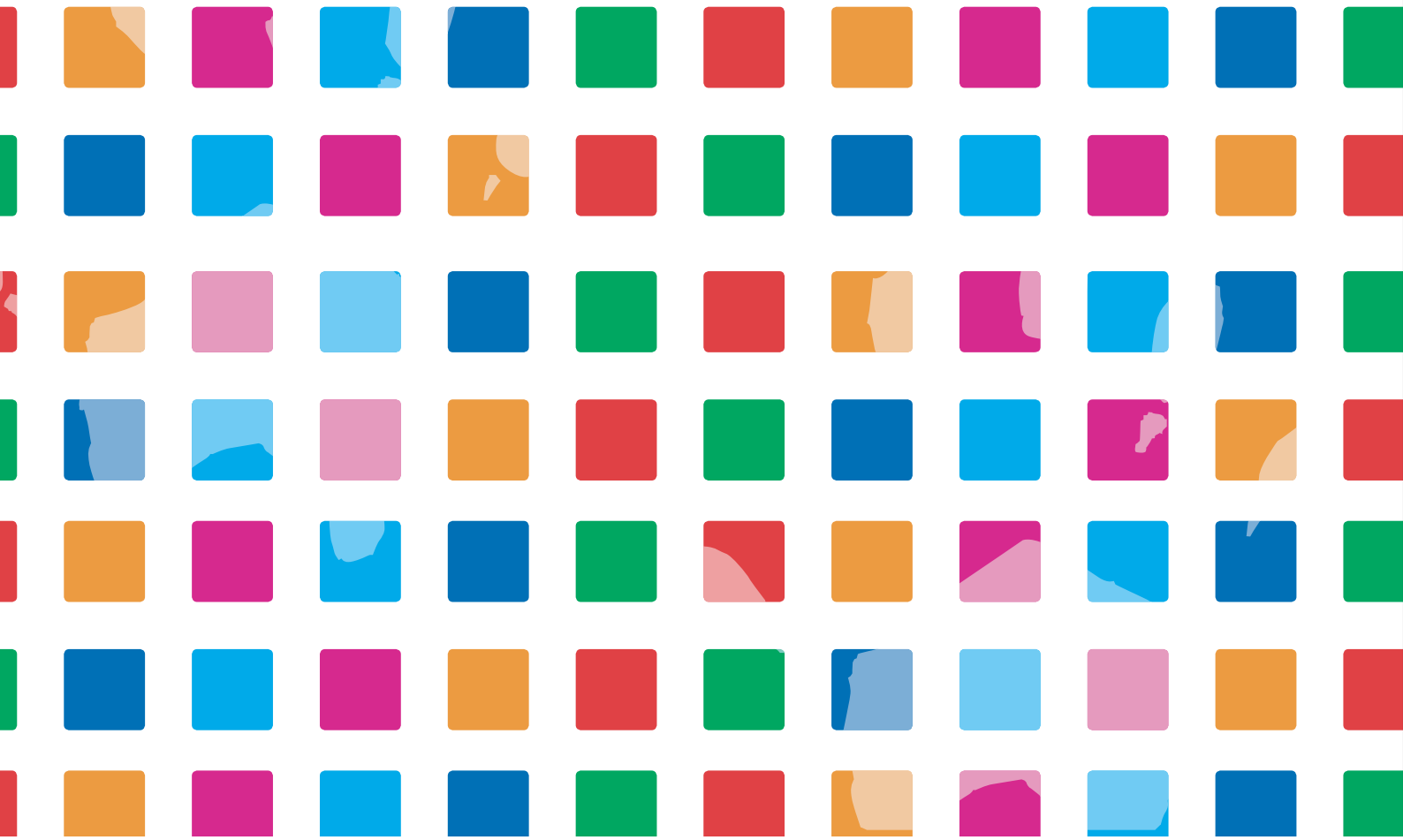




the spastic centre

Annual Report 2007



thank you

The Spastic Centre gratefully acknowledges the support of all those who donated in many ways – from the smallest coin to the largest cheque.

We appreciate the support we receive and extend our heartfelt thanks to all our many donors and sponsors.

Listed on our website ... www.thespasticcentre.com.au/sponsors ... are those who donated and sponsored The Spastic Centre throughout 2006-2007.

The Spastic Centre
For people with cerebral palsy
Building Futures

(Mission Statement)





president's report

Marelle Thornton, AM -
President of the Spastic Centre and
Chairman of the Board of Directors

On behalf of the Board of Directors of The Spastic Centre of New South Wales and its subsidiary companies, it is my pleasure to present the Annual Report and to highlight the activities of the organisation for the financial year 2006-2007.

The implementation of many new initiatives, considerable growth and further consolidation of The Spastic Centre's overall sound financial position have been key features of a very busy and exciting year.

The momentum created throughout 2006-2007 will be carried forward into The Centre's Strategic Plan for 2007-2010, which was approved by the Board in June 2007. In a climate of expected increases in demand and an ever-growing emphasis on community-building and social connection, our major goal during the next three years will be to ensure that our service set and service models remain contemporary and creative.

Secondly, we have set ourselves the task of maintaining The Spastic Centre's strong and influential position within the community and disability sector.

Our desire to support research into cure and prevention of cerebral palsy is reflected in our Plan's third goal and aims to position The Spastic Centre as a leading player in global efforts to find answers to some of the most complex questions around cerebral palsy.

Full details of the 2007-2010 Strategic Plan, and other information which you will find both useful and informative, are available by accessing The Spastic Centre's website at

http://www.thespasticcentre.org.au/services/about_tsc/strategicplans/index.htm

The Centre's financial performance was again very solid, recording an operating surplus of \$9.4 million (\$1.1 million:2005-2006). This result was due largely to a most generous bequest of approximately \$2.8 million from the estate of the late Thomas Morgan, the receipt of approximately \$3.3 million from the sale of underutilised land adjoining the Stuart Centre at Croudace Bay and a healthy return on our portfolio of managed investments. As well, it is pleasing to report the recovery of a \$700,000 debt incurred in the financial year 2005-2006 and owed to The Centre from a company in liquidation.

Under the guidance and stewardship of the Finance and Audit Committee chaired by Vice-President, Mark Bryant, and in addition to the approved budget for 2007-2008, the Board resolved that a \$1 million package from this surplus be applied directly to support a number of new initiatives identified in our 2007-2010 Strategic Plan. Such initiatives will include demonstration pilots in the areas of respite, recreation, sports and leisure and the ever-expanding virtual media formats. This package of money will allow us to explore new service models and place us in an influential position for the adoption of such practices by government and other service providers.

In addition it should be noted that a substantial portion of the surplus funds was allocated to The Spastic Centre Program Investment Fund. Interest and dividends from the Fund will be applied to our annual recurrent operating budget.

During the year, a major decision was made by the Board to approve in principle, a significant upgrade at Allambie Heights with the establishment of a new Cerebral Palsy Centre. This decision was taken as a consequence of having secured a 90 year Lease, generously provided by the NSW Department of Lands to The Spastic Centre in respect of its tenure at Allambie Heights.



The Spastic Centre For people with cerebral palsy Building Futures

The need for a major facility upgrade was illuminated in The Centre's strategic planning process which identified that existing buildings and facilities at Allambie Heights, initially constructed in 1957, now incur very high maintenance costs and to a large extent, limit the programs and services we can offer to our clients. The proposed redevelopment will be a natural extension of the ongoing rejuvenation of our organisation's facilities and will ensure that The Centre continues to provide well developed care and support services into the future.

A planned second stage of the proposed Allambie Heights redevelopment will consist of eco-designed independent living units for the aged and people with disabilities, and a new Community Centre to be shared by both The Centre and the residents.

This year also saw the launch of the truly inspirational story of The Spastic Centre's founders. All members are encouraged to obtain the online version of Neil McLeod's account of the first forty years of the growth and development of The Centre, entitled "Nothing is Impossible". The online version is available for members at

http://www.thespasticcentre.org.au/services/about_tsc/history/Nothing-is-impossible/index.htm

As always, many special people deserve The Spastic Centre's heartfelt gratitude and public acknowledgement.

Thank you to our Goodwill Ambassador, The Hon John Dowd AO QC, and our Patron in the Australian Capital Territory, The Hon Margaret Reid AO for continuing to provide invaluable support to the cause of children and adults with cerebral palsy and their families in NSW and ACT. We are extremely appreciative of their time, energy and encouragement.

Thank you to the Chairman of The Cerebral Palsy Foundation Bill Bartlett and the Governors of The Foundation. Their drive, enthusiasm and outreach have been outstanding and are pivotal to the achievement of The Foundation's targets and goals.

Thank you to our individual and corporate supporters whose generosity and practical assistance serve to enhance much of the work of The Centre which is essential to our clients and families.

The giving and loyalty of our extraordinary donors, sponsors, benefactors, volunteers and supporters are amazing, and each year their vital contribution to our endeavours exceeds our every expectation.

