



**Children's**  
Research Foundation  
of South Australia Incorporated

**Thirtieth**  
**Annual Report**  
**2006**

# **The Channel 7 Children's Research Foundation of South Australia Incorporated**

## **Annual Report for the Year Ending 30 June 2006**

The Channel 7 Children's Research Foundation of South Australia Incorporated (CRF) was established in 1976 by television station Channel 7 Adelaide (then Channel 10).

An honorary Board, with representatives from Channel 7 Adelaide, Novita Children's Services Inc., The Children, Youth & Women's Health Service, The University of Adelaide, Flinders University and The University of South Australia, oversees the Foundation.

The purpose of the Foundation is to promote health, educational or social research and to encourage and advance investigation into the cause, prevention, diagnosis and treatment of any condition that may affect the general health, education or welfare of children in South Australia and the Northern Territory.

Disbursement of funds for research projects is made annually on the recommendation of an independent Research Committee, comprising nominees of Channel 7 Adelaide, The Children, Youth & Women's Health Service, the University of Adelaide, Flinders University, and the University of South Australia.

## Patron

**Her Excellency Marjorie Jackson-Nelson AC,  
CVO, MBE**  
Governor of South Australia

## Board of Directors

**Mr D Earl, FCPA, FCIS, JP** *Chairperson*  
(Representative of Channel 7 Adelaide)

**Mr L Frankham, FCPA, JP**  
*Deputy Chairperson*  
(Representative of Channel 7 Adelaide)

**Mr S Smith, BA(Acc), GradDipBusAdmin,  
FCPA, JP**  
(Representative of Channel 7 Adelaide)

**Dr D James, PhD, BAppSc (SpPath), MA,  
MBA, MSPA**  
(Representative of Novita Children's Services  
Inc)

**Hon C Pickles**  
(Representative of The Children, Youth &  
Women's Health Service)

**Professor A MacLennan, MB ChB, MD,  
FRCOG, FRANZCOG**  
(Representative of The University of Adelaide)

**Professor K Forsyth, MBChB, MD, PhD,  
FRACP, FRCPA**  
(Representative of Flinders University)  
(Resigned May 2006)

**Professor A Winefield, BA(Hons), PhD, FAPS**  
(Representative of The University of South  
Australia)

**Emeritus Professor C Matthews, MD,  
FRANZCOG, CREI**  
(Co-opted by the Foundation Board)

**Mr G Rappensberg RN, BManagement,  
AFCHE**  
Executive Director

**Mr J Sawicki, CA, BEc, MAICD, CertSupMan**  
Treasurer

## Research Committee

**Emeritus Professor C Matthews, MD,  
FRANZCOG, CREI**  
*Chairperson*  
(Representative of the Foundation Board)

**Mr D Earl FCPA, FCIS, JP**  
(Representative of Channel 7 Adelaide)

**Professor K Forsyth, MB ChB, MD, PhD,  
FRACP, FRCPA**  
(Representative of Flinders University)

**Professor R Norman, MD, FRANZCOG,  
FRCPA, FRCOG, CREI**  
(Representative of The University of Adelaide)

**Associate Professor V Nossar, MB BS,  
FRACP, FAFPHM**  
(Representative of the Foundation Board)  
(Resigned May 2006)

**Dr C Wilkinson, B Med, FRANZCOG, Dip  
RACOG, CMFM, MPH, DDU, MRCOG, DFM**  
(Representative of The Children, Youth &  
Women's Health Service)

**Professor D Scott, OAM, BA(Hons), Grad. Dip.  
Social Studies, MSW, PhD**  
(Representative of The University of South  
Australia)

## Executive Officer

Ms A Liddell (Resigned November 2005)

Mrs M Zabaias (November 2005 - present)

## **Report of the Chairperson and Executive Director**

On behalf of the Board, we present the thirtieth Annual Report of The Channel 7 Children's Research Foundation of South Australia Incorporated (CRF) for the year ending 30 June 2006.

The following significant changes occurred during the 2005/2006 financial year:

- The introduction of a calendar year grant period. This change has aligned the grant period with other grant giving organisations in Australia, thus allowing more timely recruitment of research staff by successful grant recipients.
- The Application Form and Funding Terms and Conditions Agreement were modified to:
  - confirm that if a research project is funded by any other grant giving body or institution, the CRF grant will be withdrawn or repaid to the Foundation;
  - recognition of Associate Investigators as significant stakeholders in research projects, therefore necessitating that information on their projects and grants be supplied to the Foundation when submitting an Application Form.
- The Foundation's website proved valuable for researchers submitting an application for funding, as well as streamlining various internal administrative processes. The Foundation will continue to promote the use of the website as the most

effective way of submitting a grant application form as well as communicating with the Foundation in general.

