

The Fred Hollows Foundation
A.C.N. 070 556 642
Income Statement
YEAR ENDED 31 DECEMBER 2005

	Notes	2005 \$	2004 \$
CONTINUING OPERATIONS			
Revenues			
Gross proceeds from fundraising appeals		8,047,304	7,994,370
Gross proceeds from sale of goods		60,689	205,197
Government grants		2,233,331	1,664,614
Corporate funding		890,484	206,008
Interest		333,694	111,723
Other income		114,650	158,770
		<u>11,680,152</u>	<u>10,340,682</u>
Gross revenue			
EXPENSES FROM CONTINUING OPERATIONS			
Overseas project expenses		5,970,248	3,298,224
Domestic project expenses		1,503,373	1,043,025
Communications and Research		0	247,321
Community education		802,197	590,446
Development of technologies		0	537,615
Fundraising expenses		1,837,057	2,092,697
Administration expenses		971,584	877,022
		<u>11,084,459</u>	<u>8,686,350</u>
NET PROFIT FROM CONTINUING OPERATIONS		595,693	1,654,332
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE FRED HOLLOWES FOUNDATION		<u>595,693</u>	<u>1,654,332</u>

The Fred Hollows Foundation
A.C.N. 070 556 642

Balance Sheet
AS AT 31 DECEMBER 2005

	Notes	2005 \$	2004 \$
CURRENT ASSETS			
Cash and cash equivalents	9b	3,180,996	2,065,330
Trade and other receivables	2	418,922	248,699
Inventories	3	3,189	36,592
Prepayments		46,004	47,577
Total Current Assets		<u>3,649,111</u>	<u>2,398,198</u>
NON CURRENT ASSETS			
Plant and equipment	5	246,061	271,423
Available for sale financial assets	4	3,462,811	1,634,109
Financial assets held to maturity		262,358	2,762,358
Total Non Current Assets		<u>3,971,230</u>	<u>4,667,890</u>
TOTAL ASSETS		<u>7,620,341</u>	<u>7,066,088</u>
CURRENT LIABILITIES			
Payables	6	1,134,673	1,434,848
Provisions	7	125,002	125,156
Total Current Liabilities		<u>1,259,675</u>	<u>1,560,004</u>
NON CURRENT LIABILITIES			
Provisions	7	24,556	25,006
Total Non Current Liabilities		<u>24,556</u>	<u>25,006</u>
TOTAL LIABILITIES		<u>1,284,231</u>	<u>1,585,010</u>
NET ASSETS		<u>6,336,110</u>	<u>5,481,078</u>
ACCUMULATED SURPLUS AND RESERVES		<u>6,336,110</u>	<u>5,481,078</u>
EQUITY			
Accumulated Funds		3,533,078	3,533,078
Future Projects reserve	8	2,435,049	1,948,000
Investment reserve	8	259,340	0
Tied Funds reserve	8	108,643	0
		<u>6,336,110</u>	<u>5,481,078</u>

The Fred Hollows Foundation
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Statement of changes in Equity

	Retained Earnings	Future Project Reserve	Investment Reserve	Tied Funds Reserve
As at Jan 2005		1,948,000	0	0
Surplus/(deficit) for the year	595,693			
Available for sale financial assets				
- Valuation gains taken directly to equity			259,339	
- Transferred to Profit & Loss on sale				
Total income/expense recognized	595,693	1,948,000	259,339	
Transfer from reserve	50,000	(50,000)		
Transfer to reserve	(645,693)	537,050		108,643
As at 31 December 2005	0	2,435,050	259,339	108,643

The Fred Hollows Foundation
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Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2005

