

KIDSPRESS LIMITED

A.B.N. 65 117 488 570

ANNUAL REPORT

30 JUNE 2008

KidsXpress Limited

Annual Financial Report – 30 June 2008

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This financial report was authorised for issue by the Directors on 23rd September 2008. The company has the power to amend and reissue this financial report.

**KIDSPRESS LIMITED
DIRECTORS' REPORT**

Your directors present their report on the company for the year ended 30 June 2008.

Directors

The following persons held office as directors during the year up to and including the date of this report:

John Hewson
Margo Ward
Paul Hines
Peter Hogan
Shaun Standfield
Stephen Thaxter
David White (Appointed on 17 October 2007)
Kevin Santacatterina (Appointed on 17 October 2007)

The following persons held office as Company Secretary during the year up to and including the date of this report:

Shannon Richards

Principal Activities

KidsXpress Limited is a Public Benevolent Institution established to provide a dynamic expressive therapy program that offers a non-threatening and creative environment to children. It provides children with positive, healthy coping mechanisms to face the challenges and stresses that life presents. KidsXpress empowers children by providing a creative opportunity to identify, express, enjoy and enhance positive strategies for their lives. These skills will significantly increase the self-esteem and resilience of children and will contribute to their development to healthy adulthood.

KidsXpress is for children between the ages of 4-14yrs experiencing difficulty, loss, challenge or trauma. For example, a child who is having chemotherapy, a child whose parents have separated, a child whose sibling is dying, the child who is being bullied at school, the child that has been abused or neglected. KidsXpress provides a safe place for children to express their fears and anxieties with highly trained and experienced therapists.

KidsXpress allows children to express themselves in a way that they wouldn't otherwise with their parents, family, teachers or friends. Interfacing music, art, dance and drama therapies will assist the children to develop tools for life and grow into confident young people and adults.

KidsXpress Limited has been granted Deductible Gift Recipient (DGR) status by the Australian Taxation Office.

KidsXpress Limited opened our doors to children in June 2006. Since then, more than 400 children have completed the KidsXpress program, 50 children are currently taking part in the program and approximately 100 children are on our waiting list. Our reputation within the community and referring agencies has continued to flourish due to the outstanding results the program has achieved.

The clients of KidsXpress come from broken homes, witnesses to domestic violence, dealing with life without their parents, young children dealing with chronic or terminal illness and many children who have experienced abuse and severe neglect.

KidsXpress is not an activity centre, it is not a feel good program, but it is a unique and dynamic program that is focussed on supporting children when they need it most to develop coping mechanisms for life. KidsXpress is an early intervention program that is fast becoming an essential component to the long term care of Australian children in need.

**KIDSPRESS LIMITED
DIRECTORS' REPORT (cont)**

Below is a summary of the operational issues / activities of KidsXpress Limited:

- We held a thank you tour for all our sponsors in February 2008 which received very positive feedback.
- KidsXpress has continued to review and develop the therapeutic program.
- KidsXpress has been successful in securing a three year sponsorship from Macquarie Group Foundation, Matana Foundation as well as being chosen as Ernst & Young's local charity for another year. We have also received funding from the Property Industry Foundation for a full-time therapist for one year, continued support from Perpetual trustees, Vodafone Australia Foundation, Steadfast Group and the Golden Stave Foundation. General Security Australia continues to provide vital support to KidsXpress.
- KidsXpress was one of three charities that received significant funds from a third party event called MayDay.
- KidsXpress will be launching our new look in 2008 with thanks to pro bono support from the Glasshouse.
- In September 2007 KidsXpress signed a five year lease for the Sound Stage Building at the Entertainment Quarter. Intended renovations are yet to take place and we have moved our offices into the reception area.
- A number of third party fundraising events have taken place for KidsXpress including MayDay, Movie Premiers, City to Surf, KidsXpress Golf Day and a number of events are coming up in the later part of 2008 and we are delighted to be Art Sydney's chosen charity again in 2008.
- KidsXpress has focussed on developing one of our income streams through the Corporate Team Building. This has been very popular and feedback positive. For example: Vodafone staff took part in whole day 'Passion in Action' where they took part in our team building exercises and then took KidsXpress staff and 18 of our children to Cirque du Soleil.
- KidsXpress has appeared in the NSW Business Chambers magazine, Business Connect Magazine twice this year. An introduction article and a piece on our Generation Y Committee were written by Rob Kruger.
- KidsXpress Directors took part in a Strategic Planning session. Outcomes included the establishment of the Fundraising Committee, Audit, Risk and Compliance Committee as well as strategies to engage further corporate sponsorship and government funding.
- We have had staff turnover of one with Mandi Hill going on maternity leave and we have welcomed Lesley Miller into our team as our Art Therapist.