Thank you also to our State and Federal government funding providers and service partners, notably, the Australian Federal Government's Department of Families,



Community Services and Indigenous Affairs, Department of Employment and Workplace Relations and Department of Education, Science and Training and the NSW State Government's Department of Ageing, Disability and Home Care, Department of Health and Department of Education and Training.

In particular, The Centre extends special appreciation to the Premier of NSW, The Hon Morris Iemma and his respective Ministers and Directors-General for the opportunity to work collaboratively in planning and implementing services across the State for the betterment of people with cerebral palsy and their families.

Congratulations and sincere thanks go to our Chief Executive Officer, Rob White and his hard working, talented management team and their staff. Rob's skill, buoyancy, optimism and drive distinguish him among his peers, and his strong leadership continues to motivate and inspire others in building an organisation of dimension and influence.

Finally, I salute my esteemed colleagues on the Board of Directors. Their passion, skills and total commitment to the effective governance of a complex organisation like The Spastic Centre, are second to none.

Marelle Thornton AM
President



highlights

of 2006-2007



NEW SERVICES FOR CLIENTS

■ The Mittiga Centre, Kingswood was completed with a capital grant from the Department of Education, Science and Training. The project was also generously supported by The Italian Affair Committee and the University of Western Sydney. The Mittiga Centre will allow for a greater range of services offered to children and families in the Nepean and Lower Blue Mountains regions.

■ Kristina Keneally, MP, Minister for Ageing, Minister for Disability Services increased our Twenty/20 equipment fund for children with a \$200,000 contribution.

■ The Spastic Centre was successful in securing funds through the Department of Ageing, Disability and Home Care (DADHC) *Stronger Together* program. As a result, 10 new therapists were recruited to work across our Sydney metropolitan, rural and regional services. This funding will allow us to support over 300 additional children and adults.

■ The Department of Families, Community Services & Indigenous Affairs funding helped expand our support group network for families in the *My Time* program. Groups commenced in Orange, Nowra, Moruya, Lake Macquarie and Muswellbrook.

■ Recurrent DADHC funding was used to establish a centre-based respite service for children and young people on the Northern Beaches. The service will offer 31 places, operate on weekends, and provide holiday programs.

■ One-off DADHC funding was received to roll out a state-wide strategy for early childhood intervention over the next 18-24 months. This will reach over 900 families with children who have CP, aged 6 years and under.

■ The Department of Families, Community Services & Indigenous Affairs assisted Business Services to implement strategies to increase sales and improve profitability. Our Business Services support 163 employees with disabilities.

■ Intensive Family Support Services were established in South West Sydney to support Culturally and Linguistically Diverse families; in the Hunter region; on the Central Coast; in South East Sydney, and in South West Sydney in partnership with Burnside.

■ *Making Links* began in the South and West Sydney region focusing on the Vietnamese and Arabic communities. The *Making Links* project partners The Spastic Centre and Multi-Cultural Disability Advocacy Association. The project develops relationships with Culturally and Linguistically Diverse Communities to influence attitudes and beliefs about disability within specific cultural groups.

■ A partnership was developed with the NSW Oral Health Service to ensure effective and accessible dental health services for people with disabilities. Several clinics were held, and an agreement reached with Mona Vale Hospital for the use of their theatre for dental treatments.

CORPORATE AND COMMUNITY PARTNERSHIPS

■ Our partnership with Macquarie Bank resulted in tangible benefits for many children through the provision of equipment. Our annual Twenty/20 Challenge raised over \$250,000. This was generously matched by the Macquarie Bank Foundation resulting in a total of \$500,000. Our sincere thanks go to the Macquarie Bank Foundation, and to bank staff for significant personal contributions.

■ The Prime Minister's Award for a community-business partnership recognised our long-standing and highly successful partnership with ING. The ING Centre for Conductive Education has been the cornerstone of the partnership. Activities have now broadened to include The ING Ignition Youth Mentoring program, staff volunteering for facilities maintenance and pro bono financial planning advice for families.

■ Perpetual generously donated \$50,000 to continue the *FamilyCare* program and extend the program into rural NSW. The program supports parents with future planning for their son or daughter with a disability.

■ KPMG funding supported employment forums for young people in rural areas.

■ Aristocrat generously donated \$50,000 for the development of children's sporting programs.

■ The Commonwealth Bank's grant of \$10,000 established the *Tweenys' Tuck Shop* pilot in the Central West of NSW, focusing on nutrition and healthy eating for children.

■ The generosity of Trust Company provided 106 beautiful flags flying prominently in the CBD for CP Awareness Week. Trust also supported the launch of CP Awareness Week at the Museum of Contemporary Art and our Perspectives in Print Exhibition, Taronga Park Zoo.

■ The 2006 Christmas Carnival was generously supported by ING, Macquarie Bank, KPMG, John Ferrarin from WT Partnership, Hasbro Aust Ltd and many other local businesses. Over 400 children, parents, grandparents and staff enjoyed a fabulous fun day at the North East Children's Services Ryde site.





■ It was a record year for fundraising with outstanding results achieved by the CBD Golf Escape! sponsored by Sydney City Toyota, Might and Power Gala Race Day, Italian Affair Committee and the Col Crawford Golf Day.

■ The *Kick a Goal for Kids* fundraising campaign which featured seven year old Alex Graham and sports journalist Peter FitzSimons was an outstanding success, raising over \$354,000.

■ *Lend a Helping Hand* Volunteer Program celebrated its 5th anniversary. There are now over 1,000 volunteers on our database, providing 23,000 hours of service throughout the year.

■ KPMG volunteers generously hosted a picnic day with a 'Wild West' theme for families in South West Sydney.

■ Our partnership with ClubsACT has supported children's services in the ACT for over six years, with an annual sponsorship of \$120,000. This provides equipment, therapy services and programs to families of children with cerebral palsy and associated conditions. The partnership will be renewed in 2007 for another three years.

■ *Just Like You!*, our Disability Awareness program for primary school students, continues to expand with the support of a dedicated team of volunteers. A total of 640 students have now participated in the program.

■ The *Unlock Your Creativity* program for adults took dramatic expression to a new level at the St Ives and Lifestyles Community Access Services (CAS). This project received funding from the Sydney City Council and Arts Council of NSW, and was promoted on the ABC 7.30 Report.

■ The generosity of Sandy Parsonage AM, Rob Parsonage and the Grevillea Group refurbished the Castle Hill and Chester Hill respite services.

■ Access to services for families in South Eastern Sydney was improved with the completion of stage one of the development at the Penshurst site.

■ Dubbo's beautiful premises were completed through the generosity of Sargents Charity Foundation, and will enhance our services to children and families living in the Orana and Far West region of NSW.

■ Our Stuart Centre, Hunter region was significantly upgraded from the proceeds of the site's land sale.

■ Manly Community Access Service (CAS) clients continued to excel in the field of Boccia, holding five national titles.

CP INSTITUTE AND CP FOUNDATION

■ The CP Institute in NSW expanded its activities with the launch of the Australian CP Register by Professor Fiona Stanley AC. The Australian CP Register is now the largest research database in the world and the CP Institute has been appointed the national leader of this initiative.

■ CP Institute staff were invited to speak at 19 national and international conferences.

■ The Research and Ethics Committees approved a total of 21 research projects in the spheres of intervention and prevention research.

■ The CP Foundation and the National Health and Medical Research Council (NHMRC) formed a partnership to co-fund researchers in the field of cerebral palsy. This partnership effectively doubles the number of researcher grants offered, which will double the impact of our contributions.

■ The CP Institute awarded \$230,000 in CP Foundation grants plus an additional \$55,000 in scholarships co-funded with NHMRC in the first year of the Research Grants Program.

ACKNOWLEDGEMENTS

■ The Macquarie University VOICE project results identified The Spastic Centre in the top 5% of Australian organisations for employee job satisfaction.

■ The Spastic Centre received the following awards and citations in acknowledgement for its achievement in HR:

- National Finalist in the *IPAC HR Champion CEO Award Category* – recognising the CEO for his contribution to HR management and successfully driving HR strategy.
- State Winner and National Finalist in the *AHRI People Management Medium Enterprise and/or NFP Sector Category* – recognising The Spastic Centre's people management initiatives and implementation processes which delivered outstanding outcomes at both an organisational and employee level.
- Commended citation in the *EOWA Annual Business Achievement Award for Outstanding Initiative/Result for the Advancement of Women Category* – recognising The Spastic Centre's initiative in partnering with Australian Volunteers International to offer professional development opportunities through its overseas programs.
- Citation as *EOWA Employer of Choice for 2007* – one of only 152 organisations across Australia to receive this citation.



directors' report

The Directors present their report together with the financial report of The Spastic Centre of New South Wales (“the Company”) and the consolidated financial report of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2007 and the auditor’s report thereon.



Cain Beckett



Neroli Best



Mark Bryant



Bob Miller



John Morgan

The Board of Directors

The Directors of the Company who held a position at any time during or since the end of the financial year are:

CAIN BECKETT, BEC, MINTS, GAICD

Mr Beckett has been a member of the Board of Directors since November 2003.