11,089,225

	Notes	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Bequests		2,227,876	10,625,623
International Corporate donations		890,484	
Government grants		2,041,943	
Receipt from customers		6,015,932	
Program expenditure		(7,473,621)	(7,942,377)
Payment to suppliers and employees		(3,615,604)	
Interest received		333,694	111,723
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	9(a)	<u>420,704</u>	<u>2,794,969</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(86,885)	(223,577)
Disposal of plant & equipment		6,847	26,984
Purchase of available - for - sale assets		(4,225,000)	(3,871,755)
Disposal of available - for - sale assets		1,500,000	
Disposal of financial assets held to maturity		2,500,000	
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		<u>(305,038)</u>	<u>(4,068,348)</u>
NET INCREASE/(DECREASE) IN CASH HELD		<u>115,666</u>	<u>(1,273,379)</u>
Add opening cash brought forward		3,065,330	3,338,709
CLOSING CASH CARRIED FORWARD	9(b)	<u><u>3,180,996</u></u>	<u><u>2,065,330</u></u>

The Fred Hollows Foundation
A.C.N. 070 556 642

Notes to the Financial Statements
YEAR ENDED 31 DECEMBER 2005

1. Corporate Information

The financial report of the Fred Hollows Foundation for the year ended 31 December 2005 was authorized in accordance with a resolution of the directors on 12th April 2006

The Fred Hollows Foundation is a company limited by guarantee incorporated in Australia
The nature of operations and principal activities of the foundation are described in Note 17.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standards. Other mandatory professional reporting requirements such as Urgent Issues Group Consensus Views, the Charitable Fundraising Act 1991 and the Australian Council for International Development code of conduct, have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for the available-for-sale assets, which are measured at fair value.

(b) Statement of Compliance

The financial report complies with Australian Accounting standards, which include Australian Equivalents to International Financial Reporting Standard ('AIFRS'). Compliance with AIFRS does not ensure that the financial report, comprising the financial statements and notes thereto, complies with the International Financial Reporting Standards ('IFRS').

This is the first financial report prepared based on AIFRS and comparatives for the year ended December 2004 have been restated accordingly. Since there has been no material impact of adopting AIFRS on equity and profit, no reconciliation is required for AIFRS equity and profit for 31 December 2004 to the balances reported in the 31 December 2004 financial report. Refer to note 1(q).

(c) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term deposits with an original maturity of three months or less. These amounts are stated at the lower of cost and net realizable value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(d) Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(e) Financial Assets

All financial assets are initially recognized at fair value of the consideration given plus the transaction costs associated with the investment. The investments are then designated as available-for-sale financial assets or financial assets held to maturity.

The fair value of the financial assets of the Foundation have been determined as follows:

Available-for-sale financial assets

- * shares in listed entities at quoted market bid price at balance date;
- * Managed Funds at the redemption price at balance date quoted by the investment manager;

Financial assets held to maturity

- * Fixed interest securities are valued at amortized cost;

After initial recognition available-for-sale financial assets are measured at fair value with the gains and losses recognized as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value. The cost incurred in inventory is made up of the purchase of merchandise. The cost is the purchase price of the items.

(g) Impairment

At each reporting date, assets are reviewed to determine whether there is any indication that an asset is impaired. Where an indicator of impairment exists, a formal estimate of the asset's recoverable amount is made, and where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to recoverable amount. An asset's recoverable amount is higher of its fair value less costs to sell and value in use.

In assessing the value in use of plant and equipment the foundation takes into account the depreciated replacement cost of an asset, which is the replacement cost of the asset less, where applicable, accumulate depreciation.

An impairment for a non-revalued asset is recognized in the profit and loss. However an impairment for a revalued asset is recognized directly against the investment reserve for the class of asset to the extent that it does not exceed the amount in the investment reserve. Amounts in excess of the reserve are recognized in the profit and loss.

(h) Plant and equipment

Cost and valuation

Items of plant and equipment are valued at cost, less accumulated depreciation and any accumulated impairment.

Depreciation

Depreciation is provided for on a straight line basis at rates over the estimated useful life of the assets as follows

Major depreciation periods are:	2005	2004
Plant and equipment:	3 to 20 years	3 to 20 years

(j) Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity.

