

MacKillop Family Services Limited
ABN 79 078 299 288

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

TABLE OF CONTENTS

	Page Numbers
<i>Company particulars</i>	39
<i>Directors' report</i>	40
<i>Discussion and analysis of the financial statements</i>	45
<i>Statement of financial performance</i>	46
<i>Statement of financial position</i>	47
<i>Statement of cash flows</i>	48
<i>Notes to concise financial report</i>	49
<i>Directors' declaration</i>	49
<i>Independent audit report to the Members of MacKillop Family Services Limited</i>	50

MacKillop Family Services Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The registered office and principal place of business is:
 1st Floor, 123 Paisley Street, Footscray, Victoria 3011.

A description of the nature of the company's operations and its principal activities is included in the directors' report on pages 40 to 44

COMPANY PARTICULARS

BOARD OF DIRECTORS

Mr John Hurren (Chairperson)
Sr Judith Davey RSM
Sr Marie Hanger RSJ
Br Francis Hennessy CFC
Ms Barbara Hingston
Mr Lawrence Lavelle
Mr Brian Lawrence
Mrs Maria Minto Cahill
Mrs Penny Noonan
Ms Patrice Scales
Mr John Stevens
Ms Marilyn Webster

CHIEF EXECUTIVE OFFICER

Mr Paul Linossier B.A., B.S.W. (Hons)

COMPANY SECRETARY

Mr Graham Boal B.Comm., (Accounting) ASA, FAICD

REGISTERED OFFICE

1st Floor, 123 Paisley Street, Footscray, Victoria 3011
Telephone: 03 9687 7166
Facsimile: 03 9687 9622
Email: enquiry@mackillop.org.au
Web Site: www.mackillop.org.au

SOLICITORS

Tolhurst Druce & Emmerson

PRINCIPAL BANKERS

Catholic Development Fund

AUDITORS

WHK Day Neilson, Accountants & Advisers

MacKillop Family Services Limited
ABN 79 078 299 288

DIRECTORS' REPORT

The directors have pleasure in presenting their report on the financial statements of MacKillop Family Services Limited ('MacKillop') for the year ended 30 June 2005, made out in accordance with a resolution of the directors.

1. DIRECTORS

THE DIRECTORS OF THE COMPANY WHO SERVED DURING THE FINANCIAL YEAR AND UP TO THE DATE OF THIS REPORT ARE:

CHAIRPERSON

Mr John Hurren

MBA, B.Eng., ARMIT, CFTP.
Director since February 1999.
Chairperson since October 2003.

General Manager, Catholic Development Fund.

Convenor of the Executive Committee, Convenor of the Audit and Risk Management Committee and Member of the Ethics Standing Committee.

CONGREGATIONAL REPRESENTATIVES

CHRISTIAN BROTHERS

Br Francis Hennessy CFC

B.A., TSTC.
Director since July 2002.

Deputy Province Leader.

Member of the Capital Appeal Committee.

SISTERS OF MERCY

Sr Judith Davey RSM

Dip.T., Dip.Rem.T., Grad. Dip. Mission Formation and Study.
Director since March 2002.

Business & Finance Officer, Regina Coeli Community.

SISTERS OF ST JOSEPH

Sr Marie Hanger RSJ

T.P.T.C., B.A., Dip. Ed., M.A., Dip. Professional Counselling, MAICD.
Director since March 2002.

Member of Province Leadership Team.

Member of the Audit and Risk Management Committee.

ORDINARY DIRECTORS

Ms Barbara Hingston

BA (Admin), BSW.
Director since October 2003.

Member of the Policy and Programs Committee and Member of the Strategic Planning Committee.

Mr Brian Lawrence

LL.B., M.Ec.
Appointed director on 1 September 2005.

Barrister

Mr Lawrence Lavelle AM

Fellow, Institution of Fire Engineers.
Director since June 2002.

Company Director

Member of the Finance and Legal Committee.