Mr Beckett is the Chairman of the Research Committee and the Ethics Committee. He is also a member of the Finance and Audit Committee, the Property and Equipment Committee, the Human Resources Committee and the Services Committee.

Mr Beckett is currently employed as the Senior Manager responsible for Strategy & Project Delivery with Perpetual Corporate Trust and for over ten years prior to this was a successful management and technology consultant.

Mr Beckett represents Australia in Archery and is the No. 1 Australian on the current Men’s Paralympic Archery World Ranking.

NEROLI BEST, MBBS, FANZCA, MAICD

Dr Best has been a member of the Board of Directors since June 1994.

Dr Best is a member of the Services Committee, the Research Committee and the Ethics Committee.

Dr Best is a medical practitioner specialising in anaesthesiology and holds appointments at Royal North Shore, Mater Misericordiae and North Shore Private Hospitals.

MARK BRYANT, MA, FCA, MAICD

Mr Bryant has been a member of the Board of Directors since December 1997.

Mr Bryant is Vice-President of The Spastic Centre, Chairman of the Finance and Audit Committee and a member of the Fundraising Committee and the Property and Equipment Committee.

Mr Bryant has 30 years experience in public accounting.

ROBERT (BOB) G. MILLER

Mr Miller has been a member of the Board of Directors since May 1999.

Mr Miller is a member of the Fundraising Committee, the Finance and Audit Committee and the Property and Equipment Committee.

Mr Miller is presently the Principal of Australia Street Consulting Pty Ltd where he advises the automotive industry, advertising agencies, telecommunications companies and others on Marketing. He was previously General Manager – Marketing, Toyota Australia for fifteen years.

Mr Miller teaches postgraduate students in Macquarie University’s Economics and Finance Division.

JOHN MORGAN

Mr Morgan has been a member of the Board of Directors since November 1991.

Mr Morgan is a member of the Services Committee.

Mr Morgan has been employed at The Spastic Centre for the past 45 years. He is an adviser to the Warringah Council Access Committee.

Mr Morgan has served on management committees of outside organisations, including the Disability & Ageing Reference Group and the Physical Disability Council of NSW. Mr Morgan has a keen interest in the area of ageing and its impact on people with a disability

VICTOR NOSSAR, MB, BS (UNSW), FRACP, FAFPHM
Associate Professor Nossar has been a member of the Board of Directors since June 2006.

Associate Professor Nossar is the Associate Dean of the School of Medicine at The University of Notre Dame Australia. As a community paediatrician, he has more than 20 years experience in implementing community-based services to enhance the health and development of children and young people, in Australia and overseas.



The Spastic Centre

For people with cerebral palsy

Building Futures



Victor Nossar



Marelle Thornton, AM



Robin Way



Peter Whitfield



Brian Williamson

Associate Professor Nossar was previously a member of the Board from December 1995 until his relocation to South Australia in December 2002.

MARELLE THORNTON, AM, DIP TEACH, MAICD

Mrs Thornton has been a member of the Board of Directors since October 1983.

Mrs Thornton is President of The Spastic Centre, Chairman of the Board of Directors, Chairman of the Fundraising Committee and a member of the Finance and Audit Committee, the Property and Equipment Committee, the Human Resources Committee and the Services Committee.

Mrs Thornton is a primary school teacher.

ROBIN WAY, M MGT, PHD

Dr Way has been a member of the Board of Directors since November 1995.

Dr Way is Chairman of the Services Committee and a member of the Human Resources Committee. She is the Board's representative on CP Australia, a peak body for organisations in Australia providing services to people with cerebral palsy.

Dr Way is CEO of Community Connections Australia – a non-government organisation providing a range of in home support services to maintain people in their homes wherever possible. She has worked extensively within the disability arena and is a member of the NSW State Committee of National Disability Services (NDS) and Chair of the Centre for Australian Management and Organisations (CACOM) at UTS.

PETER WHITFIELD, BSC, MAICD

Mr Whitfield has been a member of the Board of Directors since November 1997.

Mr Whitfield is the Chairman of the Property and Equipment Committee, and a member of the Finance and Audit Committee, the Fundraising Committee and the Human Resources Committee.

Mr Whitfield initiated the introduction of the Hart Walker to Australia and was instrumental in promoting the Hart Walker program at The Spastic Centre.

Mr Whitfield holds a degree in Maths and Physics and spent eight years as a money-market trader.

Eleven years ago Mr Whitfield left the finance industry to pursue his own business interests. He currently owns a publishing company of quality children's books.

**BRIAN WILLIAMSON, DIP LAW (SAB),
M. COM (DEAKIN),**

Accredited Specialist in Employment & Industrial Law (Law Soc of NSW), MAICD

Mr Williamson joined the Board in December 2002.

Mr Williamson is the Chairman of the Human Resources Committee and is the Board representative on the Enterprise Risk Management Committee.

Mr Williamson is the founder and co-owner of the specialist law firm – Workplace Law – which deals with all aspects of workplace law and specialises in acting for employers.

He holds a Diploma Law (SAB, 1981) and a Masters Degree in Commerce (Deakin 1992). In 1994, Mr Williamson was one of the first five solicitors in NSW to become an Accredited Specialist in Employment & Industrial Law with the Law Society of NSW.

These Directors are all in office at the date of this report.

Company Secretary

The company secretary at the end of the financial year is:

ANTHONY CANNON

BA (ECON), FCIS, CPA, MAICD, M. MGT, M. BUS LAW
Mr Cannon has been employed by The Spastic Centre since 1988 as General Manager – Corporate Services. In 1996 Mr Cannon was appointed Company Secretary. He is secretary to all Board Committees.



directors' report continued

BOARD OF DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Board Members	Board of Directors' Meetings		Finance & Audit Committee Meetings		Human Resources Committee Meetings		Services Committee Meetings		Fundraising Committee Meetings		Property & Equipment Committee Meetings		Research Committee Meetings		Ethics Committee Meetings	
	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended	Number Eligible	Number attended
Mr C. Beckett	9	8	3	2	2	2	3	3			3	2	5	5	6	6
Dr N. Best	9	9					3	3					5	5	6	6
Mr M. B. Bryant	9	9	3	3					2	2	3	3				
Mr R. Miller	9	7	3	2					2	1	3	2				
Mr J. Morgan #	7	4					3	2								
Ass. Prof. Victor Nossar	9	7														
Mrs M. A. Thornton AM	9	9	3	3	2	2	3	3	2	2	3	3				
Dr R. Way	9	4			2	2	3	2								
Mr P. Whitfield	9	8	3	2	2	2			2	1	3	2				
Mr B. Williamson	9	9			2	2										

Denotes leave of absence approved from Board and Committee duties



Board Committees

The Board of The Spastic Centre operates through seven standing committees with delegated authority and terms of reference. The Committees meet throughout the year as the business of each Committee necessitates.

The agenda for Committee meetings is prepared in conjunction with the Chairman of the relevant Committee. Papers and submissions are distributed to Committee members in advance and each Committee is free to invite members of management or others to attend meetings, or take external advice, when considered appropriate.

The purpose and function of these Committees are described below.

FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee enhances the credibility, objectivity and accountability of The Spastic Centre by assisting the Board in discharging its responsibilities in relation to financial management, monitoring and controlling risk, internal control systems and reporting financial information.

The Committee also provides a forum for communication between the Board, senior financial management and the external auditors.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee advises and makes recommendations to the Board on the appointment and remuneration of senior management.

The Committee also advises management in the development, implementation and review of policies in the Human Resources and Industrial Relations areas, including any references from the Board in respect of Human Resources management and Industrial Relations.

SERVICES COMMITTEE

The Services Committee reviews, advises and makes recommendations to the Board on the nature and scope of service practice and delivery within The Spastic Centre.

The Committee also consults widely with stakeholders about effective service delivery so that issues of duty of care, legal liability and service quality are brought to the Board's attention.

FUNDRAISING COMMITTEE

The Fundraising Committee considers opportunities for increasing funds from both existing and new fundraising programs.

The Committee also advises and makes recommendations on the financial viability, ethics and legal aspects of existing and proposed fundraising programs.

PROPERTY AND EQUIPMENT COMMITTEE

The Property and Equipment Committee oversees the effective management of the use, and potential use of the land, buildings and equipment which The Spastic Centre controls.

The Committee evaluates advice about land, buildings or items of equipment used by The Spastic Centre.

RESEARCH COMMITTEE

The Research Committee reviews all initiatives in respect of soliciting research proposals, particularly in areas designated by the Board as having a high priority.

The Committee also considers all submissions regarding research and makes recommendations for approval, where appropriate, to the Ethics Committee.

ETHICS COMMITTEE

The Ethics Committee provides independent scrutiny of all research proposals to ensure that the designated procedures provide for the ethical treatment of participants.