(j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Donation income and Grants

Control of a right to receive consideration of the donation is attained, usually evidenced by receipt of cash format. Donations and grants received, which are unspent at balance date and are for a specific project not yet completed are only recognized as income when the project occurs as these amounts are repayable if not fully utilized on the specific project.

Sale of goods

Control of the goods has passed to the buyer.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(k) Taxes

Income tax

The Foundation has been registered under the provisions of The Charitable Fundraising Act 1991 and under Subdivision 50-B of the Income Tax Assessment Act 1997, it is an income tax exempt charitable entity.

Goods and Services Tax (GST)

Revenue, expenses and assets are recognized net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash Flows are included in the Cash Flow Statement on a gross basis and the GST component of the cash flows arising from investing and financing activities, which is recoverable or payable to, the taxation authority are classified as operating cash flows.

(m) Provisions

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include annual leave and long service leave.

Liabilities arising in respect of annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash flow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

Employee entitlements expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave entitlements, and
 - other types of employee entitlements
- are charged against profits on a net basis.

The Foundation contributes to various superannuation funds in respect of its superannuation obligations for its employees. A superannuation contribution of 9% of the employees' salaries and wages is legally enforceable.

(n) Foreign currency translations

Foreign currency translations in relation to overseas currency bank accounts and inventory held at year end are converted to local currency using rates of exchange prevalent at the end of the financial year. Transactions in foreign currency are recorded a

(o) Fundraising activities

As a charitable Institution, the foundation has requirements under the Charitable Fundraising Act 1992. This act prescribes the manner in which fundraising appeals are conducted, controlled and reported in NSW. These are shown in note 19 in the financial statements.

(p) Operating Leases

Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the lease income.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the term of the lease.

(q) Impact of adoption of AIFRS

1. Impact on Balance Sheet as at transition date 1 January 2005

Part of cash balance of \$ 5,937,085 and Financial assets of \$ 634,108 were reclassified as follows:

- equities and managed funds of \$ 1,634,109 as available for-for-sale financial assets and
- fixed interest securities of \$ 2,762,358 as financial assets held for maturity.

2. Impact on Income Statement

No material differences between the income statement presented under AIFRS and the income statement presented under AGAAP

3. Impact on Cash flow Statement

The reclassification of short-term deposits as cash and cash equivalents, resulted in additional cash flow transactions disclosures in the cash flow under AIFRS.

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Notes to the Financial Statements
YEAR ENDED 31 DECEMBER 2005

	2005 \$	2004 \$
2. TRADE AND OTHER RECEIVABLES		
Trade Receivables	<u>418,922</u>	<u>248,699</u>
Current debtors are non-interest bearing and are generally on 30 day terms		
3. INVENTORIES		
Merchandise stock	<u>3,189</u>	<u>36,592</u>
	<u>3,189</u>	<u>36,592</u>
4. FINANCIAL ASSETS		
ANZ Endowment Fund	157,283	124,022
Queensland Community Foundation	12,227	10,087
Westpac Portfolio Investment	0	1,500,000
JB Were portfolio investment	<u>3,293,301</u>	<u>0</u>
	<u>3,462,811</u>	<u>1,634,109</u>
ANZ Endowment Fund is repayable on demand. Queensland Community Foundation funds are held in trust for perpetuity. Westpac Portfolio Investment is repayable on demand.		
5. PLANT AND EQUIPMENT		
Plant and equipment, at cost	464,028	389,558
Provision for depreciation	<u>(217,968)</u>	<u>(118,135)</u>
	<u>246,060</u>	<u>271,423</u>
<i>Movement in Non Current Assets</i>		
Balance at beginning of the year	271,423	188,723
Additions	86,885	223,577
Disposals	<u>(6,847)</u>	<u>(26,985)</u>
Depreciation expense	<u>(105,401)</u>	<u>(113,892)</u>
Balance at the end of the year	<u>246,060</u>	<u>271,423</u>
6. TRADE AND OTHER PAYABLES		
Trade payables	79,006	89,005
Accruals	0	50,065
Tied Income	398,888	738,926
Government Grants	338,808	361,278
Other Grants	54,084	85,104
Other creditors	<u>263,887</u>	<u>110,470</u>
	<u>1,134,673</u>	<u>1,434,848</u>
Trade creditors are non-interest bearing and are normally settled in 30 days Other payables are non-interest bearing and have an average term of 6 months AusAID grants are credited with interest and have an average term of one year		
7. PROVISIONS - Employee Benefits.		
(a) Current		
<u>Annual leave</u>		
As at 1 January	125,156	180,431
Utilized	<u>(54,538)</u>	<u>(65,954)</u>
Accrued during period	54,384	10,679
As at 31 December	<u>125,002</u>	<u>125,156</u>
(b) Non current		
<u>Long service leave</u>		
As at 1 January	25,004	47,238
Utilized	<u>(12,388)</u>	<u>(28,641)</u>
Accrued during period	11,940	6,409
As at 31 December	<u>24,556</u>	<u>25,006</u>
8 RESERVES		
(a) Future Projects		
<i>Nature and purpose of reserve</i>		
This reserve contains amounts of retained profits that have been		

