

Promoting Independence

ParaQuad NSW
Annual Financial Report
30 June 2004
ABN 42 000 355 948

CONTENTS

Report of the Directors	1
Auditor's Report to the Members	7
Statement of Financial Position	9
Statement of Financial Performance	10
Statement of Cash Flows	11
Notes to and forming part of the Financial Statements	12

Report of the Directors

The directors present their report on the Paraplegic & Quadriplegic Association of NSW for the period 1 July 2003 to 30 June 2004.

Directors

The names of the directors in office at any time during or since the end of the year are:

Name & Qualifications

Mr Branko Boskoski

*Associate Diploma in
Health Science/Rehab Counselling*

Mr Anthony Michael Blaxland Bowen

CPA, MACS

Mr Michael Briggs

MBA, B. Comm, ACA, ACIS

Mr David Currie

B.Bus (Acc), FCPA

Ms Dianne Davis

MBA, MA (Intl. Relations), BA (Hons), AAMI, MAICD

Dr Stella Engel

MB, BS, DPRM, FAFRM. (RACP)

Mr Glenn Gardner

BA, MBA, FAIM

Mr Mark Horton

Mr Gregory Michael Keating

*Solicitor, Dip Law, Accredited Specialist
Personal Injury Lawyer*

Experience and Special Responsibilities

Director from August 1998 - December 2003

Past Member of the Management Committee of Independent; Advocacy in the Tropics Inc.; Member Spinal Cord Injuries Australia.

Director since August 2000

Treasurer August 2000 to September 2002

Cost Accountant; 24 years with a leading construction group, controlling project financial and accounting, management information systems. Member of SCIA since 1994.

Director since June 2004

Member Finance Committee; Director Northcott Society; Director Smart Salary Pty Ltd; Director Tennyson Strategic Solutions Pty Ltd.; Management Consultant and Business Investor.

Director from August 2000 - April 2004 (resigned)

Director since June 2004

Director, Griffin Theatre Company; Chair, Marketing Taskforce - Securities Institute of Australia; former corporate marketing executive, including Director of Marketing - The Australian Stock Exchange & Price Waterhouse; Marketing Consultant and Managing Director of Davis & Associates Strategic Marketing.

Director from October 1996 - December 2003

Interim Director, State Spinal Service;

Director, Rehabilitation and Spinal Medicine, Clinical Programme, Prince Henry and Prince of Wales Hospitals; Lecturer, Community Medicine, University of NSW.

Director since June 2004

Chief Executive Officer, The Northcott Society; Co-Chairman, The SpineCare Foundation.

Director from December 2003 - May 2004 (resigned)

Former Director, Campbell's Soups; Former Director, MS Australia; Managing Director, Mark Horton & Associates

Director since August 2002

Partner, McClellands Lawyers since 1983; Director, WorkCover Authority of NSW since October 1998; Member Law Society Personal Injury Committee; Former Acting Judge of the District Court of NSW.

Report of the Directors

Name & Qualifications

Mr David Raymond Kerr
Corporate Lawyer, B.Ec LLB (Syd)

Ms Wendy A Potter
Certificate IV Community Services (Welfare)

Dr Susan Barbara Rutkowski
Medical Practitioner MB, BS, FAFRM. (RACP), MHA

Ms Louise Scambler
B.A., Dip.Ed., Litt.B., M.A. Hons., M.Ed. Admin Hons.,
M. Bus(Accounting & Finance), CPA

Mr Harold Scruby

Mr Ian Sherriff
Dip. Bus (Man)

Dr Edward Watts
B.App.Ec(Hon), PhD

Experience and Special Responsibilities

President since December 2003
Director from November 1992 until 19/8/99. Reappointed 31/8/99.
Resigned March 2003. Elected December 2003.
Past Vice President of ParaQuad (1999) and Chair of 'Independence Gala'
Committee (2002); Head of Legal and Compliance with leading Funds
Manager and Financial Planning Group.

Director since May 2003
Past President, People with Disabilities Australia Inc.

Director since August 1998, Vice President
Director Spinal Cord Injury Outpatient Services and Research, Royal
North Shore Hospital; Honorary Medical Officer, Moorong Spinal Unit,
Royal Rehabilitation Centre Sydney; Life Governor, Sydney Hospital; Clinical
Senior Lecturer, Faculty of Medicine, University of Sydney.

Director from May 2003 - February 2004 (resigned)
Director, Financial and Administrative Services, NSW Department of Lands.

Director from August 2002 - October 2003 (resigned)
Management consultant, TCF Industries (25 years); Chairman and CEO of
the Pedestrian Council of Australia; Former committee member of Jeans
for Genes and Good Grief (McKillop Foundation); Member Palm Beach
Surf Club; Former Councillor, Committee Chairman and Deputy Mayor,
Mosman Council.

Director from August 2000 - May 2004 (resigned)
Project Manager AAPT; Past Company Director and CEO of
telecommunications company.

Director since August 1995, Treasurer
Lecturer in the Department of Accounting & Finance Macquarie University.

Directors' meetings

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

Name	Number eligible to attend	No of Meetings Attended
Branko Boskoski	5	5
Mike Bowen	11	9
David Currie	8	7
Stella Engel	5	4
Mark Horton	4	4
Greg Keating	11	11
David Kerr	6	5
Wendy Potter	11	11
Louise Scambler	6	5
Harold Scruby	3	2
Ian Sherriff	9	8
Sue Rutkowski	11	9
Edward Watts	11	11

Report of the Directors

Activities

ParaQuad exists to empower people with a spinal cord injury to achieve their potential. During the financial year, ParaQuad continued to provide a range of services, equipment and accommodation primarily to people with a spinal cord injury living within NSW and the ACT.