GOVERNANCE

The Company and its controlled entities operate as companies limited by guarantee with the exception of The Cerebral Palsy Foundation Pty Ltd which is a proprietary limited company. The Company is governed by Directors who are elected by the members in a general meeting.

Any member of the Company can stand for election to the Board, if correctly nominated

The Articles of Association limit the number of Directors to a minimum of five and a maximum of ten. Half of the Directors retire each year.

Resolution requirements for general meetings are in accordance with the Corporations Act 2001.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its controlled entities are to provide access to a range of services and facilities to children and adults with cerebral palsy and their families in NSW and the ACT and, where applicable, to people with other disabilities who can benefit from the services offered.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

OPERATING AND FINANCIAL REVIEW

The operating surplus of the consolidated entity for the financial year was \$9,431,265 (2005-2006: \$1,084,468).

The Company is exempt from Income Tax.



directors' report

continued

STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review that are not otherwise disclosed in this report or the financial statements.

ENVIRONMENTAL REGULATION

The consolidated entity's long-term residential, day and respite care activities are subject to environmental regulations under both Commonwealth and State legislation. The consolidated entity aims to achieve a high standard in environmental matters, and the Board believes that adequate systems are in place for the management of its environmental requirements. During the financial year licences were renewed and taken out as and when required by environmental authorities. The Directors have not received notification nor are they aware, of any breaches of environmental requirements as they apply to the consolidated entity.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

DIVIDENDS

The Company and its controlled entities are prohibited by their Constitutions from paying dividends.

LIKELY DEVELOPMENTS

The Directors do not believe it likely that there will be any material changes in the operations of the consolidated entity for the next twelve months.

AUTHORITY TO FUNDRAISE (CFN 10943)

The Spastic Centre of New South Wales has been granted authority to raise funds under the provisions of section 16 of the Charitable Fundraising Act 1991.

That authority remains in force until 1 September 2009.

TAX DEDUCTIBILITY OF DONATIONS

The Spastic Centre and its controlled entities are deductible gift recipients as defined in the Income Tax Assessment Act. Donations of \$2.00 or more are tax deductible in Australia.



DIRECTORS' BENEFITS

The remuneration of Directors is disclosed in Note 20 in the Financial Statements. One Director, Mr J. Morgan, receives remuneration in his capacity as an employee of the Company. Since the end of the previous financial year, no other Director received or became entitled to receive remuneration.

The Board members of The Spastic Centre provide their time and expertise on an entirely voluntary basis and receive no fees, salaries or benefits for the work they undertake on behalf of the Board.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has paid a premium in respect of a contract insuring the Directors and Officers. The Directors have not disclosed the terms of the policy under which the premium was paid, or the identity of the insurer of any limit of liability, as such disclosure is prohibited under the terms of the insurance contract.

LEAD AUDITOR INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 11 and forms part of the Directors' Report for the financial year ended 30 June 2007.

MEMBERS

As at 30 June 2007 there were 520 members (2006: 537 members) of the Company.

The Directors' Report was authorised for issue by the Directors dated at Sydney this 19 September 2007.

M. A. Thornton, AM
Director

M. B. Bryant
Director



Lead Auditor's Independence Declaration

under section 307C of the Corporations Act 2001

To the Directors of The Spastic Centre of New South Wales

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007 there have been:

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



KPMG
Sydney, 19 September 2007

Kathy Ostin, Partner



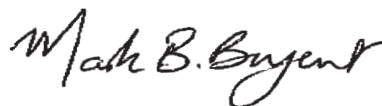
directors' declaration

- 1) In the opinion of The Spastic Centre of New South Wales (the Company):
- a) the financial statements and notes set out on pages 14 to 32, are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a); and
 - c) there are no reasonable grounds to believe that the Company will not be able to pay its debts as and when they become due and payable.
- 2) There are reasonable grounds to believe that the Company and the group entities identified in Note 23 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

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



M. A. Thornton, AM
Director
Sydney, 19 September 2007



M. B. Bryant
Director

declaration by chief executive officer in respect of fundraising appeals



I, Rob White, Chief Executive Officer of The Spastic Centre of New South Wales, declare in my opinion:

- (a) the financial statements give a true and fair view of all income and expenditure of The Spastic Centre of New South Wales with respect to fundraising appeal activities for the financial year ended 30 June 2007;
- (b) the Income Statement gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2007;
- (c) the provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been complied with during the period from 1 July 2006 to 30 June 2007; and
- (d) the internal controls exercised by The Spastic Centre of New South Wales are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Dated at Sydney this 19 September 2007.



Rob White
Chief Executive Officer



Independent Audit Report

to the members of The Spastic Centre of New South Wales

Pursuant to the Corporations Act 2001 and Charitable Fundraising (NSW) Act 1991 and Regulations

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the The Spastic Centre of New South Wales ("the Company") for the financial year ended 30 June 2007, which comprises the balance sheets as at 30 June 2007 and the income statements, statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes 1 to 29 and the directors' declaration of the consolidated entity comprising the Company and the entities it controls at the year's end or from time to time during the financial year.

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 also 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. In note 1, the directors also state, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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 judgement, 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 directors, as well as evaluating the overall presentation of the financial report. We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and of their performance. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ADDITIONAL SCOPE PURSUANT TO THE CHARITABLE FUNDRAISING (NSW) ACT 1991

In addition, our audit report has also been prepared for the members of the Company and the consolidated entity in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991. Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the

Corporations Act 2001. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising (NSW) Act 1991 and Regulations. It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation. The performance of our statutory audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial report. This review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems. The audit opinion expressed in this report pursuant to the Charitable Fundraising (NSW) Act 1991 has been formed on the above basis.

STATEMENT OF CONTINUED INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of The Spastic Centre of New South Wales on 19th September 2007, would be unchanged if provided to the directors as at date of this auditor's report.

AUDITOR'S OPINION PURSUANT TO THE CORPORATIONS ACT 2001

In our opinion, the financial report of The Spastic Centre of New South Wales is in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

AUDIT OPINION PURSUANT TO THE CHARITABLE FUNDRAISING (NSW) ACT 1991

In our opinion:

- a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2007;
- b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2006 to 30 June 2007, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;
- c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2006 to 30 June 2007 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and
- d) there are reasonable grounds to believe that The Spastic Centre of New South Wales will be able to pay its debts as and when they fall due.

KPMG

KPMG
Sydney, 25 September 2007

Kathy Ostin

Kathy Ostin, Partner



balance sheets

as at 30 June 2007

	NOTES	CONSOLIDATED		THE COMPANY	
		2007 \$	2006 \$	2007 \$	2006 \$
CURRENT ASSETS					
Cash and cash equivalents	7	9,910,611	2,353,701	9,823,709	2,285,972
Trade and other receivables	8	2,061,266	1,794,737	2,128,779	1,603,687
Inventories	9	421,388	397,132	421,388	397,132
Assets classified as held for sale	10	–	894,821	–	894,821
TOTAL CURRENT ASSETS		12,393,265	5,440,391	12,373,876	5,181,612
NON-CURRENT ASSETS					
Other investments	11	18,383,717	13,066,284	9,618,931	5,849,944
Property, plant and equipment	12	11,371,074	11,114,963	11,371,074	11,114,963
TOTAL NON-CURRENT ASSETS		29,754,791	24,181,247	20,990,005	16,964,907
TOTAL ASSETS		42,148,056	29,621,638	33,363,881	22,146,519
CURRENT LIABILITIES					
Trade and other payables	13	6,536,256	4,581,180	9,446,542	7,609,165
Employee benefits	14	4,055,911	3,897,390	1,555,073	1,505,736
TOTAL CURRENT LIABILITIES		10,592,167	8,478,570	11,001,615	9,114,900
NON-CURRENT LIABILITIES					
Employee benefits	15	784,712	670,557	362,135	271,308
TOTAL NON-CURRENT LIABILITIES		784,712	670,557	362,135	271,308
TOTAL LIABILITIES		11,376,879	9,149,127	11,363,750	9,386,209
NET ASSETS		30,771,177	20,472,511	22,000,131	12,760,310
EQUITY					
General funds		29,393,470	19,962,205	21,372,456	12,530,602
Asset revaluation reserve	16	1,377,707	510,306	627,675	229,708
TOTAL EQUITY		30,771,177	20,472,511	22,000,131	12,760,310

The Balance Sheets are to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 18 to 32.