Review of Operations

As disclosed in the accompanying financial report the company has recorded a surplus of \$234,074 (2007 surplus: \$17,051) for the year ended 30th June 2008.

Dividends Paid or Recommended

The company is a not-for-profit organisation and hence cannot distribute dividends to members.

Changes in state of affairs

Significant Changes in the State of Affairs - there have been no significant changes in the state of affairs in the period.

Information on Current Directors

Dr John Hewson (Non-Executive Chairman),

Appointed – 8 December 2005

Dr Hewson has worked as an economist for the Australian Treasury (Census and Statistics), the Reserve Bank, the International Monetary Fund and as an advisor to two successive Federal Treasurers and the Prime Minister. His academic career included eleven years as the Professor of Economics, four years as Head of the School of Economics at the University of New South Wales and at Macquarie University. Dr Hewson's political career spanned eight years as the member for Wentworth in the Federal Parliament. He was Shadow Finance Minister, Shadow Treasurer and Shadow Minister for Industry and Commerce and Leader of the Liberal Party and the Coalition in opposition for four years. Since leaving politics in 1995, Dr Hewson has run his own investment banking business and is an active director on the boards of many public and private companies (including GSA) as well as serving as chairman or patron for several not-for-profit organisations. He also writes a regular column for the Australian Financial Review.

Information on Current Directors (cont.)

Margo Ward (Chief Executive Officer and Executive Director),

Appointed – 8 December 2005

Margo is the visionary and founder of KidsXpress and is committed to empowering children and making a difference that will have life long positive effects. Margo's career expands over multiple areas of child and youth related industries including Manager of the Recreation and Play Therapy Department at Sydney Children's Hospital, Executive Member on the Paediatric Oncology Unit, clinical expertise in paediatric chronic illness groups, adolescents, trauma and bereavement. For three years, Margo was the Centre Manager of LifeForce (a national suicide prevention program). With qualifications and experience in early childhood teaching and family/child therapy spanning over more than fifteen years, Margo has pioneered a number of therapeutic interventions across Australia and has lectured both locally and abroad.

Paul Hines (Non-Executive Director),

Appointed – 8 December 2005

Paul is the owner and CEO of General Security Australia Insurance Brokers Pty Ltd (GSA). GSA is a mid sized boutique insurance broker and was integral in establishing KidsXpress. Paul, along with his staff, continues to provide significant support to this Charity both through monetary contributions and allocation of staff resources. Prior to GSA, Paul held senior positions within a major listed corporation.

Peter Hogan (Non-Executive Director),

Appointed – 8 December 2005

Peter is currently the Chief Financial Officer of GSA and is a qualified Accountant with over 25 years accounting and management experience within several Public and Private Companies as Company Secretary and/or Chief Financial Officer. Peter holds a Bachelor of Commerce degree from the University of New South Wales and is a member of the following organisations - Australian Society of Certified Practising Accountants (CPA Status); Associate – Institute of Chartered Secretaries and Administrators (ACIS); Member – Australian Society of Corporate Treasurers (MCT)

Shaun Standfield (Non-Executive Director),

Appointed – 12 December 2005

Shaun is the General Manager, Australian Intermediaries at QBE Insurance. He has been with the QBE group for 8 years. Shaun is responsible for QBE's Australian Intermediary distribution, this area is responsible for distribution of products and claims management to Australian Brokers and Authorised Representatives. Shaun has held senior insurance roles in workers compensation, sales, claims and operations. Shaun's qualifications include an MBA, Bachelor of Business, Post Graduate in Management, Graduate of the Australian Institute of Company Directors and is a Senior Associate with the Insurance Institute.