ParaQuad's business operations (Personal Equipment and Continence Supplies (PECS)), ParaQuad Engineering and advocacy and information services were provided to a broader population. No fundamental change in the nature of ParaQuad's activities occurred during the course of the year.

Operating Results

ParaQuad's operating result for the year ended 30 June 2004 shows a deficit of \$875,626 (2003: surplus \$7,815).

Total revenue for the financial year increased by 12.7% to \$19,352,195 (2003: \$17,173,950).

This significant operating deficit is addressed in more detail in the Review of Operations below.

Dividends

As a not-for-profit organisation which holds gift deductible recipient status, ParaQuad does not pay dividends.

Review of Operations

The period being reported saw a continuation of the substantial organisational renewal and development program that was commenced in the previous year and reported in that year's Statement. As stated there, the extent and rapidity of change in this program is unprecedented in the organisation's history, and follows a significant period of little investment.

The major aims of the organisational development program are enhancing the sustainability of ParaQuad's activities, and creating the platform to lift future profitability.

The official opening of ParaQuad's new premises in Newington was held on 24 July 2003, with the building being opened by our Patron, Her Excellency, Professor Marie Bashir AC, Governor of NSW.

The consolidation of ParaQuad's operations from a number of separate sites onto the Newington facility required a significant investment in the new building, and in new systems and equipment.

These costs were necessary to successfully amalgamate previously disjointed operations, providing better customer service and expanded activities.

At the same time, a major organisational restructure was undertaken so that separate activities on different locations could be successfully amalgamated under one new common leadership team.

To achieve the potential benefits of the relocation and implement new business contracts, the Board made a significant investment in an expanded team. Enhancing the capability of ParaQuad's management team to successfully manage the complexity and scope of our \$20m a year operation, incorporating businesses operating in a commercial environment, direct services to members, and high-risk areas such as Attendant Care, was a particular focus.

As part of the change program, the Board authorised the sale of ParaQuad's former Engineering premises at Milperra. The funds generated from that sale offset the significant costs involved in fitting out the new ParaQuad premises.

Report of the Directors

Strong growth occurred in a number of ParaQuad's key program areas. The already large Attendant Care program again increased substantially in the number of clients and carers employed.

Attendant Care was the focus of an intervention by WorkCover around the Occupational Health and Safety (OH&S) provisions in place for the more than 300 carers operating the 140,000 hours of care being provided in around 100 clients' homes - which are also the carers' workplaces.

To respond, a major overhaul of the OH&S procedures in this program was commenced, accompanied by a significant investment in additional staff and processes to manage the risks. These actions increased ParaQuad's costs.

While WorkCover responded positively to the actions taken, ParaQuad remains aware of the continuing high levels of risk in this program. Further actions are underway to address those concerns.

Major investments were also made in an expanded fundraising capacity. As previously reported, ParaQuad had decided to move away from the can-based Field Appeal fundraising process, towards a wider and more diverse program of activities similar to those implemented by many other not-for-profit organisations in the last decade or so.

A comprehensive audit of ParaQuad's brand in the wider market was completed. A complex and extensive three-year Marketing and Fundraising Plan was adopted by the Board and is now being successfully implemented. As this Plan is carried out, the revenue lost by ceasing Field Appeal will be steadily and substantially replaced by new sources of fundraising. Once again, these changes impacted ParaQuad's finances in the short term.

Negotiations towards the commencement of major new contracts for continence products and other services continued with the Department of Veterans Affairs and the Department of Health in Queensland. These contracts are being implemented through the National Continence Supplies operation in which ParaQuad NSW is a partner with ParaQuads in Victoria and Tasmania, and in association with ParaQuad in South Australia.

Following extensive negotiations with the Department of Veterans Affairs (DVA), a continence products contract was signed early in 2004. ParaQuad proceeded to make significant investments in new systems and staff to implement the contract when DVA commenced activity. However, protracted delays occurred in the DVA giving the go-ahead, as they finalised negotiations with other competitor organisations in this national contract, and developed their communication strategies to veterans.

The result was substantial adverse costs incurred by ParaQuad, contributing to the significant operating deficit for the year under report. However, the DVA continence services did commence in June 2004 and are producing strong growth and returns to ParaQuad's activities.

The Board devoted significant time to considering proposals for a potential merger with Spinal Cord Injuries Australia. ParaQuad sought to establish a systematic and business-like process to assess these proposals for their capacity to enhance the interests of people with a spinal cord injury in NSW, and from a business and operational perspective. However, despite a number of proposals being made to SCIA, no agreement was reached on a process to proceed.

The Board and Management were strongly focussed on the financial challenges for the organisation during the year under report. Significant effort was given to developing longer-term financial and strategic plans to address the costs of investing in organisational development while also looking to the longer-term understanding of the benefits to be derived.

In spite of the significant financial loss, ParaQuad remained financially strong, with a total members' equity of \$8.5m (2003: \$9.4m) at 30 June 2004.

Report of the Directors

Fundraising

ParaQuad's fundraising activities are licensed under the Charitable Fundraising Act, which is administered by the NSW Department of Gaming and Racing. During the year a major new multi-year Marketing and Fundraising Plan was adopted by the Board.