income statements

for the year ended 30 June 2007

	NOTES	CONSOLIDATED		THE COMPANY	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue from government funding	4	36,682,482	32,828,694	36,682,482	32,828,694
Revenue from fundraising and bequests		13,345,362	10,950,669	13,345,362	10,950,669
Revenue from rendering of services		5,019,981	3,612,383	5,019,981	3,612,383
Revenue from sale of goods		789,276	638,067	789,276	638,067
Other income		–	–	479,989	–
Financial income – interest		463,005	200,554	429,280	194,016
Financial income – distributions from trusts and dividends		1,319,561	1,247,805	547,022	593,620
Rental income		289,100	378,274	289,100	378,274
Gain on sale of assets held for resale		2,354,096	–	2,354,096	–
Gain on sale of other investments		984,619	205,045	494,959	84,832
Gain on sale of property, plant and equipment		232,061	220,973	232,061	220,973
Total revenue & other income		61,479,543	50,282,464	60,663,608	49,501,528
Accommodation expenses		13,032,566	12,991,898	13,032,566	12,991,898
Individual and family support expenses		14,376,836	12,671,060	14,215,109	12,671,060
Employment services expenses		5,176,081	4,787,195	5,176,081	4,787,195
Community access service expenses		4,647,629	4,504,337	4,647,629	4,504,337
Fundraising expenses		3,496,492	2,956,526	3,496,492	2,956,526
Community education and information		2,531,942	2,106,019	2,531,942	2,106,019
Technical services expenses		1,610,690	1,805,305	1,610,690	1,805,305
Cost of goods sold		541,308	485,459	541,308	485,459
Financial expenses		6,715	9,579	6,715	9,579
Administration expenses		6,628,019	6,880,618	6,563,222	6,825,253
Other expenses		–	–	–	500,000
Total expenses	6	52,048,278	49,197,996	51,821,754	49,642,631
Operating surplus/(deficit) for the year		9,431,265	1,084,468	8,841,854	(141,103)

The Income Statements are to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 18 to 32.



statements of changes in equity

for the year ended 30 June 2007

	CONSOLIDATED			THE COMPANY		
	\$ General Funds	\$ Asset Revaluation Reserve	\$ Total Equity	\$ General Funds	\$ Asset Revaluation Reserve	\$ Total Equity
Opening balance 1 July 2005	18,877,737	192,450	19,070,187	12,671,705	72,650	12,744,355
Net change in fair value of other investments available for sale	-	317,856	317,856	-	157,058	157,058
Total non-profit items recognised directly in equity	-	317,856	317,856	-	157,058	157,058
Operating surplus/(deficit) for the year	1,084,468	-	1,084,468	(141,103)	-	(141,103)
Total recognised income & expenses for the period	1,084,468	-	1,084,468	(141,103)	-	(141,103)
Closing balance 30 June 2006	19,962,205	510,306	20,472,511	12,530,602	229,708	12,760,310
Opening balance 1 July 2006	19,962,205	510,306	20,472,511	12,530,602	229,708	12,760,310
Net change in fair value of other investments available for sale	-	867,401	867,401	-	397,967	397,967
Total non-profit items recognised directly in equity	-	867,401	867,401	-	397,967	397,967
Operating surplus for the year	9,431,265	-	9,431,265	8,841,854	-	8,841,854
Total recognised income & expenses for the period	9,431,265	-	9,431,265	8,841,854	-	8,841,854
Closing balance 30 June 2007	29,393,470	1,377,707	30,771,177	21,372,456	627,675	22,000,131

The Statements of Changes in Equity are to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 18 to 32.



cash flow statements

for the year ended 30 June 2007

	NOTES	CONSOLIDATED		THE COMPANY	
		2007 \$	2006 \$	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		59,814,029	52,508,756	59,772,779	52,467,506
Cash payments to suppliers and employees		(52,698,165)	(50,916,377)	(52,459,176)	(50,909,588)
Net cash from operating activities	26	7,115,864	1,592,379	7,313,603	1,557,918
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		463,005	194,289	429,280	187,752
Distributions from trusts and dividends		1,319,561	1,247,805	547,022	593,620
Payments for property, plant and equipment		(2,692,339)	(3,720,706)	(2,692,339)	(3,720,706)
Payments for other investments		(4,453,281)	(964,115)	(3,374,269)	(165,219)
Payments for developed property held for resale		(48,421)	(38,934)	(48,421)	(38,934)
Proceeds from assets held for sale		3,300,587	–	3,300,587	84,832
Proceeds from sale of other investments		984,619	205,045	494,959	–
Proceeds from sale of property, plant and equipment		1,574,030	2,393,694	1,574,030	2,393,694
Net cash from investing activities		447,761	(682,922)	230,849	(664,961)
CASH FLOWS FROM FINANCING ACTIVITIES					
Financing costs		(6,715)	(9,579)	(6,715)	(9,579)
Net cash from financing activities		(6,715)	(9,579)	(6,715)	(9,579)
Net increase in cash held		7,556,910	899,878	7,537,737	883,378
Cash at the beginning of the financial year		2,353,701	1,453,823	2,285,972	1,402,594
Cash at the end of the financial year	7	9,910,611	2,353,701	9,823,709	2,285,972

The Cash Flow Statements are to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 18 to 32.



financial notes

notes to and forming part of the financial statements for the year ended 30 June 2007

1	Statement of Significant Accounting Policies
2	Segment Reporting
3	Income Tax
4	Government Funding
5	Remuneration of Auditors
6	Expenses
7	Cash and Cash Equivalents
8	Trade and Other Receivables
9	Inventories
10	Assets classified as Held for Sale
11	Other Investments
12	Property, Plant and Equipment
13	Trade and Other Payables
14	Employee Benefits – Current
15	Employee Benefits – Non-Current
16	Asset Revaluation Reserve
17	Financing Facilities
18	Operating Leases
19	Contingent Liabilities
20	Related Party Information
21	Members' Guarantee
22	Company Name
23	Consolidated Entities
24	Economic Dependency
25	Financial Instruments
26	Reconciliation of Cash Flows from Operating Activities
27	Fundraising Appeals conducted during the Financial Period
28	Deed of Cross Guarantee
29	Events Subsequent to Balance Date

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Spastic Centre of New South Wales (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 189 Allambie Road, Allambie Heights, NSW 2100. The consolidated financial statements of the Company for the financial year ended 30 June 2007 comprise the Company and its controlled entities (together referred to as the 'consolidated entity'). The consolidated entity's activities are explained in note 2.

The financial report was authorised for issue by the Directors dated at Sydney on 19 September 2007.

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Company and the consolidated entity also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the Australian Accounting Standards Board.

b) Basis of preparation

The financial report has been prepared in Australian dollars on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report.

The accounting policies have been applied by all entities in the consolidated entity.

In the opinion of the Directors, having regard to the not-for-profit nature of the consolidated entity's business, the terms used in the prescribed format of the income statements are not appropriate. The words "Operating Surplus/(Deficit)" have been substituted for the terms "Net Profit/(Loss)" in the prescribed income statements.

Significant accounting judgements

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.



c) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's financial statements, investments in subsidiaries are carried at cost.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank short-term deposits.

e) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see note 1(o)).

f) Inventories

Inventories are valued at the lower of cost and net realisable value, with net realisable value being the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Cost is based on the first-in first-out principle and includes expenditure incurred in bringing them to their present condition and location.

g) Assets classified as held for sale

Immediately before classification as held for sale, the measurement of the applicable asset is brought up-to-date in accordance with accounting standards. Then, on initial classification as held for sale, assets are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and on any subsequent remeasurement are included in the income statement.

h) Other investments

Other investments comprise investments in equity securities which are classified as being available for sale. Subsequent to initial recognition such investments are shown at fair value, being quoted market prices at reporting date. Changes in the market value other than impairment as described in note 1(o) are recorded in the Asset Revaluation Reserve.

When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement. Financial instruments classified as held for trading or available for sale investments are recognised/derecognised by the consolidated entity on the date it commits to purchase/sell the investments.

i) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The value of in-kind donations is determined by independent valuation at the time of the donation of land and on completion of building works. This independent valuation forms the deemed cost of such donated assets.

The carrying value of all non-current assets is reviewed by the Directors annually. If the carrying value exceeds the remaining service potential, the asset is written down to the lower amount. The service potential is primarily related to the provision of goods and services to adults and children with cerebral palsy and their families within New South Wales and the ACT.

Subsequent costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

Depreciation and amortisation

Items of property, plant and equipment, including buildings, leasehold improvements and motor vehicles, but excluding freehold land, are depreciated over their estimated useful lives using the straight line method. Assets are depreciated from the date of acquisition.

In respect of assets under construction depreciated commences from the date the asset is ready for use.

Depreciation rates used for each class of asset, for the current and previous years, are as follows:

	2007	2006
Buildings	4%	4%
Crown Land Improvements	4%	4%
Plant and equipment	15-25%	15-25%
Motor Vehicles	15-20%	15-20%



financial notes

notes to and forming part of the financial statements for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ... continued

The residual value, the useful life and the depreciation method applied to an asset are reassessed at the reporting date.

Land and buildings are independently valued every three years (see note 12). Where the carrying amount of an asset or its cash generating unit exceeds the valuation, the difference is taken as a charge to the income statement.

j) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled within usual trading terms.

k) Employee benefits

Defined contribution superannuation funds

Obligations for contributions to defined contribution funds are recognised as an expense in the income statement as incurred.

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

Long term service benefits

The consolidated entity's net obligation in respect of long-term service benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wages and salary rates including related on-costs and expected settlement dates.

l) Revenue and Income

Total revenue is recognised at the fair value of the consideration received net of the amount of goods and services tax.