Ms Maria Minto Cahill

T.P.T.C., B.Ed., M.Ed., Grad. Dip. Adolescent Health.
Director since April 1997.

Student Wellbeing Staff Group, Catholic Education Office.

Member of the Policy and Programs Committee and Member of the Strategic Planning Committee.

Ms Patrice Scales

BA, MA (Communications).
Director since October 2003.

Communications and Fundraising Consultant.

Convenor of the Capital Appeal Committee and Member of the Executive Committee.

Mr John Stevens

Fellow Australian Institute of Banking and Finance.
Director since December 2002.

Retired ANZ Banker.

Convenor of the Finance and Legal Committee and Member of the Executive Committee.

Ms Marilyn Webster

B.A., Dip. Soc. Stud., Dip. App. Sci., AASW.
Director since June 2001.

Manager Social Policy and Research Unit, Good Shepherd Youth and Family Service.

Convenor of the Policy and Programs Committee, Convenor of the Strategic Planning Committee, Member of the Executive Committee and Member of the Ethics Standing Committee.

Mrs Penny Noonan

B. Juris., LLB.
Director since April 1997.

Farmer.

Convenor of the Heritage and Information Services Committee, Member of the Capital Appeal Committee and Member of the Executive Committee.

Retired as director on 19 October 2004 at the AGM.

2. PRINCIPAL ACTIVITIES OF THE COMPANY

MacKillop provides services including:

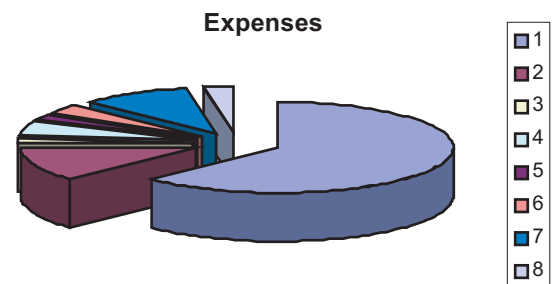
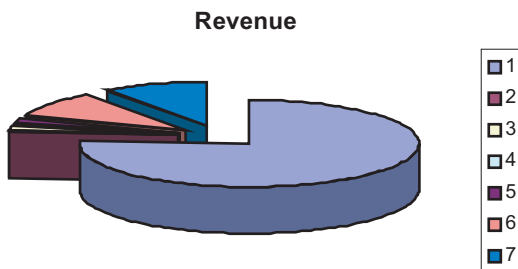
Home Based and Residential Care, Disability Services, Youth Support and Outreach, Training and Education, Family Support and Preservation and Advocacy and Research for vulnerable children and young people and their families.

3. TRADING RESULTS

The company had an operating surplus of \$980,189 for the year.

		2005	2004
1	Government grants	76%	78%
2	Enterprise income	1%	1%
3	Bequests	2%	3%
4	Trust funds	0%	0%
5	Donations/fundraising	1%	2%
6	Investment income	10%	7%
7	Other income	10%	9%

		2005	2004
1	Employee benefits expense	63%	64%
2	Client expenses	12%	12%
3	Enterprise expenses	1%	1%
4	Property, occupancy and equipment expenses	6%	6%
5	Motor vehicle expenses	2%	2%
6	Administration expenses	3%	4%
7	Other expenses	10%	8%
8	Depreciation	3%	3%



4. DIVIDENDS

The company is limited by guarantee and is unable to make distributions of surpluses. Accordingly, the directors have made no resolutions in relation to dividends.

5. REVIEW OF OPERATIONS

MacKillop is responsible for undertaking the works previously conducted by the following Founding Agencies:

- (i) Christian Brothers' Child, Youth and Family Services, Footscray which included;
 - (a) St Augustine's Adolescent and Family Services, Whittington
 - (b) St Joseph's Homes for Children, Flemington
 - (c) St Vincent's Boys Home, South Melbourne
- (ii) Mercy Family Care Centre, North Geelong

- (iii) St Vincent de Paul Child and Family Services, Black Rock
- (iv) St Anthony's Family Service, Footscray
- (v) St Joseph's Babies and Family Services, Glenroy

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs during the year.

7. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year, the directors are not aware of any matter of circumstance not otherwise dealt with in the report or notes to the financial statements 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 subsequent financial years.

8. LIKELY DEVELOPMENTS

MacKillop has recently launched its third Strategic Plan which will provide direction for the organisation for the next 5 years. Senior staff, managers and staff representatives have met on several occasions and have agreed an Operating Plan for the next 12 months, which has been developed directly from the strategic plan. Each year the organisation will develop an Operating Plan to enable it to integrate strategic planning, quality assurance, risk management and organisational survey feedback.

MacKillop will have the MacKillop Relational Database System (MRDS) operating in most of its programs over the next 12 months. The IT Department with the support of the MRDS Control Group is finally seeing the 'fruits' of its hard work over the past 18 months in developing this database. The database will be used to collect client data, record client incidents, provide a HR data base, a property database and a volunteer data base. This will allow MacKillop to better manage the information it holds.

MacKillop has engaged the services of BDO Chartered Accountants to assist in developing a Compliance Policy and Process. Once complete, this will provide assurance to Directors and management that all laws, regulations, industry codes and organisational standards are being complied with.

At its meeting in September 2005, the Board of Directors appointed the building contractor to construct a new two storey building for St Anthony's in Commercial Road Footscray which will provide accommodation for 60 staff in modern offices. It is expected the building will be completed around July 2006.

9. ENVIRONMENTAL REGULATIONS

The company is not subject to any significant environmental regulation.

10. DIRECTORS' AND OFFICERS' INSURANCE

The company has insurance cover through the Department of Human Services to indemnify the directors and officers of the company against any third party claims.

The number of directors' meetings and committee meetings held during the financial year each director held office and the number of meetings attended by each director are given below. It should be noted that not all directors are members of all committees.

11. DIRECTORS' MEETINGS

The number of directors' meetings and committee meetings held during the financial year each director held office and the number of meetings attended by each director are given below. It should be noted that not all directors are members of all committees.

	Director's Meetings		Committee Meetings	
	<i>Number held whilst a Director</i>	<i>Number attended whilst a Director</i>	<i>Number held whilst a Director</i>	<i>Number attended whilst a Director</i>
Mr John Hurren	6	4	7	7
Sr Judith Davey RSM	6	6	0	0
Sr Marie Hanger RSJ	6	5	2	2
Br Francis Hennessy CFC	6	5	4	4
Ms Barbara Hingston	6	4	7	6
Mr Brian Lawrence	0	0	0	0
Mr Lawrence Lavelle	6	5	6	3
Ms Maria Minto Cahill	6	5	7	5
Mrs Penny Noonan	2	2	1	1
Ms Patrice Scales	6	6	10	9
Mr John Stevens	6	6	11	11
Ms Marilyn Webster	6	5	9	7

12. AUDITORS' INDEPENDENCE DECLARATION

In accordance with the provisions of section 307C of the Corporations Act 2001, the directors of the company have obtained the following independence declaration by the company's auditor.

"As lead engagement partner for the audit of MacKillop Family Services Ltd for the year ended 30 June 2005, I declare that , to the best of my knowledge and belief, there have been:

- i. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit".

Signed for and on behalf of the Board,



Mr John Hurren
Director



Mr John Stevens
Director

Melbourne, 15 September 2005

MacKillop Family Services Limited
ABN 79 078 299 288

DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Information on MacKillop Family Services Ltd Concise Financial Report.

The financial statements and disclosures in the concise financial report have been derived from the 2005 Financial Report of MacKillop Family Services Ltd ('MacKillop').

A copy of the full financial report and auditor's report will be sent any member, free of charge, upon request.