Stephen Thaxter (Non-Executive Director),

Appointed – 12 December 2006

Stephen Thaxter is a Divisional Director of Macquarie Bank Limited with over twenty years experience in the financial services sector. He manages a team which advises individuals and families on all aspects of investment and wealth management, including the integration of philanthropy into the various financial planning and intergenerational wealth transfer objectives. Prior to joining Macquarie Bank in 1990 he was a practicing chartered accountant with PricewaterhouseCoopers, both in Australia and the United Kingdom.

David White (Non-Executive Director),

Appointed – 17 October 2007

David is the principal of Zentricity, a consultancy which specialises in hands-on advice on corporate governance, and emphasises the importance of protecting, nurturing and growing the interests of stakeholders in the governance process. He was until recently Executive Director of Governance for Vodafone Australia, with the primary responsibility for governance of Vodafone's operations in Australia and Fiji. He also overviewed legal affairs, public policy issues, corporate social responsibility and social investment for Vodafone in those countries. He was the founder and chairman of the Vodafone Australia Foundation and the Vodafone ATH Fiji Foundation, the vehicles by which Vodafone's social and charitable objectives are delivered in Australia and Fiji. David has been admitted as a solicitor for over 30 years.

Information on Current Directors (cont.)

Kevin Santacatterina (Non-Executive Director),

Appointed – 17 October 2007

Kevin Santacatterina is currently Marketing Director Commercial and Corporate at BankWest. He has 18 years experience in key marketing roles and prior to BankWest held marketing roles within financial services (HSBC, Suncorp and Commonwealth Bank) and telecommunications (Telstra). His roles have included product and segment management responsible for market planning, profit management, brand development and ownership of marketing functions end to end. Kevin holds a Bachelor of Business.

Shannon Richards, (Company Secretary and Legal Counsel),

Appointed – 3 October 2006

Shannon is an officer in the Royal Australian Navy and currently works at Headquarters of Joint Operations Command. Before taking a full-time posting in the Navy, Shannon was the corporate counsel at Investec Bank (Australia) Limited where he was the senior lawyer to Investec's Private Bank team. Shannon has also worked as the National Legal Manager at Rothschild and previous to that he spent three years in private practice at Minter Ellison Lawyers. Shannon has been practicing as a solicitor in New South Wales since 2002 and holds a Bachelor of Science (Honours) and a Bachelor of Law (Honours) and is currently completing a Masters in Law. Shannon enjoys sailing and riding horses in his spare time.

Meetings of Directors

The following table sets out the numbers of meetings of the Board of Directors held to date, and the numbers of meetings attended by each Director and Company Secretary:

Director	Number of meetings held while director	Number of meetings attended
John Hewson	4	2
Margo Ward	4	4
Paul Hines	4	3
Peter Hogan	4	4
Shaun Stanfield	4	2
Stephen Thaxter	4	4
David White	2	2
Kevin Santacatterina	2	1

Company Secretary	Number of meetings held while Company Secretary	Number of meetings attended
Shannon Richards	4	3

NB: It was agreed by the Board to conduct bi-monthly meetings at the AGM held in August 2007.

Insurance of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company, except for insurance premiums paid in respect of insuring the Companies directors and officers against liabilities (other than liabilities arising out of conduct involving a lack of good faith).

Environmental Regulations

The company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Subsequent Events

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

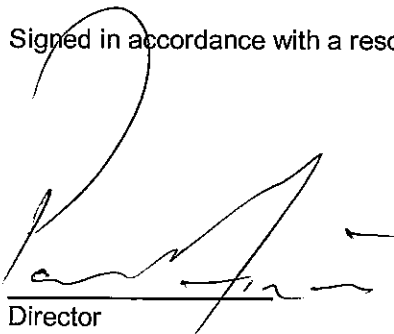
Auditor

PricewaterhouseCoopers continues in office in accordance with Section 327 of the *Corporations Act 2001*.