Government funding

Government grant revenue is recognised when there is reasonable assurance that the entity will comply with the conditions attached to them and the grant will be received.

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal.

Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled.

Revenue from non-reciprocal grants is recognised when received.

Fundraising and bequests

Donations and legacies are accounted for on a cash basis. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares at the date the company becomes legally entitled to the shares or property.

Donations received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal.

Such donations are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled.

Revenue from non-reciprocal donations is recognised when received.

Rendering of services

Revenue from rendering of services is recognised in the period in which the service is provided having regard to the stage of completion of the transaction.

Sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership have been transferred to the buyer.

Assets sales

The gain or loss on disposal of all non-current assets and listed equity securities available for sale is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposals.

Financial income

Interest income is recognised as it accrues. Dividend income is recognised on the date the consolidated entity's right to receive payments is established, which in the case of equity securities is the ex-dividend date.

Financial income is separately recognised in the income statement.

Rental income

Rental income is recognised in the income statement on a straight line basis over the life of the lease.

m) Volunteer workers

No monetary value has been attributed to the valuable services provided by the many volunteer workers.

n) 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 is not recoverable from the Australian Taxation Office (ATO).



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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the 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 and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

o) Impairment

The carrying amounts of the consolidated entity's assets other than inventories are reviewed at each balance date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated with any impairment loss being recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess being recognised through the income statement.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. An impairment loss in respect of listed equity security available for sale is calculated by reference to its current fair value.

p) Expenses

Operating lease payments

The company has entered into leases of premises, motor vehicles and office equipment as disclosed in Note 18.

Management has determined that all the risks and rewards of ownership of these premises, vehicles and equipment remain with the lessor and has therefore classified the leases as operating leases.

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

Financial expenses

Financial expenses represent interest relating to interest-bearing liabilities and bank overdraft.

Financial expenses are recognised using the effective interest rate method.

q) Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the consolidated entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party; or
- the consolidated entity has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

r) Non-current assets held for sale

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable accounting standards. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in the income statement, even when there is a revaluation.

The same applies to gains and losses on subsequent remeasurement.

2. SEGMENT REPORTING

The consolidated entity operates predominantly in one industry. The principal activities are to provide access to a range of services and facilities to children and adults with cerebral palsy and their families in NSW and the ACT and, where applicable, to other people with disabilities who can benefit from the services offered.

3. INCOME TAX

No income tax is payable by the consolidated entity as Section 50-5 of the Income Tax Assessment Act 1997 exempts recognised Charitable Institutions from Income Tax. The Spastic Centre and its controlled entities are deductible gift recipients as defined in the Income Tax Assessment Act.



financial notes

notes to and forming part of the financial statements for the year ended 30 June 2007

	CONSOLIDATED		THE COMPANY	
	2007 \$	2006 \$	2007 \$	2006 \$
4. GOVERNMENT FUNDING				
The following Government support is included under Government funding:				
Commonwealth Government				
Department of Families and Community Services and Indigenous Affairs	2,946,218	2,781,903	2,946,218	2,781,903
Department of Employment and Workplace Relations	1,707,289	1,733,769	1,707,289	1,733,769
Department of Education, Science and Training	700,403	107,373	700,403	107,373
	5,353,910	4,623,045	5,353,910	4,623,045
NSW Government				
Department of Ageing, Disability and Home Care	30,357,149	27,180,567	30,357,149	27,180,567
Health Department	581,454	610,254	581,454	610,254
Department of Education and Training	389,969	414,828	389,969	414,828
	31,328,572	28,205,649	31,328,572	28,205,649
Total Government funding	36,682,482	32,828,694	36,682,482	32,828,694
5. REMUNERATION OF AUDITORS				
Audit services				
Auditors of the Company – KPMG Australia				
Audit and review of the financial report	79,700	77,550	79,700	77,550
Other regulatory audit services	12,800	10,300	12,800	10,300
Conversion to AIFRS	–	22,400	–	22,400
	92,500	110,250	92,500	110,250
Other services				
Other assurance services – KPMG Australia	–	15,000	–	15,000
	92,500	125,250	92,500	125,250
6 EXPENSES				
Expenses include the following items:				
Depreciation of property, plant and equipment	1,094,259	1,239,523	1,094,259	1,239,523
Impairment of trade and other receivables	21,466	626,817	21,466	626,817
Employee benefits expense (includes payments to defined contribution superannuation funds of \$2,467,682 (2006 \$2,321,653))	5,217,667	4,868,985	1,533,425	1,411,153
Rental expense on operating leases	1,754,188	1,586,711	1,754,188	1,586,711
Financial expenses – Interest expense	6,715	9,579	6,715	9,579
Donation to The Cerebral Palsy Foundation	–	–	–	500,000

The Cerebral Palsy Foundation is wholly controlled by The Spastic Centre of New South Wales, and acts as a fundraising vehicle to underpin the activities of The Spastic Centre.

The impairment loss recorded in the prior year of \$651,009 (resulting from the entry into administration of a debtor of the consolidated entity) was recovered during the current year.



CURRENT ASSETS

7. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		THE COMPANY	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash	3,348,381	403,701	3,261,479	335,972
Short-term bank deposits	6,562,230	1,950,000	6,562,230	1,950,000
	9,910,611	2,353,701	9,823,709	2,285,972

Short-term bank deposits are at call, paying interest at 30 June of 6.15% (2006: 5.50%).

8. TRADE AND OTHER RECEIVABLES

Trade receivables	753,004	541,370	753,004	541,370
Other receivables and prepayments	1,308,262	1,253,367	1,165,613	1,062,317
Other receivables from wholly-owned subsidiaries	–	–	210,162	–
	2,061,266	1,794,737	2,128,779	1,603,687

Trade receivables are shown net of impairment losses for non collections of \$40,754 (2006: \$19,288).

Other receivables and prepayments are shown net of impairment losses of \$0 (2006: \$651,009) resulting from the entry into administration of a debtor of the consolidated entity.

9. INVENTORIES

Non-manufacturing stores	421,388	397,132	421,388	397,132
--------------------------	---------	---------	---------	---------

10. ASSETS CLASSIFIED AS HELD FOR SALE

Developed property held for resale	–	894,821	–	894,821
------------------------------------	---	---------	---	---------

Land held for sale in the prior year was disposed of during the current year for \$3,300,587, realising a net gain of \$2,354,096.

11. OTHER INVESTMENTS

Listed equity securities available for sale	18,383,717	13,066,284	9,618,929	5,849,942
Investments in subsidiaries	–	–	2	2
	18,383,717	13,066,284	9,618,931	5,849,944

Listed equity securities available for sale are carried at fair value being the quoted market price at reporting date. Macquarie Private Portfolio Management Limited invests funds on behalf of the consolidated entity in Australian shares, property trusts and investment trusts.



financial notes

notes to and forming part of the financial statements for the year ended 30 June 2007

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Improvements to Crown Land	Plant and Equipment	Motor Vehicles	Capital Works in Progress	Total
Cost							
At 1 July 2005	2,899,893	5,275,916	3,165,182	731,668	3,722,168	316,240	16,111,067
Acquisitions	110,000	632,448	–	16,661	2,572,844	388,753	3,720,706
Disposals	–	–	–	(101,698)	(2,817,465)	–	(2,919,163)
at 30 June 2006	3,009,893	5,908,364	3,165,182	646,631	3,477,547	704,993	16,912,610
At 1 July 2006	3,009,893	5,908,364	3,165,182	646,631	3,477,547	704,993	16,912,610
Acquisitions	–	388,788	–	–	2,303,551	–	2,692,339
Transfers	–	704,993	–	–	–	(704,993)	–
Disposals	–	–	–	–	(2,077,216)	–	(2,077,216)
At 30 June 2007	3,009,893	7,002,145	3,165,182	646,631	3,703,882	–	17,527,733

The amounts for the Company are the same as for the consolidated entity for the years ended 30 June 2006 and 30 June 2007.

Depreciation and impairment losses							
At 1 July 2005	–	1,677,397	2,278,931	655,305	692,933	–	5,304,566
Depreciation charge for the year	–	211,037	126,607	32,548	869,331	–	1,239,523
Disposals	–	–	–	(81,958)	(664,484)	–	(746,442)
At 30 June 2006	–	1,888,434	2,405,538	605,895	897,780	–	5,797,647
At 1 July 2006	–	1,888,434	2,405,538	605,895	897,780	–	5,797,647
Depreciation charge for the year	–	236,335	126,606	14,131	717,187	–	1,094,259
Disposals	–	–	–	–	(735,247)	–	(735,247)
At 30 June 2007	–	2,124,769	2,532,144	620,026	879,720	–	6,156,659

The amounts for the Company are the same as for the consolidated entity for the years ended 30 June 2006 and 30 June 2007. There were no impairment losses.

