

financial statements

Directors' Report and Financial Statements
for the year ending 30 June 2008



SEQ CATCHMENTS LTD
ABN 91 115 662 989

Directors' Report

Directors' Report

The Directors of SEQ Catchments Limited (SEQC) present this report on the company for the financial year ended 30 June 2008.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Director

Gordon French AM

Robert Smith

Terry Dredge

John Nugent

Josh Hankey

John Brent (finished Nov 2007)

James Dale (commenced Nov 2007)

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

Company Secretary

The company secretary at the end of the financial year is Kristina Frawley. The qualifications and experience of the company secretary have been dealt with elsewhere in this report.

Operating Result

The surplus of the company for the financial year after providing for income tax amounted to \$170,333 (2007 \$653,764).

Review of Operations

The 2006/07 financial year marked the first full financial year of operation for SEQC.

SEQC income is primarily derived from State and Federal grant agreements. SEQC has seen a total income of \$11,053,938 of which \$10,044,865 was from grant income for SEQC projects (2007 \$9,697,225). A more comprehensive review of the company's operations has been outlined elsewhere in this report.

Balance Sheet

The net assets of the company have increased by \$170,333 during the past year. This increase has largely resulted from the following factors:

- Funds received contributing to on-ground works which remain unspent at year end; and

- Property, plant and equipment acquired during the year from grant funding.

A copy of the audited accounts is attached.

Significant Changes in State of Affairs

There have been no significant changes to the state of affairs of the company during this financial year.

Principal Activities

- Lead and manage the strategic direction of natural resource management planning and activity in South East Queensland in accordance with the wishes of the Community as expressed via the Members;
- Develop, maintain and implement an integrated natural resource management regional plan and investment strategy for South East Queensland;
- Increase Community engagement in and understanding of sustainable natural resource management;
- Undertake, sponsor or coordinate on-ground activities in accordance with the natural resource management regional plan for South East Queensland as amended from time to time;
- Undertake, sponsor or coordinate research and studies into relevant natural resource management matters for the region;
- Secure funding for the activities of the Company and the objectives of the natural resources management regional plan, including attracting investment from new sources and creating innovative partnerships;
- Develop and expand the Business in accordance with the Business Plan; and
- Progress towards a merger (or similar arrangement) with Moreton Bay Waterways and Catchments Partnership or develop a Memorandum of Understanding with Moreton Bay Waterways and Catchments Partnership.
- No significant change in the nature of these activities occurred during the year.

After Balance Date Events

Future grant funding from the Australian and State Governments under the Caring for Our Country program is unclear. SEQ Catchments has been proactive in broadening its funding base to minimise risk. Otherwise, there are no matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the company.

Directors' Report

Future Developments

In June 2007 SEQC Operations Pty Ltd was incorporated with SEQ Catchments as the sole shareholder. SEQC Operations Pty Ltd had not commenced trading activities prior to the end of the reporting period and as such Consolidated Financial Statements were not prepared this year. Future developments in the operations of the company have been dealt with elsewhere in the annual report.

Dividends

Under the terms of the company's constitution the company does not have the ability to pay dividends.

Options

Under the terms of the company's constitution the company does not have the ability to issue options.

Indemnifying Officers or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or

since the end of the financial year, to any person who is or has been an officer or auditor of the company, except for premiums paid to insure the officers and directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

Proceedings on behalf of the Company

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

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

Directors' Particulars

The qualifications, experience and special responsibilities of the directors have been dealt with elsewhere in this report.

Meetings of Directors

	Directors' Meetings		Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Gordon French AM	7	7	11	7
Robert Smith	7	6	10	10
Terry Dredge	7	6	11	9
John Nugent	7	7	-	-
Josh Hankey	7	7	10	10
John Brent	3	3	-	-
James Dale	4	4	6	6

The above does not include other meetings or events attended by directors.

Remuneration Report

Remuneration Report

The board's policy for determining remuneration of directors, and senior executives, which is set by the board, is as follows:

The board has made reference to external publications, government schedules and considered the market when determining remuneration of directors and executive officers. The remuneration rates were reviewed during the year. There was no change to Directors remuneration during the year.

Executive officers are paid according to current market rates based on skills and experience.