Auditor's independence declaration.

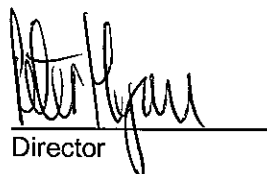
A copy of the Auditor's independence declaration as required under section 301C of the *Corporations Act 2001* as set out on page 8.

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



Director

23 September 2008
Sydney NSW



Director

23 September 2008
Sydney NSW

PricewaterhouseCoopers
ABN 52 780 433 757

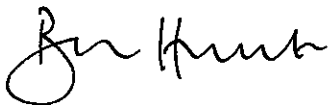
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Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the audit of KidsXpress Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of KidsXpress Limited during the period.



B K Hunter
Partner
PricewaterhouseCoopers

Sydney
23 September 2008

KIDSPRESS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008	2007
		\$	\$
Revenue from continuing operations	3	754,294	408,658
 Expenses			
Employee benefit expenses		435,276	281,027
Equipment and facilities		61,596	29,202
Travel and accommodation		1,306	7,941
External services		1,328	43,656
Administration costs		17,565	8,997
Programs and projects		3,149	20,784
 Total expenses		(520,220)	(391,607)
 Profit before income tax expense		234,074	17,051
 Income tax expense		-	-
 Profit for the year		234,074	17,051

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

KIDSPRESS LIMITED
BALANCE SHEET
AS AT 30 JUNE 2008

		2008	2007
		\$	\$
Current Assets			
Cash and cash equivalents	9	134,192	150,106
Trade & other receivables	5	260,867	3,673
Total Current Assets		<u>395,059</u>	<u>153,779</u>
 Non Current Assets			
Property, Plant and Equipment			
Music Equipment	7	7,455	-
Leasehold Improvements	7	10,363	-
Motor Vehicles	7	13,490	-
Total Property, Plant and equipment	7	<u>31,308</u>	-
Total Non-Current Assets		<u>31,308</u>	-
Total Assets		<u>426,367</u>	<u>153,779</u>
 Current Liabilities			
Trade and other payables	6	61,916	23,402
Total Liabilities		<u>61,916</u>	<u>23,402</u>
 Net Assets		 <u>364,451</u>	 <u>130,377</u>
 Equity			
Retained Earnings		364,451	130,377
Total Equity		<u>364,451</u>	<u>130,377</u>

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

KIDSPRESS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
Total equity at the beginning of the period - Accumulated funds	130,377	113,326
Profit for the year	234,074	17,051
Total equity at the end of the period - Accumulated funds	<u>364,451</u>	<u>130,377</u>

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

**KIDSPRESS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in course of operations		513,199	384,169
Cash payments in course of operations		(497,351)	(360,141)
Interest received		8,823	5,279
Net cash provided by operating activities	9	24,671	29,307
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant & equipment	7	(40,585)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase/(decrease) in cash and cash equivalents		(15,914)	29,307
Cash and cash equivalents at the beginning of the period		150,106	120,799
Cash and cash equivalents at the end of the period	9	134,192	150,106

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

KIDSPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01 JULY 2007 TO 30 JUNE 2008

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for KidsXpress Limited an individual entity.

(a) Basis of Preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statement and notes of KidsXpress Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Income Tax

The company is exempt from income tax under section 50-B of the Income Tax Assessment Act 1997.

(c) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade and other receivables are usually due for settlement no more than 30 days from the date of recognition.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the association will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(d) Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of 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 expense for the period.

Leased assets are depreciated on a straight-line or diminishing value basis over their estimated useful lives where it is likely that the entity 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 on a straight-line basis over the period of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the period of the lease.

KIDSPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01 JULY 2007 TO 30 JUNE 2008

1. Summary of Significant Accounting Policies (Cont)

(e) Financial Instruments

Recognition

Financial instruments are initially measured at fair value plus transaction costs (except for financial assets carried at fair value through profit or loss). Subsequent to initial recognition these instruments are measured as set out below.

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 stated at amortised cost using the effective interest method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost using the effective interest method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all other financial assets and liabilities, including discounted cash flow analysis, recent arm's length transactions, reference to similar instruments and option pricing models.