set aside by directors for the purpose of funding future projects/activities.

(b) Investment Reserve

The Investment Reserve is used to record the movements in the value of the available-for-sale financial assets

(c) Tied Funds Reserve

The Tied funds Reserve is used to record amounts received for specific programs and not expended at the end of the year. These amounts have been credited to income as there was no contractual obligation to carry forward as a liability.

9. STATEMENT OF CASH FLOWS

	2005	2004
	\$	\$
(a) Reconciliation of the net profit/(loss) after tax to the net cash flows from operations		
Operating profit/(loss) after tax	595,693	1,654,332
Depreciation of non current assets	105,400	113,892
Provision for employee entitlements	598	(77,508)
<i>Changes in assets and liabilities</i>		
Receivables	(170,223)	500,497
Inventory	33,403	118,970
Payables	(145,740)	480,522
Prepayments	1,573	8,759
Investments		(4,495)
Net cash flow from (used in) operating activities	<u>420,704</u>	<u>2,794,969</u>
(b) Reconciliation of cash		
Cash balance comprises:		
- cash on hand	3,180,996	2,065,330
- cash on short term interest		
Closing cash balances	<u>3,180,996</u>	<u>2,065,330</u>

10. REMUNERATION OF DIRECTORS

As per section 6.1 of The Fred Hollows Foundation's Constitution, no money or benefit will be given by The Foundation to any director. There is no director's remuneration.

11. AUDITORS' REMUNERATION

Audit

The auditors of The Fred Hollows Foundation act on an honorary basis.

Other services

Other assurance services provided by The Fred Hollows Foundation auditors during the year total \$ 4,000 (2004 \$ 4,339)

12. RELATED PARTY DISCLOSURES

The directors of The Fred Hollows Foundation during the financial year were:

N. Milan	M. Gillies
M.R. Johnson	G.B. Hollows
H. Davies	B. Impey
V.M. Rubensohn	S. Reys
F. Abraham	H.R. Taylor (Resigned 27 May 2005)
R. Dalziel (Appointed 27 May 2005)	A. Want
S. Galleguillos	

Directors Insurance cover to be included.

13 Financial instruments

The Foundation's financial instruments comprise of cash, short term deposits, fixed interest, managed funds and listed shares.

The main purpose for these instruments is to raise finance for the Foundation's projects and services.

The Foundation has various other financial instruments such as trade debtors and creditors, which arise directly from its operations. The main risk arising from these financial instruments are interest rate risk, credit risk and foreign currency risk.