Remuneration Details for the Year Ended 30 June 2008

At 30 June 2008 there were 8 executive officers employed. Due to activities undertaken for the SEQ Regional Plan and the commencement of the Corporate Development Manager the total number of executive officers increased by two. The total remuneration paid to the directors and the executive officers is as follows:

	Salary \$	Committee Fees \$	Super-annuation Contributions \$	Non-cash Benefits \$	Total \$
Directors	56,545	27,890	7,305	-	91,740
Executive Officers	688,876	-	66,143	22,658	777,677
	745,421	27,890	73,448	22,658	869,417

Auditor's Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

Corporate Governance

The directors of the company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. As such the Directors ensure appropriate governance via the following:

- Adherence to the SEQC Code of Conduct as endorsed by the Australian Institute of Company Directors;
- Review of pertinent SEQC obligations as outlined in the Schedule of Activity;
- Review of SEQC board performance, evaluating the effectiveness of board processes and identifying areas of improvement; and
- Continuance of the Planning & Investment and Audit & Finance committees, each with its own charter; and
- Undertaking audits as directed by the Joint Queensland/ Australian Government NRM Steering Committee and SEQ Catchment's own internal audit processes.

Environmental Regulations

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

International Financial Reporting Standards

The company's financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Signed in accordance with a resolution of the Board of Directors



G C French AM
Director

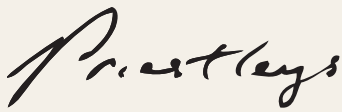
Signed at Brisbane November 10, 2008.

Auditor's Independence Declaration

Auditors' Independence Declaration
Under Section 307C Of The Corporations Act 2001
To The Directors Of SEQ Catchments Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

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



PRIESTLEYS
Chartered Accountants



K AVIVIAN
Partner

Signed at Brisbane November 10, 2008.

Financial Statements

Income Statement For The Year Ended 30 June 2008

	Note	2008 \$	2007 \$
Revenue	2	11,053,938	10,799,798
Employee expenses		(4,015,768)	(4,196,823)
Operating costs		(840,781)	(1,064,190)
Administration costs		(573,359)	(555,872)
Depreciation expense	3	(125,994)	(56,425)
Project expenses		(5,327,703)	(4,272,724)
Surplus/(deficit) before income tax		170,333	653,764
Income tax expense	1a	-	-
Surplus/(deficit) attributable to members of the Company		170,333	653,764

The accompanying notes form part of this financial report

Balance Sheet

As At 30 June 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	6	5,946,966	7,520,598
Trade and other receivables	7	278,162	204,155
Other current assets	8	86,563	28,444
TOTAL CURRENT ASSETS		<u>6,311,691</u>	<u>7,753,197</u>
NON-CURRENT ASSETS			
Trade and other receivables	7	10,000	19,059
Plant and equipment	9	607,669	482,635
TOTAL NON-CURRENT ASSETS		<u>617,669</u>	<u>501,694</u>
TOTAL ASSETS		<u>6,929,360</u>	<u>8,254,891</u>
CURRENT LIABILITIES			
Trade and other payables	10	2,047,336	1,509,118
Grants received in advance		3,443,346	5,535,939
TOTAL CURRENT LIABILITIES		<u>5,490,682</u>	<u>7,045,057</u>
Provisions	11	58,511	-
NON CURRENT LIABILITIES		<u>58,511</u>	<u>-</u>
TOTAL LIABILITIES		<u>5,549,193</u>	<u>7,045,057</u>
NET ASSETS		<u>1,380,167</u>	<u>1,209,834</u>
EQUITY			
Retained surplus/(Accumulated deficit)		<u>1,380,167</u>	<u>1,209,834</u>
TOTAL EQUITY		<u>1,380,167</u>	<u>1,209,834</u>

The accompanying notes form part of this financial report

Statement Of Changes In Equity For The Year Ended 30 June 2008

	Retained Earnings \$	Total \$
Balance at 30 June 2006	556,070	556,070
Surplus Attributable to members	653,764	653,764
Balance at 30 June 2007	<u>1,209,834</u>	<u>1,209,834</u>
Surplus Attributable to members	170,333	170,333
Balance at 30 June 2008	<u>1,380,167</u>	<u>1,380,167</u>

Cash Flow Statement For The Year Ended 30 June 2008

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		9,021,144	10,779,040
Payments to suppliers and employees		(10,852,435)	(10,171,280)
Interest received		512,442	405,483
Net cash provided by (used in) operating activities	13a	<u>(1,318,849)</u>	<u>1,013,243</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of plant and equipment		18,273	12
Purchase of plant and equipment		(273,056)	(468,406)
Net cash provided by (used in) investing activities		<u>(254,783)</u>	<u>(468,394)</u>
Net increase in cash held		(1,573,632)	544,849
Cash at the beginning of financial year		<u>7,520,598</u>	<u>6,975,749</u>
Cash at the end of financial year	6	<u>5,946,966</u>	<u>7,520,598</u>