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.

Other

The company does not have any financial instruments classified as at fair value through profit or loss, available-for-sale or held-to-maturity.

(f) Impairment of Assets

At each reporting date, the company reviews the carrying values of its 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 amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are usually unsecured and due within 30 days of recognition.

(h) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by 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. Employee benefits payable later than one year have been measured on the basis of the present value of the estimated future cash outflows to be made for those benefits.

KIDSPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01 JULY 2007 TO 30 JUNE 2008

1. Summary of Significant Accounting Policies (cont)

(i) 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.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(k) Revenue

Donations

Revenue from donations is recognised when it is received.

Interest Income

Interest revenue is recognised on a time proportion basis using the effective interest rate method.

Donations In-Kind

Where the value of the in-kind support/donation is material and a fair value is reasonably determinable the revenue and corresponding expense is recognised when the in-kind support/donation is received.

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

(l) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up or liabilities incurred at the date of acquisition plus incidental costs directly attributable to the acquisition.

(m) Function and Presentation Currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

(n) Property, Plant and Equipment

Property, plant and equipment are brought to account at historical cost less, where applicable, any accumulated depreciation or amortisation. These assets are depreciated over their useful lives. The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal, and is included in the operating result of the company in the year of disposal.

The rates and basis of depreciation are as follows:

Furniture and fittings – straight line over 3 years;

Leasehold improvements – straight line over the remaining life of the lease;

Motor Vehicle – straight line over 4 years.

KIDSXPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01 JULY 2007 TO 30 JUNE 2008

1. Summary of Significant Accounting Policies (cont)

(o) 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 Taxation 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.

(p) Critical Accounting Estimates and Judgements

The company evaluates estimates and judgments 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.

There were no critical accounting estimates and judgements made by the directors in completing the financial report.

(q) New Accounting Standards and UIG Interpretations

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2008, are as follows:

Standard/Interpretation	Application date*	Application date for the Group*
AASB 101 <i>Presentation of Financial Statements – revised</i> and consequential amendments to other accounting standards resulting from its issue	1 January 2009	1 July 2009

* **Application date is for annual reporting periods beginning on or after the date shown in the above table.**

New accounting standards and UIG interpretations (continued)

The directors anticipate that the adoption of these standards and interpretations in future periods may have the following impacts:

- *AASB 101* - The revised AASB 101 is only expected to effect the presentation and disclosure of the financial report. It is not expected to effect recognition and measurement accounting policies.

(r) General

This financial report covers an individual entity, KidsXpress Limited. KidsXpress Limited is a public company, limited by guarantee, incorporated and domiciled in Australia.

Registered Office

137 Harrington Street
 SYDNEY NSW 2000

Principal Place of Business

Entertainment Quarter
 The Sound Stage
 122 Lang Road
 Moore Park NSW 2021

KIDSPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01 JULY 2007 TO 30 JUNE 2008

1. Summary of Significant Accounting Policies (cont)

(s) Interest Risk

The company has no significant concentrations of interest risk. The company utilises an interest bearing account for excess cash. Regular transfers of funds minimise the exposure to interest fluctuations; and interest revenue is not considered a significant income source for the company. Interest is not charged on any of its receivables and there are no interest bearing borrowings.

(t) Operating Lease Disclosures

The Company leases premises at The Sound Stage, 122 Lang Road Moore Park NSW 2021. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight line basis over the period of the lease.

2. Financial Risk Management

The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's overall risk management considers the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. Risk management is carried out by management and the Audit and Corporate Governance Committee under policies approved by the Board of Directors. Management and the Audit & Corporate Governance Committee identify and evaluate financial risk.

(a) Market Risk

(i) Foreign Exchange Risk

The company is not subjected to foreign exchange risk as no foreign currency bank accounts or other foreign currency transactions took place during the year ended 30 June 2008.

(ii) Interest Risk

The company has no interest bearing borrowings or significant concentrations of interest risk. The company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in note 1(s).

