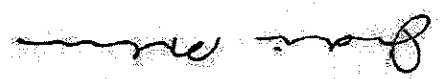
In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 20 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors



Dr John Michael Schubert
Director



Judith Ann Stewart
Managing Director

Brisbane
March 2006

**Independent audit report to the
members of Great Barrier Reef Research
Foundation**

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Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, a summary of significant accounting policies and other explanatory notes and the directors' declaration for Great Barrier Reef Research Foundation, for the financial year ended 31 December 2005 as set out on pages 6 to 21.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial 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 have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance 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 controls, 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 form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and 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.

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

Deloitte.

Audit Opinion

In our opinion, the financial report of Great Barrier Reef Research Foundation is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 31 December 2005 and of its performance for the year ended on that date; and

(b) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

Deloitte Touche

DELOITTE TOUCHE TOHMATSU

M. G. Sheerin

M G Sheerin

Partner

Chartered Accountants
Brisbane, 22 March 2006