The accompanying notes form part of this financial report

Notes to the Financial Statements

Notes to the Financial Statements for the Year Ended 30 June 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a. Income Tax

The Australian Taxation Office has issued an endorsement notice to SEQ Catchment Limited for charity tax concessions. Under Subdivision 50-B of the Income Tax Assessment Act 1997 South East Queensland Catchment Limited is exempt from Income Tax.

b. Economic Dependence

SEQ Catchments Limited is dependent on Federal and State funding which is administered by the Joint Queensland/Australian Government NRM Steering Committee (JSC). The nature and mechanisms of funding provided by Federal and State sources has changed significantly during the year. At the date of this report, the full amount of Federal and State funding for 2008/09 financial year is unconfirmed, however, Directors anticipate a similar level of revenue as the current financial year.

c. Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all plant and equipment is depreciated using the straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Office Fitout	10% - 39%
Office Furniture & Equipment	10% - 30%
IT equipment	20% - 33%
Motor Vehicles	17% - 32%
Other Equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

d. Leases

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

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

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Leases (continued)

Leased assets are depreciated over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease.

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

e. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

f. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of four months or less. SEQ Catchments Ltd. has a bank guarantee on deposit invested with a maturity date of nine months, this has not been included as cash for the purpose of the financial statements as it is not available for use in the operation of the company.

g. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Grant revenue is recognised in the income statement on a proportional basis determined by the expenses incurred in relation to the activities undertaken to fulfil the grant requirements.

Interest revenue is recognised based on interest earned and credited to the bank account.

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

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

h. Contributed Assets

Assets donated to the company by external parties are recognised as an asset of the company. These assets are recognised at their fair value. Income equal to the fair value of the donated assets is recognised within the Income Statement.

i. Impairment of Assets

At each reporting date, the company reviews the carrying

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

Where it is not possible to estimate the recoverable cost of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

j. Employee Benefits

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

Contributions are made by the company to employee superannuation funds and are recognised as an expense when incurred.

k. Government Grants & Grants Received in Advance

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grant revenue is recognised in the income statement on a proportional basis determined by the expenses incurred in relation to the activities undertaken to fulfil the grant requirements. Unspent grant monies at year end are carried as a liability on the Balance Sheet.

l. Goods and Services Tax (GST)

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at cost.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative

financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are measured at cost.

(iii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at cost.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

n. Critical Accounting Estimates and Judgements

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

o. Comparative Figures

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

p. Date Financial Statements Available for Issue

The financial report was authorised for issue by the Board of Directors on the date as shown on the Directors Declaration.

NOTE 2: REVENUE

	2008	2007
	\$	\$
a. Operating activities		
- Grant income	10,044,865	9,697,225
- Interest received – from financial institutions	512,442	405,483
- Other revenue	496,631	697,090
Total Revenue	11,053,938	10,799,798

Notes to the Financial Statements

NOTE 3: SURPLUS FROM ORDINARY ACTIVITIES

	2008 \$	2007 \$
a. Expenses		
Depreciation of non-current assets:		
— Office fitout	-	-
— Office furniture & equipment	3,518	3,176
— IT equipment	39,721	34,920
— Motor Vehicles	52,230	18,066
— Other Equipment	30,525	263
	<hr/> 125,994	<hr/> 56,425
Rental expenses on operating leases		
— Minimum lease payments	289,677	257,274
— Rental expense for sub-leases	14,000	25,581
	<hr/> 306,677	<hr/> 282,855
Loss on disposal of plant and equipment	3,755	35

b. Significant Revenue and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

Salaries and wages expense – operational	3,160,648	3,506,219
Salaries and wages expense - administrative	259,043	185,492
On-ground works contract payments	4,413,975	4,256,173

Notes to the Financial Statements

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

a. Personnel

The following people were employed in key management positions during the financial year.