(b) Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The company utilises an interest bearing bank accounts for all cash. Interest revenue is not considered a significant income source for the company. For customers, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet financial obligations as they fall due. The company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

KIDSPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01 JULY 2007 TO 30 JUNE 2008

2. Financial risk management (continued)

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the expected maturity date.

	<i>Less than 6 months</i>	<i>6-12 months</i>
30 June 2008	\$	\$
<i>Non-interest bearing payables</i>	6,555	-
30 June 2007	\$	\$
<i>Non-interest bearing payables</i>	10,924	-

	2008	2007
	\$	\$
3. <u>Revenue</u>		
Donations-Cash	505,799	384,133
Donations-In kind/Services	-	19,210
Corporate Teambuilding	7,400	-
Benefit received from Fundraising Auctions	232,272	-
Interest	8,823	5,279
Membership	-	36
	754,294	408,658

4. Expenses

Profit before income tax expense includes the following specific expenses:

Superannuation expense	35,569	21,908
Rental Expense	44,573	21,389
Depreciation	9,277	-

5. Trade & Other Receivables

Prepayments	6,604	3,673
Debtors	254,263	-
	260,867	3,673

a) Impaired Trade Receivables

There were no impaired trade receivables for the company in 2008 or 2007.

b) Past due but not impaired

As of 30 June 2008 there were no past due but not impaired trade receivables.

c) Other receivables

There were no amounts that arose from transactions outside the usual operating activities of the Company.

KIDSPRESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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d) **Foreign exchange and interest rate risk**

Information about the Company's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

e) **Fair value and credit risk**

Due to the short-term nature of the receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

	2008	2007
6. Payables		
Trade payables	6,555	10,924
Accruals	24,074	6,810
GST liability	25,871	2,710
Other liabilities	<u>5,416</u>	<u>2,958</u>
Trade payables and accruals	<u>61,916</u>	<u>23,402</u>

Trade payables and accruals are non-interest bearing. They are usually unsecured and due within 30 days of recognition.

Amount not expected to be settled within the next 12 months

Other payables include accruals for annual leave. The entire obligation is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amount reflects leave that is not expected to be taken within the next 12 months.

	2008	2007
Annual leave obligation expected to be settled after 12 months	16,800	12,232

7. Property, Plant & Equipment

	Music Equipment \$	Leasehold Improvements \$	Motor Vehicles \$	Total \$
At 1 July 2007				
Cost or fair value	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book amount	-	-	-	-
Year ended 30 June 2008				
Opening net book amount	-	-	-	-
Additions	11,140	11,945	17,500	40,585
Disposals	-	-	-	-
Depreciation charge	(3,685)	(1,582)	(4,010)	(9,277)
Closing net book amount	<u>7,455</u>	<u>10,363</u>	<u>13,490</u>	<u>31,308</u>
At 30 June 2008				
Cost or fair value	11,140	11,945	17,500	40,585
Accumulated depreciation	(3,685)	(1,582)	(4,010)	(9,277)
Net book amount	<u>7,455</u>	<u>10,363</u>	<u>13,490</u>	<u>31,308</u>

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8. Retained Profits

Movements in retained profits were as follows:

	2008	2007
	\$	\$
Balance 1 July	130,377	113,326
Net profit for the year	234,074	17,051
Balance 30 June	364,451	130,377

9. Cash Flow Information

(a) Reconciliation of cash and cash equivalents

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	134,192	150,106
	134,192	150,106

(b) Reconciliation of profit after income tax expense to net cash provided by operating activities

Profit for the year	234,074	17,051
Depreciation	9,277	-
(Increase)/decrease in trade debtors & other receivables	(257,194)	2,174
(Decrease) in trade creditors	(4,369)	(2,396)
Increase in other operating liabilities	42,883	12,478
Net cash inflow (outflow) from operating activities	24,671	29,307

10. Company Limited by Guarantee

The company does not have share capital. It is a public company limited by guarantee under the Corporations Act 2001.

The amount which is capable of being called up in the event of winding up of the company is not to exceed \$10 per member by virtue of the company's memorandum of association.

11. Related Party Transactions

Key Management Personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Company.