For the year under review, 59 applications for research funds were received. Of these 59 applications, 33 were successful. For the listing of the successful applicants and their projects please refer to Table 1.

Since 1977/1978, the Foundation's first year of operation, a total of \$12,803,165 has been distributed to 624 grant recipients, with an average annual total of \$441,488. Please refer to Table 2.

The financial result for 2005-2006 year was a surplus of \$1,228,736. While total income for the year was higher than last year, a higher level of grants compared to the previous year, arising from the decision to change the grant period from financial year to academic year meant a higher total value of grants were paid in the year ended 30 June 2006.

The current financial year also saw for the first time, the adoption of the International Financial Reporting Standards (IFRS) necessitating a review of all investments to determine if any were 'impaired'. This review noted six investments requiring a write down of their value. The total of this write down is \$251,016 and is separately identified in the Income Statement. Should these investments exhibit a rise in value in future years, the holding value of these investments will be similarly increased.

The total value of the investment portfolio has also increased during the year, resulting in an increase in the total

value of assets to \$27,344,311 and a corresponding increase in Net Assets to \$26,882,684. With the assistance of the Foundation's investment advisors, the investment portfolio will continue to be managed in accordance with the Investment Guidelines to ensure the continued approval and funding of grants to a range of research institutions.

In May 2006, Professor Kevin Forsyth resigned from the Board as the representative of Flinders University but remained a member of the Research Committee for the calendar year. We sincerely thank Professor Forsyth for his commitment during his tenure on the Board.

We welcomed Professor Robert Norman to the Research Committee as the representative of The University of Adelaide, commencing in May 2006.

In November 2005, Ms A Liddell, the Foundation's Executive Officer, resigned and was replaced by Mrs M Zabaias. The Foundation thanks Ms Liddell for her efforts.

In closing this report, we take this opportunity to thank the Chairperson Emeritus Professor Colin Matthews, and members of the CRF Research Committee who each year give up their valuable time in reviewing technically-complex applications so as to ensure the Foundation continues to support the best possible research focused on improving the lives of children in South Australia and the Northern Territory.

**Mr Dennis Earl**  
**Chairperson**

**Mr Glenn Rappensberg**  
**Executive Director**

## **Report of the Research Committee Chairperson**

The community, through its support of The Channel 7 Children's Research Foundation (CRF), has given child-related research in South Australia and the Northern Territory unique impetus and this, in turn, leads to improved children's services.

Important research is being undertaken with the support of CRF grants, as shown in the listing, Table 1, of funded projects within this Annual Report.

With each grant application, the CRF Research Committee takes into account independent referee assessments; the project's overall relevance to child health, education or welfare; the research merit of the application; the publication record of investigators; and reports resulting from research previously funded. Projects are categorised as 'Basic Science', 'Community Studies' and 'Clinical Studies' to encourage and advance investigation into the cause, prevention, diagnosis and treatment of any condition which may affect the general health, education or welfare of children. The 'Early Career Grants' category is for applicants applying for the first time as a Chief Investigator.

I acknowledge and thank Professor Caroline McMillen and Professor Victor Nossar for their valuable input to the Research Committee. A warm welcome is extended to Professor Robert Norman as a new member of the Committee. Professor Norman replaced Professor McMillen as the representative of The University of Adelaide.

The total amount awarded for the 2006 grant round was \$978,000. The grants were awarded in the following categories: Basic Science - \$421,000 (15 applications); Community Studies - \$194,000 (7 applications); and Clinical Studies - \$239,000 (7 applications). Funding for projects is provided for a maximum of two years, with the second year of funding dependant on progress made in the first year. A total of nine second year projects were funded. Included were four extra ordinary second year applications receiving \$124,000 in 2005/2006 financial year, whilst five were funded within the calendar year, 2006.

By comparison, 78 applications were received in 2004/2005 of which 28 were successful.

Table 3 shows that since 1977 there have been many institutions that have received funds from the Foundation, with The Children, Youth & Women's Health Service receiving 30.89% and the three South Australian universities receiving a combined 43.35% of the funds disbursed up to 2006.

