



northcott
disability services

Concise Financial Report

30 June 2007



The Northcott Society and its controlled entities Directors' report For the year ended 30 June 2007

The directors present their report together with the financial report of The Northcott Society ("the Society") and of the consolidated entity, being Northcott and its controlled entities for the year ended 30 June 2007 and the auditor's report thereon.

1. Directors

The directors of the Society at any time during or since the end of the financial year are:

Name and qualifications	Experience, special responsibilities and other directorships
Mr PJ Cave AM B Bus, FCPA <i>Chairman</i>	Appointed 27 November 1986 Chairman, Atlas Group Holdings Limited Executive Chairman, InterBank Capital Partners Pty Limited Chairman, Omni Plastics Group Chairman, Anchorage Capital Partners Pty Limited
Mr CF Moore <i>Deputy Chairman</i>	Appointed 18 July 1991 Chairman, Finance and Properties Committee
Mr G Gardner BA MBA FAIM <i>Managing Director and Chief Executive Officer</i>	Appointed 14 December 2005
Mr R Blaiklock B Comm, MBA	Appointed 19 November 2003 Managing Director, Baresque Australia Pty Ltd and affiliated companies
Ms U Bonzol, B Comm (Marketing), Dip FP, FAICD	Appointed 20 August 1992 Director, Money Skills Pty Limited CEO InTech Credit Union Resigned March 2007
Mr M Briggs B Comm, ACA, ACIS, MBA	Appointed 27 March 2003 Member, Finance and Properties Committee Director, Tennyson Strategic Solutions Pty Limited Director, Omni Industries Pty Limited Director, Antec Engineering Pty Limited Director, Anchorage Capital Partners Pty Limited Deputy Chairman, Paraplegic and Quadriplegic Assoc of NSW
Mr B Downie	Appointed 16 May 1985 Managing Director, Downie Group Industries Pty Limited Managing Director, Bock Australia Pty Limited
Dr C Janssen MB, BS, MBA	Appointed 27 November 1986 Member, Finance and Properties Committee Managing Director, GPC Electronics Director, Baryon Pty Limited and affiliated companies President, AEEMA (Australian Electrical and Electronics Industry Association)
Ms M Laforest B.Bus	Appointed 25 July 2007 Managing Director, Harlequin Enterprises (Australia) Pty Limited

The Northcott Society and its controlled entities Directors' report (continued) For the year ended 30 June 2007

1. Directors (continued)

Name and qualifications	Experience, special responsibilities and other directorships
Mr AW Stevenson BA (NSW), LLB (Sydney)	Appointed 19 August 1982 Member, Finance and Properties Committee Lawyer and Notary Public Special Counsel, Business Law Division, Corrs Chambers Westgarth Director of several public and private companies
Ms A Sullivan PGC Mgt	Appointed 19 December 2001 Marketing, communications and PR Consultant
Mr JF Surian BA (Econ) ASIA	Appointed 14 December 2000 Managing Director, Raine and Horne Commercial Parramatta Director, Sydney West Marketing
Dr HEC Taylor MB, BS	Appointed 19 April 1990 Director and founder of the Taylor Group of Investment Companies
Dr MT Westbrook AM, BA (Hons), MA (Hons), PhD, FAPS	Appointed 15 February 1996 Conjoint Associate Professor, Centre for Clerical Governance Research in Health, Faculty of Medicine, University of NSW

In accordance with the Society's Constitution, one third of the directors retire from the Board of directors at the forthcoming Annual General Meeting of members and, being eligible, offer themselves for re-election.

2. Company secretary

Name and qualifications	Experience and special responsibilities
Mr MR Fryer FCPA, FCMA, FCIS, GAICD	Appointed 24 September 2003 Director Operations

3. Directors' meeting

The number of directors' meetings and number of meetings attended by each of the directors of Northcott during the financial year are:

Director	Board Meetings	
	Attended	Held*
Mr PJ Cave	8	8
Mr CF Moore	8	8
Mr G Gardner	7	8
Mr R Blaiklock	8	8
Ms U Bonzol	5	7
Mr M Briggs	6	8
Mr B Downie	7	8
Dr C Janssen	4	8
Mr AW Stevenson	6	8
Ms A Sullivan	5	8
Mr JF Surian	7	8
Dr HEC Taylor	8	8
Dr MT Westbrook	5	8

* Number of meetings held during the time the director held office during the period

The Northcott Society and its controlled entities Directors' report (continued)

For the year ended 30 June 2007

4. Principal activities

The principal activities of the consolidated entity during the course of the financial year were the provision of accommodation, education, orthopaedic aid and appliances, recreation, open employment, social and welfare activities, therapy and training services to persons with disabilities in New South Wales.