ParaQuad gratefully acknowledges the support it has received through Gala Dinner sponsorships, from the Golden Stave Foundation, through bequests and from generous individual donations.

State of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of ParaQuad during the financial year under review not otherwise disclosed in this report or the financial statements.

Events subsequent to balance date

No other matters or circumstances have arisen since the end of the financial year which significantly affect ParaQuad's operations or the results of those operations, or will affect the state of affairs of ParaQuad in subsequent financial years.

Environmental issues

The Directors believe that the operations of ParaQuad are not subject to any specific or significant environmental regulation under either Commonwealth or State legislation. Accordingly, the Directors do not anticipate any effect on the operations of ParaQuad, or on its operating results, as a result of environmental regulation.

Directors' benefits

Since the end of the previous financial year, no Director of ParaQuad has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts) because of a contract made by ParaQuad or a related body corporate with the Director or with a firm of which the Director is a member, or with an entity in which the Director has a substantial interest.

Indemnifying officer or auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

During the financial year, the company paid a premium of \$7,046.16 to insure all of the Directors of the company. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors in their capacity as Directors of the company. No other premiums have been paid.

Proceedings on behalf of ParaQuad

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

ParaQuad was not a party to any such proceedings during the period under review.

Report of the Directors

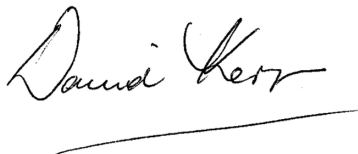
Acknowledgements

The ParaQuad NSW Directors thank the following for their financial and professional contributions:

- NSW Department of Disability, Ageing and Home Care
- Motor Accidents Authority
- The Golden Stave Foundation
- Gilbert and Tobin Lawyers
- Telstra
- Kimberly-Clark Australia
- Harvey Norman
- Nokia
- All our members, donors, professionals and professional organisations who have supported us throughout the year.

We are very grateful.

For and on behalf of the Board in accordance with a resolution of the Directors dated 10th November 2004.



DAVID KERR
President



EDWARD WATTS
Treasurer

Auditor's Report to the Members

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for The Paraplegic & Quadriplegic Association of NSW for the financial year ended 30th June 2004 as set out on pages 9 to 29.

The Association's directors are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Association. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion as to whether, in all material respects, the financial report presents fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia and relevant statutory and other requirements so as to present a view which is consistent with our understanding of the Association's financial position, and performance as presented by the results of its operations and its cash flows.

Our procedures included examination, on a test basis of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Auditor's Report to the Members

Independence

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

Audit Opinion

In our opinion, the financial report of The Paraplegic & Quadriplegic Association of NSW is properly drawn up:

- (a) in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Association's financial position as at 30 June 2004 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report shows a true and fair view of the financial result of fundraising appeals conducted during the year;
- (c) the accounts and associated records have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 1998;
- (d) the proceeds of fundraising appeals have been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 1998; and
- (e) at the date of this statement there are reasonable grounds to believe that The Paraplegic and Quadriplegic Association of NSW will be able to pay its debts as and when they fall due.



TALBOTS
Chartered Accountants
91 York Street
SYDNEY NSW 2000



G J MILLER
Partner

Date: 10 November 2004

Statement of Financial Position

As at 30th June 2004

	Note	2004 \$	2003 \$
CURRENT ASSETS			
Cash	4	-	727,877
Receivables	5	2,319,469	1,926,903
Investments	6(a)	1,940,736	32,908
Inventories	7	1,043,150	627,751
TOTAL CURRENT ASSETS		5,303,355	3,315,440
NON-CURRENT ASSETS			
Investments	6(b)	12,000	1,750,600
Property, plant & equipment	8	7,881,938	7,784,404
TOTAL NON-CURRENT ASSETS		7,893,938	9,535,004
TOTAL ASSETS		13,197,293	12,850,444
CURRENT LIABILITIES			
Borrowings	4	1,377,377	-
Accounts Payable	9	2,123,702	2,262,249
Provisions	10	1,214,381	1,230,736
TOTAL CURRENT LIABILITIES		4,715,460	3,492,985
TOTAL LIABILITIES		4,715,460	3,492,985
NET ASSETS		8,481,833	9,357,459
ACCUMULATED FUNDS	2	8,481,833	9,357,459

The accompanying notes form part of these financial statements

Statement of Financial Performance

For the year ended 30th June 2004

	Note	2004	2003
		\$	\$
Revenues from ordinary activities	3 (b)	19,352,195	17,173,950
Expenses from ordinary activities	3 (a)	20,227,821	17,166,135
(Loss)/profit from ordinary activities before income tax expense (benefit)		(875,626)	7,815
Income tax expense (benefit) relating to ordinary activities		-	-
Net (loss) / profit		(875,626)	7,815
Net (loss) / profit attributable to outside equity interest		-	-
Net (loss) / profit attributable to members		(875,626)	7,815