Carrying amounts							
At 1 July 2005	2,899,893	3,598,519	886,251	76,363	3,029,235	316,240	10,806,501
At 30 June 2006	3,009,893	4,019,930	759,644	40,736	2,579,767	704,993	11,114,963
At 1 July 2006	3,009,893	4,019,930	759,644	40,736	2,579,767	704,993	11,114,963
At 30 June 2007	3,009,893	4,877,376	633,038	26,605	2,824,162	–	11,371,074

Independent valuations in 2007, 2006 and 2005 of land and buildings were carried out on the basis of current and future usage. The 2007 land and building valuations were carried out by independent valuers, Geoff Fitzsimmons & Associates Pty Ltd who valued the properties at Wagga Wagga, Nowra, Sefton, Brookvale, Chester Hill and St Ives - 6 Stanley Street.

Land and building valuations for 2006 were carried out by Kenny and Good Pty Ltd with the exception of Dubbo which was carried out by Benchmark Property Advisory.

All 2005 land and building valuations were carried out by Geoff Fitzsimmons & Associates Pty Ltd.



The following table lists all land and buildings owned by the consolidated entity and the date of the most recent valuation. As land and buildings are recorded at cost, the valuations have not been brought to account.

Freehold Land	Carrying Amount 30 June 2007	Fair Value	Date of Valuation
Dee Why	175,000	500,000	2006
Dubbo	110,000	110,000	2006
Prairiewood	525,000	1,050,000	2005
Wallsend – 9 Iranda Grove	60,000	175,000	2005
Wallsend – 11 Iranda Grove	60,000	175,000	2005
Moruya	140,000	140,000	2005
Newcastle	26,000	190,000	2005
Wagga Wagga	115,000	180,000	2007
Nowra	98,400	200,000	2007
Sefton	260,000	330,000	2007
Brookvale	515,500	880,000	2007
St Ives – 6 Stanley Street	924,993	1,880,000	2007
	<u>3,009,893</u>	<u>5,810,000</u>	
Buildings	Written Down Value 30 June 2007	Fair Value	Date of Valuation
Dee Why	75,840	250,000	2006
St Ives – 349 Mona Vale Road	150,000	300,000	2006
The Thornton Centre (VB Lifestyles)	254,527	520,000	2006
Dubbo	586,745	167,500	2006
Moruya	372,706	372,706 At Cost	2006
Prairiewood	1,120,307	3,675,000	2005
Wallsend – 9 Iranda Grove	140,160	265,000	2005
Wallsend – 11 Iranda Grove	140,160	265,000	2005
Newcastle	819,789	910,000	2005
Wagga Wagga	267,244	260,000	2007
Nowra	281,400	240,000	2007
Sefton	154,085	195,000	2007
Brookvale	328,855	480,000	2007
Chester Hill	130,000	560,000	2007
St Ives – 6 Stanley Street	55,558	120,000	2007
	<u>4,877,376</u>	<u>8,580,206</u>	
Improvements to Crown Land	<u>633,038</u>	<u>3,720,000</u>	2006

The written down value recorded for the Dubbo building includes renovations at cost of \$425,945, not included in the prior year's valuation.

Improvements to Crown land are buildings at Allambie which include McLeod House, Venee Burges House, cottages, Hydrotherapy Pool, workshop and garage.

The State and Commonwealth Governments have interests in particular properties held by the consolidated entity for which they have made grants to assist acquisition. It is understood that it is not their present intention to seek a refund of their interest in those assets. In the event of a sale of these properties, repayment of grants is not required, provided the funds are used in a way approved by them. It is the Directors' intention that such funds be used in such a way.



financial notes

notes to and forming part of the financial statements for the year ended 30 June 2007

CURRENT LIABILITIES

13. TRADE AND OTHER PAYABLES

	CONSOLIDATED		THE COMPANY	
	2007	2006	2007	2006
	\$	\$	\$	\$
Trade payables	1,072,815	1,638,131	1,072,815	1,638,131
Government funding received in advance	2,782,710	872,916	2,782,710	872,916
Other creditors and accruals	1,438,936	1,470,798	1,411,595	1,247,468
Deferred revenue	1,241,795	599,335	1,241,795	599,335
Other payables to wholly-owned subsidiaries	–	–	2,937,627	3,251,315
	6,536,256	4,581,180	9,446,542	7,609,165

14. EMPLOYEE BENEFITS – CURRENT

Salaries and wages accrued	147,112	146,230	45,283	28,748
Liability for long service leave	1,673,866	1,600,870	755,535	744,141
Liability for annual leave	2,234,933	2,150,290	754,255	732,847
	4,055,911	3,897,390	1,555,073	1,505,736

NON-CURRENT LIABILITIES

15. EMPLOYEE BENEFITS – NON CURRENT

Liability for long service leave	784,712	670,557	362,135	271,308
----------------------------------	---------	---------	---------	---------

16. ASSET REVALUATION RESERVE

The asset revaluation reserve records the cumulative net changes in the fair value of listed equity securities available for sale until the investment is derecognised.

17. FINANCING FACILITIES

The consolidated entity has access to the following lines of credit at balance date (all unused):

Total facilities available:

Bank overdraft	500,000	500,000	500,000	500,000
----------------	---------	---------	---------	---------

The bank overdraft facility is secured by a floating charge over the assets of the consolidated entity. The weighted average interest rate for the overdraft as at 30 June 2007 is 9.95% (2006: 9.95%).



18. OPERATING LEASES

Leases as lessee

Future operating lease commitments not provided for in the financial statements and payable:

– not later than one year

– later than one year but not later than five years

CONSOLIDATED		THE COMPANY	
2007	2006	2007	2006
\$	\$	\$	\$
1,494,101	1,060,556	1,494,101	1,060,556
2,027,852	892,630	2,027,852	892,630
3,521,953	1,953,186	3,521,953	1,953,186

The consolidated entity leases a number of properties, wheel-chair accessible motor vehicles and IT equipment. None of these leases included contingent rentals. Details as follows:

Type	Term	Option to Renew	Future Increments
Properties	0 - 24 Months	Yes	Annually (CPI)
Land	50 Years	Yes	None
Motor Vehicles	36 Months	Yes	None
IT Equipment	36 - 60 Months	Yes	None

19. CONTINGENT LIABILITIES

The details and estimated maximum amounts of contingent liabilities, classified according to the party from whom the contingent liability arises, are set out below. The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Commonwealth Bank of Australia - Autopay Facility	1,055,877	1,055,877	1,055,877	1,055,877
Permanent Trustee Australia - Spring St Chatswood	17,027	17,027	17,027	17,027
Australian Postal Corporation	40,000	40,000	40,000	40,000
Jode Pty Ltd ATF Wetherill Park Unit Trust	32,122	32,122	32,122	32,122
	1,145,026	1,145,026	1,145,026	1,145,026

The consolidated entity's bank guarantee facility has a maximum limit of \$1,150,000 (2006: \$1,150,000) of which \$1,145,026 (2006: \$1,145,026) was utilised.

20. RELATED PARTY INFORMATION

Transactions with related parties

The ultimate parent entity provides administration services for controlled entities, for which it is not reimbursed.

During the financial year, the ultimate parent entity received grants of \$479,989 (2006: nil) from the controlled entity, The Cerebral Palsy Foundation to contribute to the funding of research, work on the CP Register and the International Development Program. The Cerebral Palsy Foundation also made grants of \$161,727 (2006: nil) to the controlled entity The Cerebral Palsy Institute.

In the prior financial year, the ultimate parent entity donated \$500,000 to The Cerebral Palsy Foundation.

Other wholly-owned controlled entities charge the Company for salaries and wages incurred and paid as part of their normal operations.

Balances with entities within the wholly owned group

The aggregate amounts payable to wholly owned controlled entities by the Company at balance date are:

Other payables	2,937,627	3,251,315
----------------	------------------	------------------

Directors compensation

One director received compensation during the year of \$3,540 in his capacity as an employee. The directors act in an honorary capacity and received no compensation for their services as Directors.



financial notes

notes to and forming part of the financial statements for the year ended 30 June 2007

	CONSOLIDATED		THE COMPANY	
	2007	2006	2007	2006
	\$	\$	\$	\$
20. RELATED PARTY INFORMATION ... continued				
Key management personnel compensation				
Key management personnel compensation included in "Employee benefits expenses" are as follows:				
Robert White, Chief Executive Officer				
Douglas Signorini, Chief Financial Officer				
Anthony Cannon, Company Secretary				
Christopher Campbell, GM Client Services				
Deborah Hoffman, GM Strategy, Research & Development				
Elizabeth Foy, GM Service Development & Communications				
Francis Sedmak, GM People, Learning & Culture				
Short-term employee benefits	1,048,445	902,309	1,048,445	902,309
Long term benefits	23,335	47,080	23,335	47,080
	1,071,780	949,389	1,071,780	949,389

21. MEMBERS' GUARANTEE

In accordance with the Company's Memorandum and Articles of Association each member of the Company has a maximum liability of \$20 in the event of the Company being unable to meet its obligations as and when they fall due. As at 30 June 2007 there were 520 members (2006: 537).