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

5. Operating and financial review

Review and result of operations

The operations for the year ended 30 June 2007 resulted in a consolidated net surplus of \$253,099 (2006: deficit of \$348,377.)

Income from government funding was greater than that achieved last year due to the introduction of new client programs and the receipt of one-off funding for existing programmes. Income from estates and bequests was less than that achieved last year and investment returns were above that achieved last year and above expectations.

Expenditure on client programmes was greater than last year mainly due to some new programmes and increased activity on existing programmes. Expenditure in all other areas was in accordance with expectations.

Significant changes in the 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.

6. Events subsequent to reporting 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 Society, 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.

7. Likely developments

The directors do not believe that there will be any significant change in the consolidated entity's operations for the next twelve months.

8. Environmental regulation

The consolidated entity's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation. However, the Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any significant breaches of those requirements as they apply to the Society.

The Northcott Society and its controlled entities Directors' report (continued) For the year ended 30 June 2007

9. Indemnification and insurance of officers

Indemnification

Northcott has agreed to indemnify the current and former directors of the Society and its controlled entities against all liabilities to another person (other than Northcott or a related body corporate) that may arise from their position as directors of the Society and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Society will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

Since the end of the previous financial year the Society has paid insurance premiums in respect of directors' and officers' liability and legal expenses' insurance contracts, for current and former directors and officers, including executive officers of the Society and directors and executive officers and secretaries of its controlled entities. The insurance premiums relate to:

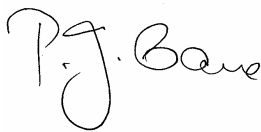
- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Under the terms of the contract of insurance, further details of the insurance cover are not permitted to be disclosed.

10. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 16 and forms part of the directors' report for financial year ended 30 June 2007.

This report is made with a resolution of the directors:



PJ Cave
Director

Dated at Sydney this 26th day of September 2007.

The Northcott Society and its controlled entities Concise financial report

Discussion and analysis of income statements

Revenue for the consolidated entity increased by \$102k over 2006 levels to just over \$16m. The main movements were in:

- Government funding increased by \$660k, due to additional funding for some older programs and funding for some new programs; and
- Revenue from rental and accommodation increased by \$99k as a result of increased occupation of the Northcott Building as well as greater use of Respite facilities.

These increases were offset by the following:

- Estates and bequests decreased by \$307k; and
- Revenue from sale of goods decreased by \$348k due to reduced activity in the NES area.

Movements in expenditure by the consolidated entity were in:

- Client programmes increased by \$267k;
- Fundraising decreased by \$179k; and
- Corporate support increased by \$169k.

A large driver of the increased client programme costs was an increase in personnel costs due to the commencement of new programmes requiring additional staff. The decrease in fundraising costs were the result of the cancellation of two events and the restructure of the Fundraising team. Corporate support costs increased mainly due to increased expenditure on facilities. Cost of sales declined by \$274k due to reduced activity levels in NES.

Financial income from investments increased over the 2006 levels by \$483k due to higher investment returns as a result of market conditions.

Discussion and analysis of statements of recognised income and expense

The recognised expense for the period includes the surplus for the year of \$253k together with actuarial losses on the defined benefit superannuation plan of \$162k.

Discussion and analysis of balance sheets

Total assets for the consolidated entity for 2007 show an increase over 2006. This is offset by an increase in current liabilities due to government grants received in advance being greater than that in 2006.

Discussion and analysis of the statements of cash flows

There was a significant improvement in cash received from operating activities by the consolidated entity in 2006 due to additional government and other revenue. This was offset by investments in managed funds and the acquisition of property, plant and equipment.