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30th June 2004

	Note	2004 \$	2003 \$
Cash flows from operating activities			
Receipts from customers		13,600,109	10,493,339
Receipts from Commonwealth and NSW Government		7,520,931	7,378,105
Proceeds from fundraising appeals		305,653	618,240
Legacies received		123,762	53,695
		21,550,455	18,543,379
<hr/>			
Payments to suppliers and employees		(23,451,773)	(17,644,181)
		(1,901,318)	899,198
<hr/>			
Distribution from managed funds		66,871	41,066
Interest received		6,413	82,255
Interest paid		(50,536)	-
Net cash (used) / provided by operating activities	24	(1,878,570)	1,022,519
<hr/>			
Cash flows from investing activities			
Purchase of investments		-	-
Proceeds from maturity of investments		32,908	2,816,591
Proceeds from sale of land & buildings		1,176,126	-
Payment for property, plant & equipment		(1,439,563)	(3,681,299)
Proceeds from sale of equipment		3,846	-
Net cash (used) / provided in investing activities		(226,684)	(864,708)
<hr/>			
Cash flows from financing activities		-	-
Net (decrease) / increase in cash held		(2,105,254)	157,811
<hr/>			
Cash at the beginning of the financial year		727,877	570,066
Cash at the end of the financial year	4	(1,377,377)	727,877

The accompanying notes form part of these financial statements

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

I Summary of Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and other mandatory professional reporting requirements and the Corporations Law. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated. The following is a summary of significant accounting policies adopted by the Association in the preparation of the financial report.

(a) Income Tax

As a Charitable Institution, the Association is not liable to income tax by virtue of Section 23(e) of the Income Tax Assessment Act, 1936 and Sections 50-5 and 50-50 of the Income Tax Assessment Act 1997.

(b) Property, Plant & Equipment

Items of property, plant and equipment are included as assets at cost or at independent or directors, valuation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these assets.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Depreciable Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	10-27%
Leasehold improvements	28.5%

These items, with the exception of land, are depreciated at rates estimated to represent their expected useful lives.

Those items of property, plant and equipment which are specifically funded by Government grants are charged to expense in the income and expenditure statement of the division which received the funding.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. The cost of manufactured goods include direct materials, direct labour and an appropriate proportion of variable and fixed overheads.

(d) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their normal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Association to employee superannuation funds and are charged as expenses when incurred.

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

(e) Government Subsidies

Government Subsidies, as detailed at Note 13, are credited to the income and expenditure statement of the relevant division.

(f) Cash

For the purpose of the statement of cash flows, cash includes cash on hand and cash in at call deposits with banks or financial institutions, net of bank overdrafts.

(g) Investments

Investments are brought to account at cost or directors' valuation. In the case of units in managed funds, the directors have determined that the carrying amount shall be market value at balance date. The carrying amount is reviewed annually by directors to ensure that it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed from the current market value of the particular investment.

Gains or losses, whether realised or unrealised in line with the valuation policy described above, are included in the operating result for the year.

The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Managed funds have been reclassified for the current financial year as current assets. These investments can be realised in full on an at call basis. The directors are of the view that funds invested with external fund managers represent a resource that is available to meet the working capital requirements of the Association.

The comparative balances for the previous financial year for managed funds have not been adjusted and are disclosed as non-current assets.

(h) Comparative Figures

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

(i) Revenue

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(j) Leases

Lease payments for operating leases, where substantially all the risks and benefits incidental to the ownership of the asset remain with the lessor, are charged as expenses in the periods in which they are incurred.

(k) Adoption of International Financial Reporting Standards

The Australian equivalent to the International Financial Reporting Standards (AEIFRS) will apply to reporting periods commencing on or after 1 January 2005. The adoption of AEIFRS, as prescribed by the Australian Accounting Standards Board, will be first reflected in the Association's financial statements for the year ended 30 June 2006.

The impact of these new standards is being assessed by the Board, by the auditors and by management. The transition to AEIFRS will be carefully managed to prepare for their implementation and to identify the significance of the associated changes.

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

	2004	2003
	\$	\$
2 Accumulated Funds		
OPERATING (DEFICIT) FOR THE YEAR	(1,760,821)	(45,880)
Gain on sale of Milperra property	761,433	-
Legacies received	123,762	53,695
OPERATING (DEFICIT) / SURPLUS	(875,626)	7,815
Accumulated funds brought forward	9,357,459	9,349,644
ACCUMULATED FUNDS AT YEAR END	8,481,833	9,357,459
3 Operating Surplus		
a) This includes the following items not shown separately in the Income and Expenditure Statement		
(i) <i>Charging as Expense</i>		
Auditor's remuneration		
- audit services	58,154	44,215
- other services	-	-
(The auditors received no other benefits)		
Bad debts written off	-	757
Cost of Goods Sold	7,147,900	6,422,001
Depreciation expense		
- buildings	116,008	33,640
- other	349,916	160,410
Interest expense	50,536	-
Increase/(decrease) in provisions for		
- Annual leave (net of leave paid)	224,718	121,435
- Doubtful debts	52,506	78,823
- Long service leave (net of leave paid)	53,595	29,573
- Obsolete stock	-	(691)
- Subsidy repayment	(7,296)	120,000
- Sick leave – Accommodation Support Programs & Ferguson Lodge (net of leave paid)	34,153	22,629
- Redundancy (net of payments)	(5,055)	6,000
Prepayment for Member Survey	-	17,400
Obsolete stock write off	-	1,965
Loss on sale of property, plant & equipment	23,224	49,099
Unrealised Reduction in Value of Managed Funds	-	131,138
(ii) <i>Crediting as income:</i>		
Distributions from Managed Funds	66,871	41,066
Unrealised gain in value of Managed Funds	202,135	-
Interest received	6,413	82,255
Profit on sale of property, plant & equipment	765,279	-