The discussion and analysis is provided to assist members and readers of the report in understanding the concise financial report. The discussion and analysis is based on MacKillop Family Services Ltd financial statements and the information contained in the concise financial report has been derived from the full 2005 Financial Report of MacKillop Family Services Ltd.

Statement of Financial Performance

The surplus from ordinary activities for the year is \$980,189 compared to last year's surplus from ordinary activities of \$955,072. As with the previous year, the surplus for 2004-2005 has once again been due to unexpected favourable variances in revenues from outside the normal operating activities of 'MacKillop' and other significant items from ordinary activities as detailed below. Favourable variances in these income streams will not occur each year and may impact unfavourably in the future, in particular if the equity market performs badly.

REVENUE FROM OUTSIDE THE OPERATING ACTIVITIES	<i>2005</i>	<i>2004</i>
	\$	\$
Gain in market value of investments and franking credits	<u>2,124,854</u>	<u>1,314,509</u>
OTHER SIGNIFICANT ITEMS FROM ORDINARY ACTIVITIES		
MacKillop received the following funds, which were considered as significant items because of their size and significance.		
Bequests over \$10,000	275,094	524,020
Bequests below \$10,000 and perpetual bequests	<u>193,765</u>	<u>274,928</u>
	<u>468,859</u>	<u>798,948</u>
SURPLUS FROM EXTRAORDINARY ITEMS AFTER RELATED INCOME TAX EXPENSE		
MacKillop received the following funds, which were considered as extraordinary items because they are not considered to be a part of the organisations ordinary activities and are not of a recurring nature		
Transfer of funds from the Christian Brothers	3,433,531	-
Transfer of funds from the Sisters of St Joseph	1,575,028	-
Capital Appeal funds	<u>1,006,437</u>	-
(related income tax - nil)	<u>6,014,996</u>	-

Statement of Financial Position

The increase in cash assets and other financial assets is due to surplus cash arising from the operating surplus and in particular extraordinary gain.

Statement of Cash Flows

The increase in cash flow arises from operating activities. The purchase of investments is largely from extraordinary contributions.

MacKillop Family Services Limited
ABN 79 078 299 288

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	<i>Note</i>	2005	2004
		\$	\$
Revenue from ordinary activities		27,809,755	26,966,161
Other significant items from ordinary activities		468,859	798,948
Employee benefits expense		(17,158,829)	(17,058,470)
Depreciation		(744,773)	(781,234)
Other expenses from ordinary activities:			
- Client expenses		(3,350,808)	(3,377,339)
- Enterprise expenses		(313,812)	(170,820)
- Property, occupancy and equipment expenses		(1,490,867)	(1,622,670)
- Motor vehicle expenses		(512,860)	(517,422)
- Administration expenses		(962,132)	(989,238)
- Other expenses		(2,764,344)	(2,292,844)
SURPLUS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		980,189	955,072
INCOME TAX EXPENSE		-	-
SURPLUS FROM ORDINARY ACTIVITIES AFTER RELATED INCOME TAX EXPENSE		980,189	955,072
SURPLUS FROM EXTRAORDINARY ITEMS AFTER RELATED INCOME TAX EXPENSE		6,014,996	-
NET SURPLUS FOR THE YEAR		6,995,185	955,072
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		6,995,185	955,072

The accompanying notes form part of this concise financial report.