Name	Gordon French AM	Robert Smith	Terry Dredge
Position	Chairman	Director	Director

Name	John Nugent	Josh Hankey	John Brent
Position	Director	Director	Director

Name	Jim Dale		
Position	Director		

Name	Simon Warner	Noel Ainsworth	Kristina Frawley
Position	Chief Executive Officer	Regional Operations Manager	Chief Financial Officer & Company Secretary

Name	Andrew Davidson	Shannon Mooney	Colin Freeman
Position	Regional Planning Manager	Technical Support Manager	Landscape Change Manager

Name	Anthony Hill	Tony McKew	
Position	Business Development & Communications Manager	Community Engagement Manager	

b. Compensation

The following is a summary of the compensation received by key management personnel during the financial year.

	Short-term Benefits				Total \$
	Salary & Fees \$	Superannuation Contribution \$	Bonus \$	Non-Cash Benefits \$	
2008					
Total compensation	688,876	66,143	-	22,658	777,677
2007					
Total compensation	619,603	58,242	-	8,393	686,238

Notes to the Financial Statements

NOTE 5: AUDITOR'S REMUNERATION

	2008	2007
	\$	\$
Remuneration of the auditor		
— Auditing or reviewing the financial report	8,000	8,000
— Other accounting and audit services	6,500	14,633
	<u>14,500</u>	<u>22,633</u>

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank	467,539	187,530
Short-term bank deposits	5,479,227	7,332,868
Petty cash	200	200
	<u>5,946,966</u>	<u>7,520,598</u>

The effective interest rate on short-term bank deposits was 6.98%; these deposits had an average maturity of 62 days.

NOTE 7: TRADE AND OTHER RECEIVABLES

Current

Trade receivables	71,593	204,155
Other receivables	701	-
GST receivable	205,868	-
	<u>278,162</u>	<u>204,155</u>

Non-Current

Other receivables (funds held by members)	<u>10,000</u>	<u>19,059</u>
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NOTE 8: OTHER ASSETS

Office rental deposit	-	10,500
Bank guarantee	50,000	-
Prepayments	36,563	17,944
	<u>86,563</u>	<u>28,444</u>

Notes to the Financial Statements

NOTE 9: PLANT AND EQUIPMENT

	2008 \$	2007 \$
Office fitout		
— At cost	18,036	-
— Accumulated depreciation	-	-
	<hr/> 18,036	<hr/> -
Office furniture and equipment:		
— At cost	32,150	24,713
— Accumulated depreciation	(8,330)	(4,973)
	<hr/> 23,820	<hr/> 19,740
IT equipment:		
— At cost	184,023	154,411
— Accumulated depreciation	(86,922)	(48,348)
	<hr/> 97,101	<hr/> 106,063
Motor vehicles:		
— At cost	405,355	222,536
— Accumulated depreciation	(62,475)	(18,066)
	<hr/> 342,880	<hr/> 204,470
Other equipment:		
— At cost	156,620	152,625
— Accumulated depreciation	(30,788)	(263)
	<hr/> 125,832	<hr/> 152,362
Total Plant and equipment	<hr/> 607,669	<hr/> 482,635

Notes to the Financial Statements

NOTE 9: PLANT AND EQUIPMENT (CONTINUED)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and end of the current financial period.

	Office Fitout \$	Office Furniture and Equipment \$	IT Equipment \$	Motor Vehicles \$	Other Equipment \$	Total \$
Opening Balance at 30 June 2006	-	19,835	50,866	-	-	70,701
Additions	-	3,092	90,153	222,536	152,625	468,406
Disposals	-	(11)	(36)	-	-	(47)
Depreciation expense	-	(3,176)	(34,920)	(18,066)	(263)	(56,425)
Balance at 30 June 2007	-	19,740	106,063	204,470	152,362	482,635
Additions	18,036	7,730	30,839	212,456	3,995	273,056
Disposals	-	(132)	(80)	(21,816)	-	(22,028)
Depreciation expense	-	(3,518)	(39,721)	(52,230)	(30,525)	(125,994)
Balance at 30 June 2008	18,036	23,820	97,101	342,880	125,832	607,669

NOTE 10: TRADE AND OTHER PAYABLES

	2008 \$	2007 \$
CURRENT		
Unsecured liabilities		
Trade payables	576,697	295,530
Contract commitments	1,145,145	914,121
GST payable	-	2,008
Employee benefits	272,738	264,332
Sundry payables and accrued expenses	52,756	33,127
	<u>2,047,336</u>	<u>1,509,118</u>

Notes to the Financial Statements

NOTE 11: PROVISIONS

	2008 \$	2007 \$
NON CURRENT		
Long Term Employee benefits	58,511	-

Reconciliation of the movement in the provision

Opening balance at 1 July	-	-
Additional provision raised during the year	58,511	-
Amounts used	-	-
Closing balance at 30 June	58,511	-

Provision for Long-term Employee Benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1(j).