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

	2004	2003
	\$	\$
3 Operating Surplus (continued)		
b) Revenue from Ordinary Activities		
Revenue - Operating Activities		
sale of goods	8,852,700	7,878,668
rendering of services		
- insurance income	769,064	875,360
- fees received	117,985	539,407
- advertising revenue	43,809	15,808
- subscriptions - members	66,384	83,590
rents	424,856	25,200
interest received	6,413	82,255
distribution from managed funds	66,871	41,066
the disposal of assets other than goods		
- proceeds of disposal of property, plant & equip't.	3,846	-
- proceeds from disposal/maturity of investments	32,908	(35,499)
contributions of assets, Incl. cash and non-monetary assets		
- government subsidies	7,520,931	6,671,430
- proceeds of fundraising appeals	305,653	618,240
legacies received	123,762	53,695
Revenue - Non-Operating Activities		
proceeds from sale of Milperra property	1,176,126	-
4 Cash		
Ferguson Lodge		
- Main Account	(127,073)	344,800
- No. 2 Account	2,521	2,500
- 11 AM Account	-	49,803
Head Office	(1,290,788)	232,257
Head Office Imprest	-	20,000
Fund Raising (Field Appeal)	-	34,186
Fund Raising (24 hr. Account)	3,354	-
ParaQuad Engineering Income Account	(5,597)	2,235
ParaQuad Engineering Imprest Account	-	318
Cash Management Call Accounts		
- Attendant care	3,970	3,162
Newcastle Account	15,577	30,160
Newcastle fundraising Account	6,210	5,997
Silver Wheel Committee	559	559
Direct Invoicing Receipts	11,540	-
Cash on hand	2,350	1,900
	(1,377,377)	727,877

The funding for the head office bank account is by way of overdraft, secured by a registered first mortgage over the Newington property.

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

	2004 \$	2003 \$
5 Receivables		
Trade debtors	1,564,266	1,084,560
Less Provision for doubtful debts	(210,315)	157,809
	1,774,581	926,750
Other debtors and prepayments	544,888	1,000,153
	2,319,469	1,926,903
6 Investments		
a) CURRENT		
<i>Bank endorsed securities</i>		
Commonwealth Bank of Australia		
Due 16/01/04	-	32,908
	-	32,908
<i>Managed Funds</i>		
ClearView Managed Investments (NRMA Financial Management Ltd)		
- Diversified Balanced Trust	212,781	-
- Diversified Growth Trust	224,232	-
Merrill Lynch Investment Managers Ltd		
- International Share Fund	135,550	-
- Balanced Fund	177,998	-
Rothschild Australia Asset Management Ltd		
- Rothschild Balanced Wholesale Trust	213,710	-
Commonwealth Managed Investments Ltd		
- Balanced Fund	214,875	-
- Growth Fund	206,662	-
Were Securities Ltd		
- JBWere Emerging Leaders Wholesale Fund	353,783	-
- JBWere Balanced Wholesale Fund	201,145	-
TOTAL MANAGED FUNDS	1,940,736	-
TOTAL CURRENT	1,940,736	32,908

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

	2004 \$	2003 \$
6 Investments (continued)		
b) NON-CURRENT		
<i>Managed Funds</i>		
ClearView Managed Investments (NRMA Financial Management Ltd)		
- Diversified Balanced Trust	-	195,088
- Diversified Growth Trust	-	198,321
Merrill Lynch Investment Managers Ltd		
- International Share Fund	-	122,727
- Balanced Fund	-	165,326
Rothschild Australia Asset Management Ltd		
- Rothschild Balanced Wholesale Trust	-	191,943
Commonwealth Managed Investments Ltd		
- Balanced Fund	-	201,144
- Growth Fund	-	190,439
Were Securities Ltd		
- JBWere Emerging Leaders Wholesale Fund	-	292,625
- JBWere Balanced Wholesale Fund	-	180,987
	-	1,738,600
<i>Public Company Shares</i>		
At Cost	12,000	12,000
TOTAL NON-CURRENT	12,000	1,750,600
TOTAL INVESTMENTS	1,952,736	1,783,508
7 Inventories		
Finished goods	1,051,844	636,446
Less Provision for Obsolete Stock	8,695	8,695
	1,043,150	627,751

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

	2004 \$	2003 \$
8 Property, Plant & Equipment		
Newington		
Building – at cost	3,294,702	3,808,460
Accumulated depreciation	100,083	-
	3,194,619	3,808,460
Fitout – at cost	1,067,732	-
Accumulated depreciation	117,323	-
	950,409	3,808,460
Land – at cost	2,179,499	2,179,499
	6,324,527	5,987,959
ParaQuad Engineering - Milperra		
Building – at cost	-	360,474
Accumulated depreciation	-	100,668
	-	259,805
Land – at cost	-	180,000
	-	439,805
Newcastle		
Building – at cost	290,784	290,784
Accumulated depreciation	36,182	25,914
	254,602	264,870
Land – at cost	102,919	102,919
	357,521	367,789
Ferguson Lodge		
Building – at cost	1,096,820	1,096,820
Less: Capital contribution from statutory Authority (repayable subject to Agreement in respect of capital grants)	652,167	652,167
	444,653	444,653
Accumulated depreciation	223,265	212,148
	221,387	232,505
Silverwater		
Leasehold Improvements at cost	-	18,593
Accumulated Amortisation	-	17,715
	-	878
Plant & equipment	393,961	342,928
Accumulated depreciation	283,411	231,364
	110,550	111,564
Office equipment – at cost	680,454	451,701
Accumulated depreciation	459,231	350,174
	221,222	101,527
<i>Carried forward</i>	<i>7,235,207</i>	<i>7,242,026</i>