Within the 2006 grant round, \$45,000 was the highest grant and was awarded to Mr Andrew Lawrence from the Children's Youth and Women's Health Service in South Australia. The minimum amount that can be awarded is \$10,000 and two applicants received this amount, one from the University of South Australia and one also from the

Children Youth and Women's Health Service.

The Foundation supported 10 institutions in South Australia and the Northern Territory in the 2006 grant round. Please see Table 4.

I would like to thank the many independent referees who provide written assessments of the applications to assist the Research Committee in their deliberations. These experts in their fields, based throughout the world, willingly give their valuable time and knowledge and we sincerely appreciate their contribution and support. As an acknowledgement of the Foundation's gratitude a listing of individuals appears on Table 5.

I also thank my colleagues on the Research Committee who give most generously of their time to review grant applications. Without their participation, the Foundation would be unable to adequately review and subsequently support such a high standard of research, which is ultimately of benefit to many young people in South Australia and the Northern Territory.

**Emeritus Professor Colin Matthews  
Chairperson, Research Committee**

**Table 1****Grants Awarded for 2006**

<b>Research Project / Recipient / Institution</b>	<b>\$</b>
Characterisation of human Cord Blood regulatory T cells for autoimmune disease diagnosis <b>Dr Simon Barry</b> <i>University of Adelaide</i>	25,000
The effects of sleep disturbance on behaviour and academic performance in children <b>Dr Sarah Blunden</b> <i>University of South Australia</i>	10,000
Developing Inclusive School Communities: Reducing Victimisation and Bullying in mainstream Education for Students with an Autism Spectrum Disorder <b>Dr Verity Bottroff</b> <i>Flinders University</i>	35,000
Hepcidin in Aboriginal children with Iron Deficiency and Infection <b>Professor David Brewster</b> <i>Northern Territory Clinical School</i>	*30,000
Substrate deprivation therapy for MPS IVA using RNAi <b>Dr Sharon Byers</b> <i>Children, Youth &amp; Women's Health Service</i>	30,000
Characterisation of PHF6 function and its role in x-linked Mental Retardation <b>Dr Mark Corbett</b> <i>Children, Youth &amp; Women's Health Service</i>	15,000
The effect of folate on early atherosclerosis in children with type 1 diabetes <b>A/Professor Jennifer Couper</b> <i>University of Adelaide</i>	**40,000
To determine the basis for reduced fibrosis and improved scar formation in c-myb heterozygous skin <b>Dr Allison Cowin</b> <i>Child Health Research Institute</i>	34,000

<b>Research Project / Recipient / Institution</b>	<b>\$</b>
Zinc treatment protects against alcohol-related neurodevelopmental disorders <b>Dr Peter Coyle</b> <i>Institute of Medical &amp; Veterinary Science</i>	35,000
Is periodontal disease a risk factor for preterm birth? <b>Professor Caroline Crowther</b> <i>University of Adelaide</i>	35,000
Investigation of Wnt/b-catenin signalling as a determinant of crypt fission during postnatal growth of the small intestine <b>Dr Adrian Cummins</b> <i>The Queen Elizabeth Hospital</i>	35,000
Positive feeding practices in very early childhood - parental needs assessment & capacity development of CYH Staff <b>Professor Lynne Daniels</b> <i>Flinders University</i>	35,000
Investigating physical activity patterns of school children with chronic illness: bringing children's voices into research, policy and practice <b>Professor Philip Darbyshire</b> <i>Flinders University</i>	38,000
Progesterone for the prevention of neonatal respiratory distress syndrome <b>Dr Jodie Dodd</b> <i>University of Adelaide</i>	***44,000
Development of a rheumatic fever diagnostic: Cloning, expression and purification of antigens from the human heart which were identified as cross-reacting with sera from rheumatic fever patients <b>Dr Peter Fagan</b> <i>Menzies School of Health Research</i>	42,000
The effect of serial casting following Botulinum Toxin A (BoNT-a) treatment for dynamic equinus for children with cerebral palsy: a controlled clinical trial <b>Ms Susan Gibson</b> <i>Novita Children's Services Inc.</i>	24,000
Molecular characterization of Bordetella pertussis strains circulating in Australia and New Zealand Pre and Post Introduction of Acellular Pertussis Vaccines <b>Mr Andrew Lawrence</b> <i>Children, Youth &amp; Women's Health Service</i>	45,000