The Northcott Society and its controlled entities

Concise financial report

Income statements

For the year ended 30 June 2007

In AUD

	Consolidated		The Society	
	2007	2006	2007	2006
Government funding	9,226,495	8,566,813	9,226,495	8,566,813
Revenue from estates and bequests	1,407,214	1,714,030	1,407,214	1,428,959
Revenue from sale of goods	1,886,241	2,234,592	1,886,241	2,234,592
Donations	1,526,868	1,580,631	1,478,158	1,551,721
Revenue from rental and accommodation	626,293	526,344	626,293	526,344
Revenue from royalties	64,730	43,636	64,730	43,636
Profit from sale of non-current assets	84,156	7,842	84,156	7,842
Other revenue	1,234,101	1,279,543	1,247,703	1,293,773
	16,056,098	15,953,431	16,020,990	15,653,680
Cost of sales	(1,381,473)	(1,655,026)	(1,381,473)	(1,655,027)
Client programme expenses	(11,358,389)	(11,090,840)	(11,304,889)	(11,030,496)
Fundraising expenses	(746,642)	(925,329)	(746,642)	(921,780)
Corporate support expenses	(4,767,489)	(4,598,602)	(4,700,621)	(4,586,799)
Deficit before financing income	(2,197,895)	(2,316,365)	(2,112,635)	(2,540,422)
Financial income	2,450,994	1,967,989	2,292,640	1,831,951
Net financing income	2,450,994	1,967,989	2,292,640	1,831,951
Surplus/(deficit) for the period	253,099	(348,377)	180,005	(708,471)

The Northcott Society and its controlled entities

Statements of recognised income and expense

For the year ended 30 June 2007

In AUD

	Consolidated		The Society	
	2007	2006	2007	2006
Actuarial gains/(losses) on defined benefit superannuation plans	(162,127)	201,893	(162,127)	201,893
Net income/(expense) recognised directly in equity	(162,127)	201,893	(162,127)	201,893
Surplus/(deficit) for the period	253,099	(348,377)	180,005	(708,471)
Total recognised income and expense for the period	90,972	(146,484)	17,878	(506,578)

The income statements and statements of recognised income and expenses are to be read in conjunction with the notes to the financial statements set out on pages 10 to 11.

The Northcott Society and its controlled entities
 Concise financial report
 Balance sheets
 As at 30 June 2007

In AUD

	Consolidated		The Society	
	2007	2006	2007	2006
Assets				
Cash and cash equivalents	940,391	2,002,755	721,873	868,548
Trade and other receivables	951,526	594,856	731,589	384,382
Inventories	508,127	471,708	508,127	471,708
Other financial assets	12,574,620	9,051,766	11,454,289	9,051,766
Other	141,967	102,987	141,967	102,987
Total current assets	15,116,631	12,224,072	13,557,845	10,879,391
Trade and other receivables	1,124,373	1,275,357	-	-
Employee benefits	254,443	362,169	254,443	362,169
Property, plant and equipment	19,652,984	19,228,196	19,651,806	19,226,726
Total non-current assets	21,031,800	20,865,722	19,906,249	19,588,895
Total assets	36,148,431	33,089,794	33,464,094	30,468,286
Liabilities				
Trade and other payables	1,306,364	1,266,808	1,273,864	1,224,042
Employee benefits	1,673,815	1,571,027	1,673,815	1,571,027
Other	4,568,008	1,800,732	4,568,008	1,800,732
Total current liabilities	7,548,187	4,638,567	7,515,687	4,595,801
Employee benefits	191,885	133,841	191,885	133,841
Total non-current liabilities	191,885	133,841	191,885	133,841
Total liabilities	7,740,072	4,772,408	7,707,572	4,729,642
Net assets	28,408,359	28,317,386	25,756,522	25,738,644
Accumulated funds				
General accumulated funds	2,476,206	2,385,233	(175,631)	(193,509)
Reserves:				
- Allocated capital funds	17,122,994	17,122,994	17,122,994	17,122,994
- Services development fund	5,350,000	5,350,000	5,350,000	5,350,000
- Estates and bequests reserve	3,459,159	3,459,159	3,459,159	3,459,159
Total accumulated funds	28,408,359	28,317,386	25,756,522	25,738,644

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 10 to 11.