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

	2004	2003
	\$	\$
8 Property, Plant & Equipment (continued)		
<i>Brought forward</i>	7,235,207	7,242,026
Furniture & fittings – at cost	78,574	74,074
Accumulated depreciation	67,636	63,936
	10,938	10,138
Motor vehicles – at cost	884,132	754,840
Accumulated depreciation	248,338	222,600
	635,793	532,240
	7,881,938	7,784,404
9 Accounts Payable		
Trade Creditors	1,230,111	345,979
Other Creditors and Accruals	893,591	1,916,269
	2,123,702	2,262,249
10 Provisions		
(a) Aggregate Employee Entitlements Liability		
Long service leave	418,130	418,211
Annual leave	578,980	570,465
Sick leave	217,271	197,602
Redundancy - Attendant Care	-	38,000
Rostered Days Off – Ferguson Lodge	-	6,458
	1,214,381	1,230,736
(b) Average number of employees during the reporting period, across all divisions and including part-time and casual employees.	455	410
(c) Provision for DADHC Subsidy repayment - subject to yearly Acquittal process	112,704	120,000
11 Golden Stave Scholarship Fund		
Scholarship Funds held - beginning of year	5,418	9,514
Donations received - Golden Stave Foundation	25,000	25,650
Total Scholarship funds	30,418	35,164
Golden Stave Scholarships:		
- under specific Criteria to eligible recipients	21,889	29,746
- Scholarships committed in future periods	-	-
- advertising and other costs	-	-
Total Scholarship expenditure	21,889	29,746
Excess/(Shortfall) in Scholarship funds	8,529	5,418
Shortfall met from Fundraising Activities	-	-
Commitment to future Scholarships	-	-
Scholarship Funds held	8,529	5,418

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

	2004	2003
	\$	\$
12 AMP Limited Scholarship Fund		
Scholarship Funds held - beginning of year	8,755	3,837
Donations received	-	5,500
Total Scholarship funds	8,755	9,337
AMP LTD Scholarships Awarded		
- under specific Criteria to eligible recipients	-	-
- Scholarships committed in future periods	-	-
- advertising and other costs	-	582
Total Scholarship expenditure	-	582
Excess/(Shortfall) in Scholarship funds	8,755	8,755
Scholarship Funds held	8,755	8,755

13 Government Subsidies Received

*All received ex NSW Department of Ageing, Disability and Home Care except **

Ferguson Lodge		
- recurrent grant	2,466,763	2,052,326
- reimbursement for past losses	403,000	236,127
- specific grant	-	218,251
*ParaQuad Engineering (Commonwealth Government)		
- Support Hours subsidy	105,200	94,593
Newcastle Branch	96,364	100,945
Berala Transitional Accommodation Unit	108,389	106,114
Community Advisory Service		
* MAA - Research and Development	41,695	26,695
* MAA – Community Support Network	-	-
Accommodation Support Programs	4,167,339	4,348,308
Western Sydney Continence Advisor	42,949	80,826
Independent Living Service	89,232	113,920
	7,520,931	7,378,105

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

14 Financial Reporting by Segment

The Association operates as a charity for paraplegics, quadriplegics and people of like disability in one geographical area - Australia (New South Wales, Queensland and ACT).

15 Company Details

(a) Addresses

The registered office of the Association is:

The Paraplegic and Quadriplegic Association of NSW
6 Holker Street
NEWINGTON NSW 2127

The principal places of business are:

Personal Equipment and Continence Supplies (PECS)
6 Holker Street
NEWINGTON NSW 2127

Community Services

6 Holker Street
NEWINGTON NSW 2127

Ferguson Lodge

Joseph Street
LIDCOMBE NSW 2141

ParaQuad Engineering

6 Holker Street
NEWINGTON NSW 2127

ParaQuad Newcastle

65 The Avenue
WICKHAM NSW 2293

Berala Transitional Accommodation

80 Sixth Avenue
BERALA NSW 2141

(b) Members Guarantee

The Association is incorporated and domiciled in New South Wales as a company limited by guarantee.

If the Association is wound up, the Constitution states that each member would be required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the Association.

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

16 Contingent Liability

(a) Workcover

The Association may from time to time face actions and potential liabilities under Workcover arrangements for employees. These employees also include permanent part-time and casual employees providing services in premises not controlled by the Association. The liabilities faced may include obligations under Workcover policies and actions undertaken by the Workcover authorities. The amount of any exposure to liability the Association may have at the date of this report, cannot be determined.

All known workers compensation claims have been registered with the Association's insurers.

17 Related Party Disclosures

(a) Directors' Remuneration

Directors of the Association hold that position in an honorary capacity and thus receive no remuneration or retirement and superannuation benefits for their services.

b) Other Transactions of Directors

Some directors and/or their associates may have a spinal injury-related disability in common with other members of the Association. In these cases, the directors and/or their associates may use the facilities and services of the Association on a normal customer basis, on terms and conditions no more favourable than those available to other members.