13a. Interest Rate Risk

The following table sets out the carry amount by maturity of the financial instruments that are exposed to interest rate risks:

Financial Assets	Floating Interest Rate		Fixed interest rates maturing in										Total Carrying Amount		Weighted Average		
			< 1 year		> 1 < 2 years		>2 <3 years		>3 - <4 years		>5 - <6 years		per balance sheet		Effective Interest Rate		
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	
Instruments	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	%	%
Cash	3,180	2,065	-	-	-	-	-	-	-	-	-	-	-	3,180	2,065	3.0	3.0
Investments held to Maturity	-	-	-	2,762	262	-	-	-	-	-	-	-	-	262	2,762	5.5	4.5
Short term deposits	-	2,500	-	-	-	-	-	-	-	-	-	-	-	-	2,500	-	-
Total Financial Assets	3,180	4,565	-	2,762	262	-	-	-	-	-	-	-	-	3,442	7,327		

All other financial assets and all financial liabilities, both recognized and unrecognized, are non-interest bearing.

(b) Fair values

The carrying amounts of financial assets and financial liabilities, at balance sheet date, approximate their aggregate fair values.

(c) Credit risk exposures

The company's maximum exposures to credit risk at balance date in relation to each class of recognized financial assets is the carrying amount of those assets as indicated in the balance sheet. The company has no unrecognized financial assets.

14. SEGMENT REPORTING

The Fred Hollows Foundation operates as a charitable organisation engaged in one segment being aid and development in eye care and health.

15. FH Technologies R & D Pty Limited

FH Technologies R&D Pty Ltd is a wholly owned subsidiary of the Foundation. The subsidiary is in the business of research, development and marketing activities in relation to laser and lens technology. This subsidiary is in the process of wind up and currently has nil assets.

16. Commitments

The Foundation has also entered into a three year lease agreement on the premises it currently occupies. Future minimal rental payable under this agreement as at balance sheet date is as follows:

	2005	2004
	\$	\$
Within 1 year	87,520	65,940
After 1 year and not more than 3 years	153,160	0
	240,680	65,940

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Notes to the Financial Statements
YEAR ENDED 31 DECEMBER 2005

17 KEY PERSONNEL REMUNERATION

	2005	2004
	\$	\$
Compensation received or receivable by key personnel of the Foundation in connection with management of the affairs of the Foundation, whether as an executive officer or otherwise		
Comprising of: Short - term benefits	288,436	205,789

18. SUBSEQUENT EVENTS

Up until the date of this report there have been no significant events after balance date that should be included in this financial report.

19. INFORMATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991

19 (a) DETAILS OF AGGREGATE GROSS INCOME AND TOTAL EXPENDITURE OF FUNDRAISING APPEALS

	2005		2004	
	\$	\$	\$	\$
Gross proceeds from Fundraising appeals		8,107,993		8,405,576
Donations	4,836,502		3,934,392	
Functions and Special events	288,578		426,123	
Bequests	2,227,876		3,080,892	
Miracle Club	694,348		552,963	
Merchandise sales	60,689		205,197	
New initiatives	<u>0</u>		<u>206,009</u>	
Direct costs of Fundraising appeals		1,837,057		2,092,697
Donations	1,229,903		1,297,478	
Functions and Special events	298,317		410,002	
Bequests	145,916		127,899	
Miracle Club	43,611		14,825	
Merchandise sales	69,776		193,573	
Cost of raising Government funds	<u>49,534</u>		<u>48,920</u>	
Net surplus from Fundraising appeals		<u><u>6,270,936</u></u>		<u><u>6,312,879</u></u>