MacKillop Family Services Limited
 ABN 79 078 299 288

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	<i>Note</i>	2005	2004
		\$	\$
CURRENT ASSETS			
Cash assets		4,083,000	2,330,029
Receivables		1,005,789	1,169,175
Inventories		26,869	61,304
Other financial assets		4,503,694	3,581,322
TOTAL CURRENT ASSETS		<u>9,619,352</u>	<u>7,141,830</u>
NON-CURRENT ASSETS			
Other financial assets		13,842,191	8,296,930
Property, plant and equipment		4,012,550	3,990,041
TOTAL NON-CURRENT ASSETS		<u>17,854,741</u>	<u>12,286,971</u>
TOTAL ASSETS		<u>27,474,093</u>	<u>19,428,801</u>
CURRENT LIABILITIES			
Payables		1,999,346	1,840,815
Provisions		1,543,051	1,313,054
Other		2,677,737	2,086,450
TOTAL CURRENT LIABILITIES		<u>6,220,134</u>	<u>5,240,319</u>
NON-CURRENT LIABILITIES			
Provisions		591,606	521,314
TOTAL NON-CURRENT LIABILITIES		<u>591,606</u>	<u>521,314</u>
TOTAL LIABILITIES		<u>6,811,740</u>	<u>5,761,633</u>
NET ASSETS		<u>20,662,353</u>	<u>13,667,168</u>
EQUITY			
Contributed funds		13,733,035	8,724,476
Trust funds		3,714,183	3,714,183
Reserves		1,046,184	-
Retained surplus		2,168,951	1,228,509
TOTAL EQUITY		<u>20,662,353</u>	<u>13,667,168</u>

The accompanying notes form part of this concise financial report.

MacKillop Family Services Limited
ABN 79 078 299 288

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	<i>Note</i>	2005	2004
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from government and other		27,737,179	26,510,510
Payments to suppliers and employees		(26,544,616)	(26,569,182)
Interest received		522,082	329,827
Dividends received		170,126	241,882
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>1,884,771</u>	<u>513,037</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment		(1,679,788)	(1,609,947)
Proceeds from sale of property, plant and equipment		740,553	581,330
Net (increase) / decrease in investment funds (at cost)		(5,207,561)	1,434,439
NET CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES		<u>(6,146,796)</u>	<u>405,822</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Funds contributed by Founding Agencies		5,008,559	-
Funds received for Capital Appeal		1,006,437	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>6,014,996</u>	<u>-</u>
Net increase in cash held		1,752,971	918,859
Cash at the beginning of the financial year		2,330,029	1,411,170
Cash at the end of the financial year		<u>4,083,000</u>	<u>2,330,029</u>

The accompanying notes form part of this concise financial report.

MacKillop Family Services Limited
ABN 79 078 299 288

NOTES TO THE CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

Note: Basis of Preparation of the Concise Financial Report

The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the Corporations Act 2001.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full financial report of MacKillop Family Services Ltd. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of MacKillop Family Services Ltd as the full financial report.

The accounting policies have been consistently applied and are consistent with those of the previous financial year.

DIRECTORS' DECLARATION

The directors of MacKillop Family Services Ltd declare that the concise financial report of MacKillop Family Services Ltd for the financial year ended 30 June 2005, as set out on pages 45 to 49:

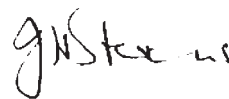
- a. complies with Accounting Standard AASB 1039: Concise Financial Reports; and
- b. has been derived from and is consistent with the full financial report of MacKillop Family Services Ltd.

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

Signed for and on behalf of the Board,



Mr John Hurren
Director



Mr John Stevens
Director

Melbourne, 15 September 2005

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
MACKILLOP FAMILY SERVICES LIMITED**

Scope

We have audited the concise financial report of MacKillop Family Services Ltd for the financial year ended 30 June 2005 as set out in pages 45 to 49 in order to express an opinion on it to the members of the disclosing entity. The disclosing entity's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of MacKillop Family Services Ltd for the year ended 30 June 2005. Our audit report on the full financial report was signed on 16 September 2005, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039: Concise Financial Reports.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we have followed the applicable independence requirements of the Australian professional ethical pronouncements and the Corporations Act 2001.

We declare that to the best of our knowledge and belief that the auditor's independence declaration given to the directors on 9 September 2005 has not changed as at the date of providing our audit opinion.

Audit Opinion

In our opinion the concise financial report of MacKillop Family Services Ltd complies with Accounting Standard AASB 1039: Concise Financial Reports.

WHK Day Neilson
Accountants & Advisers



Ross G. Fraser

Principal

16 September 2005