The Northcott Society and its controlled entities
 Concise financial report
 Statements of cash flows
 For the year ended 30 June 2007

In AUD

	Consolidated		The Society	
	2007	2006	2007	2006
Cash flows from operating activities				
Cash receipts from customers, donations and grants	18,377,476	16,516,992	18,317,924	16,232,238
Cash paid to suppliers and employees	(17,072,107)	(16,649,970)	(16,889,300)	(16,599,226)
Cash generated/(used) by operations	1,305,369	(132,980)	1,428,624	(366,988)
Dividends received	-	28,521	-	28,521
Interest received	87,603	56,554	17,137	1,726
Net cash from operating activities	1,392,972	(47,905)	1,445,761	(336,741)
Cash flows from investing activities				
Proceeds from sale of non-current assets	1,080,428	726,020	855,428	501,020
Proceeds from sale/(acquisition) of managed fund investments held for trading	(1,214,921)	1,522,201	(127,021)	1,522,201
Acquisition of property, plant and equipment	(2,320,843)	(1,323,882)	(2,320,843)	(1,323,882)
Net cash from investing activities	(2,455,336)	924,339	(1,592,436)	699,339
Net increase/(decrease) in cash and cash equivalents	(1,062,364)	876,434	(146,675)	362,598
Cash and cash equivalents at 1 July	2,002,755	1,126,321	868,548	505,950
Cash and cash equivalents at 30 June	940,391	2,002,755	721,873	868,548

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 10 to 11.

The Northcott Society and its controlled entities

Concise financial report

Notes to the consolidated financial statements

1 Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 *Concise Financial Reports*. The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The financial report is prepared on the historical cost basis except for financial instruments held for trading which are carried at fair value. The presentation currency is Australian dollars.

A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's full financial report. These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

2. Accounting estimates and judgements

(i) Defined benefit superannuation plan obligations

Various actuarial assumptions are utilised in the determination of the consolidated entity's defined benefit superannuation fund obligations. These assumptions are set out in note 12 of the Annual Financial Report.

3. Segment reporting

The consolidated entity is engaged in the provision of goods and services to persons with disabilities and operates wholly within New South Wales.

The Northcott Society and its controlled entities Concise financial report Notes to the consolidated financial statements (continued)

4 Fundraising appeals conducted during the financial year

Fundraising appeals conducted during the financial year included mail appeals and various other sundry fundraising projects and general receiving of indirectly solicited donations and bequests.

	Consolidated		The Society					
	2007	2006	2007	2006				
(i) Results of Fundraising appeals								
<i>In AUD</i>								
Gross proceeds from fundraising	2,934,082	3,294,661	2,885,372	2,980,680				
Less: Direct costs of fundraising appeals	(746,642)	(925,329)	(746,642)	(921,780)				
Net surplus obtained from fundraising appeals	2,187,440	2,369,332	2,138,730	2,058,900				
(ii) Application of net surplus obtained from fundraising appeals								
<i>In AUD</i>								
Distributions (expenditure on direct services)	11,358,389	11,090,840	11,304,889	11,030,496				
Recurrent administration expenses	5,270,176	4,598,602	4,700,621	4,586,799				
	16,628,565	15,689,442	16,005,510	15,617,295				
(iii) Application of net surplus obtained from fundraising appeals (continued)								
The shortfall between the net surplus available from fundraising appeals and total expenditure was provided from the following sources:								
<i>In AUD</i>								
Government grants	9,226,495	8,566,813	9,226,495	8,566,813				
Investment income	2,450,994	1,967,989	2,292,640	1,831,951				
Profit from sale of goods and services	1,131,061	1,105,910	1,131,061	1,105,910				
Other income	1,382,987	1,331,022	1,396,588	1,345,251				
Transfer from/(to) general accumulated funds	(253,099)	348,376	(180,004)	708,471				
	13,938,438	13,320,110	13,866,780	13,558,396				
(iv) Comparisons of certain monetary figures and percentages								
Total cost of fundraising /	746,642	25	925,329	28	746,642	26	921,780	31
Gross income from fundraising	2,934,082		3,294,661		2,885,372		2,980,680	
Net surplus from fundraising /	2,187,440	75	2,369,332	72	2,138,730	74	2,058,900	69
Gross income from fundraising	2,934,082		3,294,661		2,885,372		2,980,680	
Total cost of services /	11,358,389	62	11,090,840	61	11,304,889	62	11,030,496	61
Total expenditure	18,253,993		18,269,796		18,133,625		18,194,102	
Total cost of services /	11,358,389	71	11,090,840	70	11,304,889	71	11,030,496	71
Total income received from operating activities	15,971,942		15,945,590		15,936,834		15,645,838	