19(b) STATEMENT SHOWING HOW FUNDS RECEIVED ARE APPLIED FOR CHARITABLE PURPOSES

	2005		2004	
	\$	\$	\$	\$
Net surplus obtained from Fundraising appeals		<u>6,270,936</u>		<u>6,312,879</u>
<i>Applied for charitable purposes as follows:</i>				
Office administration		971,584		1,124,343
<i>Expenditures on direct services:</i>				
Community education		802,197		590,446
International programs		5,970,248		3,298,224
Indigenous programs		1,503,373		1,043,025
Development of technology and IOL marketing and distribution		<u>0</u>	8,275,818	537,616
Total expenditure		<u>9,247,402</u>		<u>6,593,654</u>
Surplus/(Shortfall)		<u><u>(2,976,466)</u></u>		<u><u>(280,775)</u></u>
<i>Shortfall was provided by the following sources:</i>				
AusAID grants		2,041,943		1,664,614
Other Government Grants		191,388		
Net R&D commercialization proceeds		0		
Interest		333,694		111,723
Corporate funding		890,484		158,770
Miscellaneous		<u>114,650</u>	3,572,159	1,935,107
Surplus transfer to Accumulated Funds for future use		<u><u>595,693</u></u>		<u><u>1,654,332</u></u>

**The Fred Hollows Foundation
A.C.N. 070 556 642**

**Notes to the Financial Statements
YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
19(c) COMPARISON BY MONETARY FIGURES AND PERCENTAGES		
Gross income from Fundraising appeals	8,107,993	8,405,576
Total direct cost of Fundraising appeals	1,837,057	2,092,697
Total direct cost of Fundraising as a percentage of gross income from Fundraising appeals	23%	25%
Net surplus from Fundraising appeals	6,270,936	6,312,879
Net surplus from Fundraising as a percentage of gross income from Fundraising appeals	77%	75%
Total cost of Direct services	8,275,818	5,469,311
Total Expenditure (excluding direct cost of Fundraising appeals)	9,247,402	6,593,654
Total cost of Direct services as a percentage of Total expenditure	89%	83%
Total Income received (including net profit from Fundraising appeals)	9,843,095	8,247,986
Total cost of Direct services as a percentage of Total income received	84%	66%

19(d) FUNDRAISING APPEALS CONDUCTED DURING THE FINANCIAL PERIOD

Public appeals and Merchandise sales.

20. INFORMATION TO BE FURNISHED UNDER THE ACFID CODE OF CONDUCT

**20(a) INCOME STATEMENT
FOR THE YEAR ENDING 31 DECEMBER 2005**

	2005	2004
	\$	\$
REVENUE		
Donations and gifts - monetary & non-monetary	5,819,428	5,119,487
Legacies and bequests	2,227,876	3,080,892
Grants		
- AusAID	2,041,943	1,610,001
- Other Australian	191,388	54,612
Corporate funding	890,484	0
Investment income	333,694	111,723
Other income		
- Merchandise sales	60,689	205,197
- R&D commercialization proceeds	0	0
- Miscellaneous	114,650	158,770
Total revenue	11,680,152	10,340,682
DISBURSEMENTS		
Overseas projects		
- Funds to overseas projects	5,970,248	3,293,268
- Other project costs	0	4,956
Domestic projects	1,503,373	1,043,025
Community education	802,197	590,446
Development of technology and IOL marketing and distribution	0	537,615
Fundraising costs		
- public	1,787,523	2,043,777
- government and multilaterals	49,534	48,920
Administration	971,584	1,124,343
Total disbursements	11,084,459	8,686,350
Extraordinary items	0	0
Excess of revenue over expenses (shortfall) from continuing operations	595,693	1,654,332

The Fred Hollows Foundation
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Notes to the Financial Statements
YEAR ENDED 31 DECEMBER 2005