<b>Research Project / Recipient / Institution</b>	<b>\$</b>
Implications of nonencapsulated <i>Streptococcus pneumoniae</i> carriage for maintenance of antibiotic resistance genes and the efficacy of pneumococcal conjugate vaccine (Prevenar) for pneumococcal disease <b>Dr Amanda Leach</b> <i>Menzies School of Health Research</i>	42,000
Hereditary variations in the fetal inflammatory response to infection may cause preterm delivery and cerebral palsy - a pilot study to validate methods <b>Professor Alastair MacLennan</b> <i>University of Adelaide</i>	25,000
Oxygen sensing in the newborn <b>Professor I C McMillen</b> <i>University of South Australia</i>	30,000
Clone repertoire and minimal residual disease in leukaemia <b>Emeritus Professor Alexander Morley</b> <i>Flinders University</i>	30,000
Outcomes of extremely premature indigenous infants resident in very remote, remote and outer regional Australia <b>Dr Scott Morris</b> <i>Flinders University</i>	40,000
Assistive Technology Solutions for Students with Physical disabilities: an analysis of utility, costs and student satisfaction <b>Ms Sonya Murchland</b> <i>Novita Children's Services Inc</i>	30,000
Clinical implications of systemic inflammation in children with chronic kidney disease <b>Ms Judi Nairn</b> <i>Children, Youth &amp; Women's Health Service</i>	10,000
Validation of a whole genome CGH-array for detection of cryptic chromosome anomalies <b>Mrs Jillian Nicholl</b> <i>Children, Youth &amp; Women's Health Service</i>	15,000
Cognitive Behaviour Therapy of childhood post traumatic stress disorder <b>Dr Reg Nixon</b> <i>Flinders University</i>	35,000

<b>Research Project / Recipient / Institution</b>	<b>\$</b>
Parent priorities for medical student learning in complementary and alternative medicine <b>Dr Maree O'Keefe</b> <i>University of Adelaide</i>	18,000
The effect of Lactobacillus GG in a Murine Model of Cow's Milk Allergy <b>Dr Patrick Quinn</b> <i>Children, Youth &amp; Women's Health Service</i>	18,000
Investigation of the function of Nance-Horan Syndrome (NHS) gene <b>Dr Shiwani Sharma</b> <i>Flinders University</i>	35,000
Early Life Influences on dental caries experience in young children <b>Professor Gary Slade</b> <i>University of Adelaide</i>	18,000
Investigation of the role of ephrin-B1 in osteosarcoma tumorigenicity and metastasis <b>Dr Antiopi Varelias</b> <i>Child Health Research Institute</i>	15,000
An immunodiagnostic assay for scabies <b>Dr Shelley Walton</b> <i>Menzies School of Health Research</i>	35,000
Regulation of protein trafficking in Lysosomal Storage Disease by the FAM deubiquitylating enzyme <b>Dr Stephen Wood</b> <i>Child Health Research Institute</i>	30,000

\*Note: The grant of \$30,000 to Professor David Brewster was voluntarily relinquished due to his move to Fiji.

\*\*Note: The grant of \$40,000 to Associate Professor Jennifer Couper of University of Adelaide was withdrawn as funding was received by the Diabetes Research Foundation Trust.

\*\*\*Note: The grant of \$44,000 to Dr Jodie Dodd of the University of Adelaide was withdrawn as funding was received from the NHMRC.

**Table 2****Total Grants Awarded (1977/78 – 2006\* inclusive)**

<b>Year</b>	<b>Number of Applications</b>	<b>Number of Successful Applications</b>	<b>\$ Disbursed</b>
1977/78	20	8	39,662
1978/79	36	16	107,555
1979/80	28	20	153,404
1980/81	51	25	140,732
1981/82	31	17	121,471
1982/83	37	21	238,199
1983/84	39	21	296,580
1984/85	54	29	450,758
1985/86	65	31	403,524
1986/87	64	34	374,365
1987/88	51	29	281,500
1988/89	46	29	332,350
1989/90	39	21	317,270
1990/91	62	21	552,834
1991/92	49	20	478,454
1992/93	61	17	518,300
1993/94	60	15	422,435
1994/95	60	15	442,068
1995/96	54	16	400,604
1996/97	54	15	432,800
1997/98	64	16	461,500
1998/99	72	13	457,800
1999/00	73	21	649,000
2000/01	69	24	707,500
2001/02	72	23	757,000
2002/03	51	21	729,000
2003/04	57	25	771,000
2004/05	78	28	787,500
*2006	59	33	978,000
<b>Total</b>	<b>1,556</b>	<b>624</b>	<b>\$12,803,165</b>
<b>Average</b>	<b>53</b>	<b>21</b>	<b>\$441,488</b>

\* Agreed but not fully disbursed as at 30 June 2006.