17 Fundraising Appeals Conducted During the Year

HEAD OFFICE

Solicited scholarships (received from The Golden Stave Foundation), other solicited cash donations, unsolicited cash donations, mail appeals, corporate memberships, independence day dinner.

NEWCASTLE BRANCH

Christmas raffle

SILVER WHEEL COMMITTEE

Nil

APPLICATION OF FUNDS FOR CHARITABLE PURPOSES

During the year the Association achieved a net surplus of \$68,170 from fundraising appeals. This was used to maintain services to members.

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

	2004 \$	Gross Profit Ratio	2003 \$	Gross Profit Ratio
19 Income and Expenditure Statements - Fundraising Appeals				
APPEALS WITHOUT SUPPLY OF GOODS				
Scholarship Donations				
Golden Stave Scholarship Fund	25,000	100%	25,650	100%
AMP Limited	-		5,500	100%
	25,000		31,150	
Field Appeal				
Gross collections	-		213,523	
Other unsolicited donations	-		16,855	
Other solicited donations	-		28,880	
	-		259,257	
Deduct Cost of Collections				
Commissions to collectors	-		68,075	
Cost of collection consumables	-		416	
Staff costs:				
- Salary & wages	-		79,200	
- Fringe Benefits	-		20,612	
- Annual leave	-		7,744	
- Long Service Leave	-		2,310	
- Superannuation	-		13,728	
- Travel	-		7,739	
- Workers' compensation insurance	-		443	
	-		200,266	
Field Appeal Net Surplus	-		58,991	23%
Mail Appeals				
Gross mail appeal collections	-		48,105	
Less: Mail appeal direct expenses	-		8,798	
Mail Appeals Net Surplus	-		39,307	82%
Corporate Sponsorship				
Gross Income Corporate Supporter Membership	295		16,441	
Less: Expenses Corporate partnership	-		-	
Corporate Sponsorship Net Surplus	295	100%	16,441	100%
TOTAL COLLECTIONS NOT INVOLVING SUPPLY OF GOODS	25,295	100.0%	145,889	41.1%
APPEALS INVOLVING SUPPLY OF GOODS - HEAD OFFICE				
Major Raffles				
Gross Income	-		46,851	
Less: Direct Expenses				
Cost of Tickets	-		10,918	
Printing and Stationary	-		1,150	
Commissions to collectors	-		25,322	
	-		37,389	
Major Raffles Net Surplus	-		9,462	

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

	2004 \$	Gross Profit Ratio	2003 \$	Gross Profit Ratio
19 Income and Expenditure Statements - Fundraising Appeals (continued)				
APPEALS INVOLVING SUPPLY OF GOODS - HEAD OFFICE (continued)				
Race Day Canterbury Park				
Gross Income				
Ticket Sales/Sponsorship/Auction	-		24,920	
Less: Direct Expenses				
Race Club Fees Food and Refreshments	-		15,077	
Sundry Expenses/Advertising	-		1,446	
	-		16,523	
Race Day Canterbury Park Net Surplus	-		8,397	
Independence Day				
Fees Received	207,188		215,970	
Less: Sundry Direct Expenses	165,334		121,657	
	41,854		94,314	
Telemarketing				
Income	-		938	
Less Expenses	-		178	
	-		760	
NEWCASTLE BRANCH				
Christmas Raffle				
Gross income	1,020		465	
Less: direct expenses				
- Hamper prize	-		28	
Christmas Raffle Net Surplus	1,020		437	
TOTAL COLLECTIONS INVOLVING SUPPLY OF GOODS	42,874		113,369	
TOTAL COLLECTIONS FROM FUNDRAISING APPEALS	68,170		259,258	

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

	2004 \$	2003 \$
20 Summary of Aggregate Gross Revenue and Total Expenditure from Fundraising Appeals		
GROSS PROCEEDS FROM FUNDRAISING APPEALS		
APPEALS WITHOUT SUPPLY OF GOODS		
Head Office		
Unsolicited cash donations	72,150	16,855
Solicited Donations	-	28,880
Golden Stave Scholarship Fund	25,000	25,650
AMP Ltd Scholarship Fund	-	5,500
Field Appeal	-	213,523
Mail Appeals	-	48,105
Corporate Supporter Membership	295	16,441
	97,445	354,953
APPEALS INVOLVING SUPPLY OF GOODS		
Head Office		
Major Raffle	-	46,851
Independence Day	207,188	215,970
Newcastle Branch		
Christmas Raffle	1,020	465
	208,208	263,286
GROSS PROCEEDS FROM FUNDRAISING APPEALS	305,653	618,240
LESS: COSTS OF FUNDRAISING APPEALS		
APPEALS WITHOUT SUPPLY OF GOODS		
Head Office		
Field Appeal	-	200,266
Mail Appeals	-	8,798
	-	209,064
APPEALS INVOLVING SUPPLY OF GOODS		
Head Office		
Major Raffle	-	37,389
Race Day Canterbury Park	-	16,523
Independence Day	165,334	121,657
Telemarketing	-	760
Newcastle Branch		
Christmas Raffle	-	28
	165,334	176,358
TOTAL COSTS OF FUNDRAISING APPEALS	165,334	385,422
NET SURPLUS FROM FUNDRAISING APPEALS	140,319	232,818

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

21 Comparisons by Monetary Figures and Percentages

Comparisons	\$	%
Total cost of fundraising / gross income from fundraising	165,334 / 305,653	54.1%
Net surplus from fundraising / gross income from fundraising	140,319 / 305,653	45.9%
Total cost of charitable services provided / total expenditure	18,935,521 / 20,227,821	93.6%
Total cost of charitable services provided / total income received	18,935,521 / 19,352,195	97.8%

The percentage achieved for the total cost of fundraising / gross income from fundraising of 54.1% compares to the Benchmark of 40% nominated by the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 1993. This ratio was 62.3% for the previous year. It should be noted that whilst the ratio for 2004 has improved over last year, the fundraising performance has been affected by the relatively small number of events held during the year.