21(b) Balance Sheet
AS AT 31 DECEMBER 2005

		2005	2004
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	9b	3,180,996	2,065,330
Trade and other receivables	2	418,922	248,699
Inventories	3	3,189	36,592
Prepayments		46,004	47,577
Total Current Assets		<u>3,649,111</u>	<u>2,398,198</u>
NON CURRENT ASSETS			
Plant and equipment	5	246,061	271,423
Available for sale financial assets	4	3,462,811	1,634,109
Financial assets held to maturity		262,358	276,235
Total Non Current Assets		<u>3,971,230</u>	<u>4,667,890</u>
TOTAL ASSETS		<u>7,620,341</u>	<u>7,066,088</u>
CURRENT LIABILITIES			
Payables	6	1,134,673	1,434,848
Provisions	7	125,002	125,156
Total Current Liabilities		<u>1,259,675</u>	<u>1,560,004</u>
NON CURRENT LIABILITIES			
Provisions	7	24,556	25,006
Total Non Current Liabilities		<u>24,556</u>	<u>25,006</u>
TOTAL LIABILITIES		<u>1,284,231</u>	<u>1,585,010</u>
NET ASSETS		<u>6,336,110</u>	<u>5,481,078</u>
ACCUMULATED SURPLUS AND RESERVES		<u>6,336,110</u>	<u>5,481,078</u>

The Fred Hollows Foundation
A.C.N. 070 556 642

Statement of changes in Equity

	Retained Earnings	Future Project Reserve	Investment Reserve	Tied Funds Reserve	TOTAL
As at Jan 2005		1,948,000	0	0	5,481,078
Surplus/(deficit) for the year	595,693	0	0	0	595,693
Available for sale financial assets	0	0	0	0	0
- Valuation gains taken directly to equity	0	0	259,339	0	259,339
- Transferred to Profit & Loss on sale	0	0	0	0	0
Total income/expense recognized	595,693	1,948,000	259,339	0	6,336,110
Transfer from reserve	50,000	(50,000)	0	0	0
Transfer to reserve	(645,693)	537,050	0	108,643	0
As at 31 December 2005	0	2,435,050	259,339	108,643	6,336,110

21(c) TABLE OF CASH MOVEMENTS FOR DESIGNATED PURPOSES FOR THE YEAR ENDING 31 DECEMBER 2005

	Cash available at beginning of year	Cash raised during year	Cash disbursed during year	Cash available at end of year
	\$	\$	\$	\$
AusAID - Pakistan Eye Care Program	370,779	949,997	1,333,857	-13,082
AusAID - Cambodia Program	0	161,779	161,779	0
AusAID - ANCP 04/05	248,861	12,403	261,264	0
AusAID - ANCP 05/06		521,493	328,980	192,513
<u>Pakistan Earthquake appeal</u>				
AusAID		200,000	126,275	73,725
Public		170,564	75,091	95,473
Aus Industry (Financial literacy program)	81,060		81,060	
Department of Family and Community Services (Stores Expansion Program)	110,328		110,328	0
General purposes	1,254,302	10,996,427	9,418,362	2,832,367
TOTAL	2,065,330	13,012,663	11,896,996	3,180,996

The Fred Hollows Foundation
A.C.N. 070 556 642

Directors' Declaration
YEAR ENDED 31 DECEMBER 2005

In accordance with a resolution of the directors of The Fred Hollows Foundation, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001:

including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2005 and of the company's performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



N Milan
Director

Sydney - 12th April 2006

**The Fred Hollows Foundation
A.C.N. 070 556 642**

**Statement by Principal Officer
YEAR ENDED 31 DECEMBER 2005**

**Declaration by the Principal Officer in respect of fundraising appeals under the
Charitable Fundraising Act 1991**

In accordance with a resolution of the directors of The Fred Hollows Foundation, I declare that:

In my opinion as the Principal Officer:

- (a) the balance sheet gives a true and fair view of all income and expenditure of The Fred Hollows Foundation with respect to fundraising appeals; and
- (b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by the organisation; and
- (c) the provisions of the Charitable Fundraising Act 1991, the regulations under that Act and the conditions attached to the authority have been complied by the organisation; and
- (d) the internal controls exercised by The Fred Hollows Foundation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

On behalf of The Fred Hollows Foundation,



H Davies
Principal Officer

Sydney - 12th April 2006