The Northcott Society and its controlled entities Declaration by Chief Executive Officer in respect of fundraising appeals

I, Glenn Gardner, Chief Executive Officer of The Northcott Society, declare that in my opinion:

- a) The financial report gives a true and fair view of all income and expenditure of the consolidated entity with respect to fundraising appeal activities for the financial year ended 30 June 2007;
- b) The balance sheet gives a true and fair view of the state of affairs of the consolidated entity with respect to fundraising appeal activities as at 30 June 2007;
- c) The provisions of the Charitable Fundraising (NSW) Act 1991 and Regulations under the Act and the conditions attached to the authority have been complied with during the year ended 30 June 2007; and
- d) The internal controls exercised by the consolidated entity are appropriate and effective in accounting for all income received and applied by the consolidated entity from any of its fundraising appeals.

Dated at Sydney this 26th day of September 2007.

Signed in accordance with a resolution of the directors:



Glenn Gardner
Chief Executive Officer

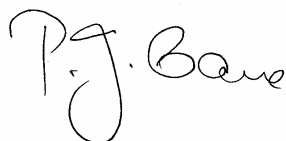
The Northcott Society and its controlled entities Directors' declaration

In the opinion of the directors of The Northcott Society ("the Society"), the accompanying concise financial report of the consolidated entity, comprising The Northcott Society and its controlled entities for the financial year ended 30 June 2007, set out on pages 7 to 11:

- a) has been derived from or is consistent with the full financial report for the financial year; and
- b) complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*

Dated at Sydney this 26th day of September 2007.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink that reads "P.J. Cave". The signature is written in a cursive style with a large initial "P" and "C".

PJ Cave
Director

Independent auditor's report to the members of The Northcott Society

Report on concise financial report

The accompanying concise financial report of consolidated entity, comprising The Northcott Society ("the Society") and its controlled entities, which comprises the balance sheets as at 30 June 2007, the income statements, statements of changes in equity and cash flow statements for the year ended on that date, and related notes 1 to 4, derived from the audited financial report of The Northcott Society and the discussion and analysis. The concise financial report does not contain all the disclosures required by Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors of the consolidated entity are responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of The Northcott Society for the year ended 30 June 2007. Our audit report on the financial report for the year was signed on 30 August 2007 and was not subject to any modification. The Australian 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 for the year is free of material misstatement.

Our procedures in respect of the concise financial report include testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

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

Independent auditor's report to the members of The Northcott Society (continued)

Auditor's opinion

In our opinion the concise financial report, including the discussion and analysis, of The Northcott Society for the year ended 30 June 2007 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

KPMG

KPMG



Tony Nimac
Partner

Sydney
26 September 2007

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: the directors of The Northcott Society

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:

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

KPMG

KPMG



Tony Nimac
Partner

Sydney

26 September 2007

The Northcott Society
(A company limited by guarantee)
and its controlled entities
ABN 87 302 064 152

The financial statements and other specific disclosures is an extract of, and has been derived from The Northcott Society and its controlled entities ("consolidated entity") full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report.

The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities for the consolidated entity as the full financial report.

A copy of the consolidated entity's 30 June 2007 Annual Financial Report, including the independent audit report, is available to all members, and will be sent to members without charge upon request. The 30 June 2007 Annual Financial Report can be requested by telephoning Mike Fryer on 02 9890 0120 or by email mike.fryer@northcott.com.au



northcott
disability services