**Table 3****Institutions Receiving Grants (1977/78 – 2006\* inclusive)**

<b>Institution</b>	<b>No.</b>	<b>Total \$</b>	<b>%</b>
Child Health Research Institute	26	864,579	6.75
Children, Youth & Women's Health Services	185	3,954,683	30.89
Flinders University/Medical Centre	158	2,715,853	21.21
Institute of Medical & Veterinary Science	19	375,342	2.93
Menzies School of Health Science	25	795,000	6.21
Novita Children's Services	28	346,220	2.71
Queen Elizabeth Hospital	16	404,995	3.16
University of Adelaide	120	2,666,843	20.83
University of South Australia	15	168,130	1.31
Other Institutions	32	511,520	4.00
<b>TOTAL</b>	<b>624</b>	<b>\$12,803,165</b>	<b>100.0</b>

\* 2006 grants are agreed but not fully disbursed as at 30 June 2006.

**Table 4****Institutions receiving grants in 2006**

	<b>No.</b>	<b>\$</b>	<b>%</b>
Child Health Research Institute	3	79,000	8.1
Children, Youth & Women's Health Service	6	133,000	13.6
Flinders University/Medical Centre	7	248,000	25.3
Institute of Medical & Veterinary Science	1	35,000	3.6
Menzies School of Health Research (NT)	3	119,000	12.2
Northern Territory Clinical School	1	30,000	3.1
Novita Children's Services	2	54,000	5.5
Queen Elizabeth Hospital	1	35,000	3.6
University of Adelaide	7	205,000	20.9
University of South Australia	2	40,000	4.1
<b>Total</b>	<b>33</b>	<b>978,000</b>	<b>100.0</b>

**Table 5****List of Referees for 2006 Grants**

The following individuals provided an independent written assessment of an application/s for the 2006 grant round. The written assessment assisted the Research Committee in their deliberations.

The Foundation's gratitude is extended to each person, based throughout the world, for willingly giving their valuable time and knowledge to assist the Foundation.

Dr Stewart Agras	Dr Roz Glazebrook	Dr Silvia Resta-Lenert
Professor Greg Barritt	Dr Reinoud Gosens	Associate Professor Ravi Savarirayan
Dr Lawrence Bartak	Dr Luiza Guilherme	Dr Susan Sayers
Professor Jennifer Batch	Dr Rainer Viktor Haberberger	Professor Kimberley A Schreck
Dr Frank Bloomfield	Dr Alison Hardcastle	Associate Professor Anthony Schwarer
Dr G P A Bongaerts	Dr Prue Hart	Dr Jill Shaw
Dr John W Callahan	Dr Matthew Hopcraft	Professor Andrew Sinclair
Professor John Christodoulou	Dr John Jureidini	Dr Raymond Tsang
Professor Paul Colditz	Dr Walter Just	Dr Marian Tulloch
Dr Kim Cornish	Professor Christine Kinnon	Dr. Henkjan J Verkade
Dr Shae-Lee Cox	Dr Lawrence D Longo	Professor Graham Vimpani
Dr Mark Davies	Professor Thomas Mac Donald	Professor Adrian Walker
Dr Andrew Day	Professor Guy B Marks	Dr Simon K Walker
Dr Stephanie Edmondson	Associate Professor Peter McIntyre	Dr Callum Wilson
Dr Alison Elliott	Professor E A Mitchell	Dr Helen Winefield
Dr Sharyn Fitzgerald	Dr Janna Morrison	Ms Patricia Winter
Dr Moshe Frenkel	Dr Karen J Murphy	Professor Ming Hao Zheng
Dr Norman Fry	Dr David Nikolic-Paterson	
Dr David Gillis	Dr Stephen O'Flaherty	