22 Financial Instruments

Cash, bank deposits, short term money market instruments, receivables and accounts payable are included in the financial statements at the carrying value which approximates their net fair values because of their short maturity.

Non current cash investments are held at cost as these are not expected to be traded until redeemed at face value at maturity. Units in managed funds are carried at market value as this approximates fair value at balance date. Interest rates on money market instruments (deposits) vary with current short term bank bill rate movements. At balance date, interest rates on these financial assets ranged from 3.45% to 6.15%.

The Association utilises a formal overdraft facility with its bankers, secured by a registered first mortgage over the property at Newington. As at balance date, the limit on the overdraft facility was AUD 1.5 million, with \$1,290,788 drawn down. The interest rate on the facility averaged 6.7% for the financial year.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount net of provisions for doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements. The Association does not have any material credit risk exposure to any single debtor.

2004	2003
\$	\$

23 Capital and Leasing Commitments

(a) Operating Lease Commitments

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

Payable

- not later than 1 year	130,286	-
- between 1 and 5 years	130,286	-
	260,572	-

This leasing commitment relates to certain items of computer hardware and office machines that were installed as part of the fitout of the Newington head office. Lease payments commenced at the time of moving into the new building in July 2003.

Notes to and forming part of the Financial Statements

For the year ended 30th June 2004

	2004	2003
	\$	\$
24 Reconciliation of Net Cash Provided by Operating Activities to Operating (Deficit) / Surplus		
Operating (deficit) / surplus	(1,760,821)	7,815
Non-cash flows in operating (deficit) / surplus:		
- doubtful debts provision (net of bad debt write-offs)	52,506	79,580
- annual leave provision (net of leave paid)	224,718	121,435
- long service leave provision (net of leave paid)	53,595	29,573
- sick leave provision (net of leave paid)	34,153	22,629
- depreciation expense - building	116,008	33,640
- depreciation expense - other	349,916	160,410
- profit/(loss) on sale of fixed assets	742,055	(49,099)
- provision for obsolete stock	-	1,274
- provision for subsidy repayment	(7,296)	120,000
- provision for redundancy benefits - Accommodation Support	(5,055)	6,000
- unrealised (increase)/decrease in value of managed funds	(202,135)	131,138
Changes in assets and liabilities:		
- (increase)/decrease in trade debtors	(520,398)	(133,376)
- (increase)/decrease in other debtors & prepayments	(464,510)	(646,292)
- (increase)/decrease in inventories	(398,633)	54,480
- increase/(decrease) in accounts payable	878,777	(51,204)
- increase/(decrease) in other creditors & accruals	(971,450)	1,134,515
Net cash (used) / provided by operating activities	(1,878,570)	1,022,519

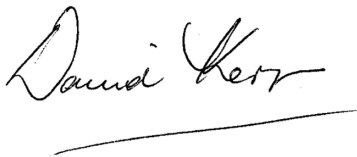
Directors' Declaration

The Directors of the Association declare that:

- a) the financial statements and notes comply with Accounting Standards and give a true and fair view of the financial position and performance of the Association for the year ended 30 June 2004; and
- b) in the opinion of the Directors there are reasonable grounds to believe the Association will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors dated 10 November 2004.

Signed for and on behalf of the Board



DAVID KERR
President

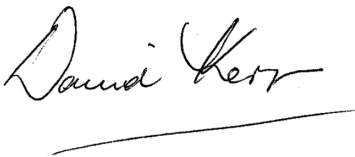


EDWARD WATTS
Treasurer

Declaration by the President in respect of Fundraising Appeals

I, David Kerr, President of the Board of Directors of the Paraplegic and Quadriplegic Association of NSW, declare that in my opinion:

- a) the financial statements give a true and fair view of all income and expenditure of the Paraplegic and Quadriplegic Association of NSW with respect to fundraising appeals;
- b) the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals;
- c) the provisions of the Charitable Fundraising Act 1991 and the regulations under that Act and the conditions attached to the authority to conduct fundraising appeals have been complied with; and
- d) the internal controls exercised by the Paraplegic and Quadriplegic Association of NSW are appropriate and effective in accounting for all income received from any fundraising appeals and the application thereof.



DAVID KERR
Director

Dated this 10th November 2004



ParaQuad NSW

SYDNEY OFFICE

6 Holker Street Newington NSW 2127
PO Box 6347 Silverwater DC NSW 1811
Phone: (02) 8741 5600
Fax: (02) 8741 5650
Email: paraquad@paraquad.nsw.asn.au

NEWCASTLE OFFICE

65 The Avenue Wickham NSW 2293
PO Box 395 Hamilton NSW 2302
Phone: (02) 4969 6388
Phone: (02) 4961 6101
Email: newcastle@paraquad.nsw.asn.au

www.paraquad.nsw.asn.au