22. COMPANY NAME

The Spastic Centre of New South Wales and its controlled entities are incorporated and domiciled in Australia. The companies are limited by guarantee and exempted under Section 150 (1) of the Corporations Act 2001 from using the word "Limited" with the exception of The Cerebral Palsy Foundation Pty Ltd.

23. CONSOLIDATED ENTITIES

Particulars in relation to controlled entities all of which are incorporated in Australia

Name	CONSOLIDATED INTEREST HELD	
	2007 %	2006 %
Ultimate parent entity		
The Spastic Centre of New South Wales		
Subsidiaries subject to Cross Guarantee		
The Spastic Centre of New South Wales – Accommodation South	100	100
The Spastic Centre of New South Wales – Accommodation North	100	100
The Spastic Centre of New South Wales – Accommodation Hunter	100	100
The Spastic Centre of New South Wales – Therapy Services	100	100
The Spastic Centre of New South Wales – Community Access Service	100	100
The Spastic Centre of New South Wales – Venee Burges House	100	100
Subsidiaries not subject to Cross Guarantee		
The Cerebral Palsy Institute	100	100
The Cerebral Palsy Foundation Pty Ltd	100	100

The Cerebral Palsy Foundation Pty Ltd acts as trustee for The Cerebral Palsy Foundation. The Directors of The Cerebral Palsy Foundation Pty Ltd during the year were Mrs M. A. Thornton AM and Mr M. B. Bryant.

Refer to note 28 for details of Deed of Cross Guarantee.

24. ECONOMIC DEPENDENCY

The consolidated entity receives a significant portion of its operating revenue in the form of grants and tax concessions/exemptions from the Commonwealth and State Governments.



NOTES	CONSOLIDATED		THE COMPANY	
	2007	2006	2007	2006
	\$	\$	\$	\$

25. FINANCIAL INSTRUMENTS

Exposure to credit and interest rate risk arises in the normal course of the Company and the consolidated entity's business.

Interest rate risk

During the year cash assets were deposited with recognised financial institutions. The weighted average interest receivable for the Company and the consolidated entity's year was 5.89% (2006: 5.29%). There is no interest rate risk on other assets and liabilities.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. The Company and the consolidated entity do not normally require collateral in respect of financial assets.

At balance date there was a significant concentration of credit risk on investments for both the Company and the consolidated entity. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheets.

Net fair values of financial assets and liabilities

The balances of financial assets and liabilities have been stated at their net fair value.

26. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of Cash

For the purposes of the cash flows statements, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash does not include investments in unit trusts. Cash at the end of the financial year as shown in the cash flows statements is the same as shown on the balance sheets.

Reconciliation of Operating surplus from ordinary activities to net cash from operating activities:

Operating surplus/(deficit)		9,431,265	1,084,468	8,841,854	(141,103)
Add/(Less) items classified as investing/ financing activities:					
Gain on sale of other investments		(984,619)	(205,045)	(494,959)	(84,832)
Gain on sale of property, plant and equipment		(232,061)	(220,973)	(232,061)	(220,973)
Gain on assets held for sale		(2,354,096)	–	(2,354,096)	–
Interest received		(463,005)	(200,554)	(429,280)	(194,016)
Distributions from trusts and dividends		(1,319,561)	(1,247,805)	(547,022)	(593,620)
Interest paid		6,715	9,579	6,715	9,579
Add non-cash items:					
Amortisation and depreciation	12	1,094,259	1,239,523	1,094,259	1,239,523
Change in assets and liabilities:					
(Increase)/Decrease in trade and other receivables	8	(266,529)	(267,244)	(525,091)	(97,404)
(Increase)/Decrease in inventories	9	(24,256)	(64,961)	(24,256)	(64,961)
Increase/(Decrease) in trade and other payables	13	(565,315)	17,662	(565,316)	17,662
Increase/(Decrease) in government funding received in advance	13	1,909,794	774,272	1,909,794	774,272
Increase/(Decrease) in other creditors and accruals	13	(31,863)	388,302	164,127	364,470
Increase/(Decrease) in deferred revenue	13	642,460	–	642,460	–
Increase/(Decrease) in payables to wholly-owned subsidiaries	13	–	–	(313,688)	532,238
Increase/(Decrease) in employee benefits	14,15	272,675	285,155	140,163	17,083
Net cash from operating activities		7,115,864	1,592,379	7,313,603	1,557,918

financial notes

notes to and forming part of the financial statements for the year ended 30 June 2007

CONSOLIDATED	
2007	2006
\$	\$

27. FUNDRAISING APPEALS CONDUCTED DURING THE FINANCIAL PERIOD

Information to be furnished under the Charitable Fundraising Act 1991

Fundraising appeals conducted during the financial year included mail appeals, telephone appeals, lotteries, money box collections, and various other fundraising projects and receiving of indirectly solicited donations and unsolicited bequests.

Results of fundraising appeals

a) Gross proceeds from fundraising appeals	13,345,362	10,950,669
Less: Direct costs of fundraising appeals	3,496,492	2,956,526
Net surplus obtained from fundraising appeals	9,848,870	7,994,143

b) Application of net surplus obtained from fundraising appeals

Distributions (expenditure on direct services)	39,391,825	37,254,833
Administration expenses	6,628,019	6,880,618
Community education and information	2,531,942	2,106,019
Operating surplus	9,431,265	1,084,468
	57,983,051	47,325,938

c) The difference of \$48,134,181 (2006 \$39,331,795) between the \$9,848,870 surplus (2006: \$7,994,143) available from fundraising appeals conducted and total direct expenditure of \$57,983,051 (2006: \$47,325,938) was provided from the following sources.

Government grants and subsidies	36,682,482	32,828,694
Rendering of services	5,019,981	3,612,383
Sale of goods	789,276	638,067
Interest received or receivable	463,005	200,554
Distributions from trusts and dividends	1,319,561	1,247,805
Rental income	289,100	378,274
Gain on sale of assets held for resale	2,354,096	–
Gain on sale of other financial assets	984,619	205,045
Gain on sale of property, plant and equipment	232,061	220,973
	48,134,181	39,331,795

	2007		2007	2006		2006
	\$		%	\$		%
Total cost of fundraising/ gross revenue from fundraising	3,496,492 /			2,956,526 /		
	13,345,362		26	10,950,669		27
Net surplus from fundraising/ gross revenue from fundraising	9,848,870 /			7,994,143 /		
	13,345,362		74	10,950,669		73
Total cost of services/ total direct expenditure	39,391,825 /			37,254,833 /		
	48,551,786		81	46,241,470		81
Total cost of services/ total income received	39,391,825 /			37,254,833 /		
	61,479,543		64	50,282,464		74



28. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998 the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit, and lodgement of financial reports, and directors' report.

It is a condition of the Class Order that the company and each of the subsidiaries enter into a Deed Of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up any of the subsidiaries under certain provisions of the Corporations Act 2001.

If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also been given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- The Spastic Centre of New South Wales – Accommodation South
- The Spastic Centre of New South Wales – Accommodation North
- The Spastic Centre of New South Wales – Accommodation Hunter
- The Spastic Centre of New South Wales – Therapy Services
- The Spastic Centre of New South Wales – Community Access Service
- The Spastic Centre of New South Wales – Venee Burges House

The consolidated income statements and consolidated balance sheets, comprising the Company and subsidiaries that are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2007 are set out on the following page.



financial notes

notes to and forming part of the financial statements for the year ended 30 June 2007

28. DEED OF CROSS GUARANTEE ... continued

(i) Summarised income statement and retained general funds

Operating surplus/(deficit)	8,841,854	(141,103)
General funds at beginning of the year	12,530,602	12,671,705
General funds at end of the year	21,372,456	12,530,602

(ii) Balance sheet

CURRENT ASSETS

Cash and cash equivalents	9,823,709	2,285,972
Trade and other receivables	2,128,779	1,603,687
Inventories	421,388	397,132
Assets classified as held for sale	–	894,821

TOTAL CURRENT ASSETS

12,373,876 5,181,612

NON-CURRENT ASSETS

Other financial assets	9,618,931	5,849,944
Property, plant and equipment	11,371,074	11,114,963

TOTAL NON-CURRENT ASSETS

20,990,005 16,964,907

TOTAL ASSETS

33,363,881 22,146,519

CURRENT LIABILITIES

Trade and other payables	9,446,542	7,609,165
Employee benefits	1,555,073	1,505,736

TOTAL CURRENT LIABILITIES

11,001,615 9,114,900

NON-CURRENT LIABILITIES

Employee benefits	362,135	271,308
-------------------	---------	---------

TOTAL NON-CURRENT LIABILITIES

362,135 271,308

TOTAL LIABILITIES

11,363,750 9,386,209

NET ASSETS

22,000,131 12,760,310

EQUITY

General funds	21,372,456	12,530,602
Asset revaluation reserve	627,675	229,708

TOTAL EQUITY

22,000,131 12,760,310

29. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