Key Management Personnel Compensation:

	2008	2007
	\$	\$
Short-term employee benefits	100,113	46,937
Post-term employee benefits	9,010	4,224
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total compensation for Key Management Personnel	109,123	51,161

General Securities Australia Insurance Broking Pty Ltd, a director-related entity, provided insurance broking services and received no fees for the services provided.

QBE Insurance Australia Ltd, a director-related entity, provided heavily reduced insurance to the Company.

Macquarie Bank Ltd, a director-related entity, provided donations to the company, through its foundation.

BankWest Ltd, a director-related entity, provided donations to the company.

No director other than the Chief Executive Officer received any remuneration during the 2007 and the 2008 years.

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	2008	2007
	\$	\$
12. <u>Commitments for Expenditure</u>		
Lease Commitments: Company as Lessee		
<i>Non-cancellable operating leases</i>		
The Company leases its premises at 122 Lang Road, Moore Park NSW 2021 under a non-cancellable operating lease expiring within four years.		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	50,000	-
Later than one year but not later than five years	162,500	-
Later than five years	-	-
	212,500	-
The company's operating lease comprises lease of premises. The company's lease does not provide for purchase options or unusual escalation clauses.		
Capital Commitments		
The company had no significant capital commitments at balance date.		
13. <u>Income and expenditure - Fundraising Appeals</u>		
This disclosure is made under the NSW Charitable Fundraising Act (1991).		
(i) <u>Details of aggregate gross income and total expenses of Fundraising Appeals</u>		
Gross proceeds of Fundraising Appeals (as defined in the Act)	745,471	403,343
(Costs) of Fundraising Appeals	(215)	(6,119)
Net surplus obtained from Fundraising Appeals	745,256	397,224
(ii) <u>Statement showing how funds received were applied to charitable purposes</u>		
Net surplus obtained from Fundraising Appeals	745,256	397,224
This was applied to the charitable purposes in the following manner:		
Expressive therapy program to clients	442,698	333,269
Balance available to be applied for charitable purposes.	302,558	63,955
(iii) <u>Fundraising Appeals conducted during the financial period</u>		
Donations- Cash	505,799	384,133
Donations- In kind/Services	-	19,210
Benefits received from Fundraising Auctions	232,272	-
Corporate Teambuilding	7,400	-
	745,471	403,343

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(iv) Comparisons of certain monetary figures and percentages

The following figures and percentages exclude sales revenue and expenditure on commercial activities.

	2008	2007	2008 %	2007 %
(Total cost) of fundraising appeals /	(215)	(6,119)	0.0%	(1.5%)
Gross income from fundraising appeals	745,471	403,343		
Net surplus from fundraising appeals /	745,256	397,224	100.0%	98.5%
Gross income from fundraising appeals	745,471	403,343		
Total cost of assistance to clients /	442,698	333,269	85.1%	85.1%
Total expenditure	520,220	391,607		
Total cost of assistance to clients /	442,698	333,269	58.7%	81.6%
Total income received	754,294	408,658		

14. Auditors Remuneration

PricewaterhouseCoopers has audited the financial report on a pro-bono basis and received no remuneration for this year and the prior year.

15. Contingencies

It is the Directors view that contingent liabilities will not give rise to any liabilities other than those disclosed in the financial statement and notes.

**KIDSPRESS LIMITED
DIRECTORS' DECLARATION**

In the directors opinion:

- (a) the financial statements and notes set out on pages 9 to 22 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the financial year ended on the date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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


Director

23 September 2008
Sydney NSW


Director

23 September 2008
Sydney NSW

Independent auditor's report to the members of KidsXpress Limited

Report on the financial report

We have audited the accompanying financial report of KidsXpress Limited (the company), 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 significant accounting policies, other explanatory notes and the directors' declaration for KidsXpress Limited.

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 controls 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 ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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


Independence

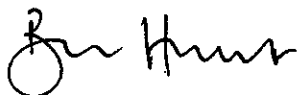
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of KidsXpress 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*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1


PricewaterhouseCoopers



B K Hunter
Partner

Sydney
23 September 2008