NOTE 12: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

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

Payable — minimum lease payments

— not later than 12 months	262,559	72,414
— between 1 year and 5 years	441,900	-
	704,459	72,414

Operating lease commitments consist of property, equipment and motor vehicle leases.

The property leases are non-cancellable leases with terms of between 1 to 31 months, with rent payable monthly in advance. Contingent rental provisions within the lease agreements require a CPI increase annually. An option exists to renew the leases at the end of the current term.

The motor vehicle leases are non-cancellable leases held through Q Fleet with terms to October 2009. Remaining commitments are for 16 months, with rent payable monthly in advance. Contingent rental provisions within the lease agreements require finalisation costs for cleaning, maintenance and repairs. These amounts have been provided for in the balance sheet.

The equipment leases are for non-cancellable leases held through Fuji-Xerox with terms of between 20 and 40 months.

b. Finance Lease Commitments

The company has not entered into any finance leases.

Notes to the Financial Statements

NOTE 13: CASH FLOW INFORMATION

a. Reconciliation of Cash Flow from Operations with Surplus after Income Tax

	2008	2007
	\$	\$
Operating surplus after income tax	170,333	653,764
Non-cash flows in surplus		
Depreciation	125,994	56,425
Net loss on disposal of plant and equipment	3,756	35
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(64,947)	159,658
(Increase)/decrease in other assets	(58,120)	38,451
Increase/(decrease) in trade and other payables	538,218	(263,652)
Increase/(decrease) in grants received in advance	(2,092,593)	368,562
Increase/(decrease) in provisions	58,511	-
	(1,318,848)	1,013,243

b. Non-cash Financing and Investing Activities

The company does not have any non-cash Financing or Investing Activities.

c. Credit Standby Arrangements

The company does not have any credit standby arrangements.

NOTE 14: CONTRACT COMMITMENTS

The company currently has contractual commitments for funding to third parties relating to projects. The obligation to pay the amount outstanding is contingent on receipt of outstanding grant funds totalling \$269,648 (2007: \$916,913) from grant providers. The contracts are expected to be fulfilled and the amounts owing to be paid within the next 12 months.

169,181	873,295
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NOTE 15: INCORPORATION AS A COMPANY LIMITED BY GUARANTEE

The company is incorporated under the Corporations Act 2001 as a company limited by guarantee and not having share capital. Under Clause 40 of the Constitution of the company, every member who is a member or a member who has ceased to be a member in the proceeding year is liable to contribute to the assets of the company in the event of a winding up, to an amount not exceeding \$10. The number of members as at 30 June 2008 was 2 (2007: 2).

NOTE 16: SEGMENT REPORTING

The company operates in one business and geographical segment being the management of natural resources in South East Queensland, Australia.

NOTE 17: ECONOMIC DEPENDENCY

The operations of the company are significantly dependent upon receipts of State and Federal grant funding.

Notes to the Financial Statements

NOTE 18: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned*	
		2008 %	2007 %
Controlled Entities			
Parent Entity			
SEQ Catchments Limited	Australia	-	-
Subsidiaries of SEQ Catchments Limited			
SEQC Operations Pty Ltd	Australia	100	100

*Percentage of voting power in proportion to ownership

SEQC Operations Pty Ltd was incorporated on 29 June 2007. The company did not commence any trading activities during the financial year.

SEQC Operations Pty Ltd has not been consolidated in these financial statements.

NOTE 19: RELATED PARTY

In accordance with the Member's Agreement, SEQ Catchments Limited reimburses its members for operating expenses incurred during the year.

The amount paid to each member for the year is detailed below:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

	2008 \$	2007 \$
Natural Resource Management SEQ Inc.	32,977	40,116
SEQ Western Catchments Group Inc.	22,170	29,915
	<u>55,147</u>	<u>70,031</u>

Notes to the Financial Statements

NOTE 20: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and accounts payable.

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative instruments at 30 June 2008.

Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk on cash deposits and credit risk on the company's accounts receivable. This exposure is minimal as the company is not dependant on interest income to fund operational activities and the majority of the company's accounts receivable are monies owing under government contracts.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate investments. For further details on interest rate risk refer to Note 20b.

ii. Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash funds are available to meet the needs of the company.

iv. Price risk

The company is not exposed to any material commodity price risk.

v. Credit risk

The maximum exposure to credit risk, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

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

The company does not have any material credit risk exposure to any single receivable. The majority of receivables are monies owing from governments and the directors consider these receivables are collectable as at 30 June 2008. To reduce the credit risk associated with the investment of surplus cash funds, the Finance and Audit Committee considers the investment strategy on a regular basis and only invests in recognised financial institutions.

Notes to the Financial Statements

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial Instrument Composition and Maturity analysis

The following table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Fixed Interest Rate Maturing													
	Weighted Average Effective Interest Rate		Floating Interest Rate		Within 1 Year				1 to 5 Years		Non-interest Bearing		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007		
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Financial Assets:														
Cash at bank and on hand	6.09	2.18	467,539	187,530	-	-	-	-	200	200	467,739	187,730		
Short Term Deposits	6.98	5.17	-	-	5,479,227	7,332,868	-	-	-	-	5,479,227	7,332,868		
Trade and Other Receivables	-	-	-	-	-	-	-	-	278,162	204,155	278,162	204,155		
			467,539	187,530	5,479,227	7,332,868	-	-	278,362	204,355	6,225,128	7,724,753		
Financial Liabilities:														
Trade and Other Payables	-	-	-	-	-	-	-	-	2,047,336	1,509,118	2,047,336	1,509,118		

Trade and other payables are expected to be paid as followed:

	2008	2007
	\$	\$
Less than 6 months	1,602,000	971,492
6 months to 1 year	440,336	532,626
1-5 years	5,000	5,000
	2,047,336	1,509,118

c. Net Fair Values

There is no difference between the carrying amount and the net fair values of the financial instruments held by the company at balance date. The amounts shown in the balance sheet and notes to the financial statements for trade and other receivables and payables approximate the financial instruments carrying and net fair values.

Notes to the Financial Statements

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

d. Financial Instrument Composition and Maturity analysis

i. Sensitivity Analysis

Interest Rate Risk

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

Interest Rate Sensitivity Analysis:

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

	2008 \$	2007 \$
Change in profit		
— Increase in interest rate by 2%	149,228	168,534
— Decrease in interest rate by 2%	(149,228)	(168,534)
Change in Equity		
— Increase in interest rate by 2%	149,228	168,534
— Decrease in interest rate by 2%	(149,228)	(168,534)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The company has no exposure to fluctuations in foreign currency.

Note 21: COMPANY DETAILS

The registered office and principal place of business of the company is:

SEQ Catchments Limited
Level 2, 183 North Quay
BRISBANE QLD 4000

Notes to the Financial Statements

NOTE 22: CHANGE IN ACCOUNTING POLICY

The following Australian Accounting Standards issued or amended which are applicable to the company but are not yet effective and have not been adopted in preparation of the financial statements at reporting date. The directors believe that application of the following accounting standards would not have had a material effect on the financial statements presented.

AASB Amendment	Standard Affected	Outline of Amendment	Application Date of the Standard	Application Date for the Company	
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures. However, there will be no direct impact on the financial report as the company does not fall within the scope of AASB 8.	1.1.2009	1.7.2009
	AASB 6	Exploration for and Evaluation of Mineral			
	AASB 102	Inventories			
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above.	1.1.2009	1.7.2009
AASB 2007/6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the company as it already capitalises borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements			
	AASB 107	Cash Flow Statements			
	AASB 111	Construction Contracts			
	AASB 116	Property, Plant and Equipment			
	AASB 138	Intangible Assets			
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above	1.1.2009	1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	As above	1.1.2009	1.7.2009

All other pending Standards issued between the previous financial report and the current reporting date have no application to the company.

Director's Declaration

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 15 to 37 are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



G. French AM
Director

Signed at Brisbane November 10, 2008.

Independent Audit Report

Independent Audit Report To the members of SEQ Catchments Limited

Report on the financial report

We have audited the accompanying financial report of SEQ Catchments Limited, which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of the significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements", that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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

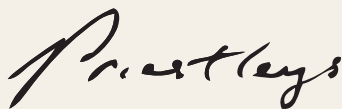
Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the auditor's independence declaration set out on page 19 of the annual report has not changed as at the date of providing our audit opinion.

Auditor's Opinion

In our opinion:

- (a) the financial report of SEQ Catchments Limited is in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with 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.



PRIESTLEYS
Chartered Accountants



K A VIVIAN
Partner

Signed at Brisbane November 10, 2008.