**Children's**  
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**FINANCIAL REPORTS 2005 – 2006**

# The Channel 7 Children's Research Foundation of South Australia Incorporated

## BALANCE SHEET AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
<b><u>CURRENT ASSETS</u></b>			
Cash at Bank	3	1,903,813	1,763,566
Investments:			
Advances Secured by Mortgages		1,680,000	1,615,000
Sundry Debtors	4	<u>67,352</u>	<u>23,109</u>
		<u>3,651,165</u>	<u>3,401,675</u>
<b><u>NON-CURRENT ASSETS</u></b>			
Investments:			
Capital/Convertible Notes		443,623	332,685
Investments in Listed Companies and Trusts		21,942,565	18,566,029
Investments in Unlisted Overseas Trusts		<u>1,306,958</u>	<u>1,049,165</u>
		<u>23,693,146</u>	<u>19,947,879</u>
<b>TOTAL ASSETS</b>		<u>27,344,311</u>	<u>23,349,554</u>
Deduct:			
<b><u>CURRENT LIABILITIES</u></b>			
Trade payables and accruals	5	5,127	23,299
Research Grants Provision		<u>456,500</u>	<u>124,000</u>
		<u>461,627</u>	<u>147,299</u>
<b>TOTAL LIABILITIES</b>		<u>461,627</u>	<u>147,299</u>
<b>NET ASSETS</b>		<u>26,882,684</u>	<u>23,202,255</u>
<b><u>ACCUMULATED FUNDS</u></b>			
Investment Revaluation Reserve	6	10,285,435	9,626,368
Accumulated Earnings	6	<u>16,597,249</u>	<u>13,575,887</u>
		<u>26,882,684</u>	<u>23,202,255</u>

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

# The Channel 7 Children's Research Foundation of South Australia Incorporated

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
<b><u>INCOME</u></b>		
Donations & Bequests	151	270
Refund of Research Grant (previous years)	20,011	91
Other Income	-	<u>776</u>
<b>TOTAL INCOME</b>	<u>20,162</u>	<u>1,137</u>
<b><u>EXPENDITURE</u></b>		
Administration Fees	50,000	40,000
Advertising	-	15,063
Audit Fees	2,500	4,250
Insurance	-	1,003
Legal Fees	1,695	4,186
Management Fees – Mortgages	14,706	16,812
Meeting Expenses	8,000	-
Postage, Stationery and Telephone	4,557	-
Research Grants	780,000	124,000
Sundry Expenses	-	716
Impairment of Investments	<u>251,016</u>	<u>-</u>
<b>TOTAL EXPENDITURE</b>	<u>1,112,474</u>	<u>206,030</u>
Profit/(Loss) before Financing Income	(1,092,312)	(204,893)
Financial Income:		
Dividends Received	1,920,330	2,054,590
Interest on Investments	289,864	276,984
Loss on Sale of Investments	(640,283)	(1,013,570)
Franking Credit Refund	751,187	428,691
Financial Expenses:		
Banking Fees	50	31
Net Financial Income	<u>2,321,048</u>	<u>1,746,664</u>
<b>PROFIT FOR THE PERIOD</b>	<u>1,228,736</u>	<u>1,541,771</u>

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

**The Channel 7 Children's Research Foundation  
of South Australia Incorporated**

**STATEMENT OF RECOGNISED INCOME AND EXPENSE  
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
Change in fair value of equity securities available-for-sale		2,451,693	2,999,277
Net income recognised directly in equity		2,451,693	2,999,277
Profit for the period		1,228,736	1,541,771
Total recognised income and expense for the period		3,680,429	4,541,048
Attributable to:			
Equity holder		3,680,429	4,541,048
Total recognised income and expense for the period		3,680,429	4,541,048

Other movements in equity arising from transactions with owners as owners are set out in Note 6.

*The above statement of recognised income and expenses should be read in conjunction with the accompanying notes.*

# The Channel 7 Children's Research Foundation of South Australia Incorporated

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Association is domiciled in Australia.

This financial report was authorised for issue by the Directors on 16 November 2006.

#### (a) **Statement of Compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASB's"), Urgent Issues Group Interpretations ("UIG's") adopted by the Australian Accounting Standards Board ("AASB") and the Associations Incorporation Act to the extent detailed in Note 1 (b). International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS").

This is the Association's first financial report prepared in accordance with AIFRS and AASB 1 First Time Adoption of AIFRS has been applied. An explanation of how the transition to AIFRS has affected the reported financial position and financial performance of the Association is provided in Note 9.

#### (b) **Basis of Preparation**

The financial report is presented in Australian Dollars.

The financial report of the Association is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act 1985. The Directors have determined that the Association is not a reporting entity. The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, fair values of non-current assets. The accounting policies have been consistently applied.

The financial report of the Association has been prepared in accordance with the provisions of the Associations Incorporation Act 1985 and all relevant Australian Accounting Standards ("AASB's") with the following exceptions:

AASB 124 Related Party Disclosures  
AASB 107 Cash Flow Statements  
AASB 132 Financial Instruments

The Directors are of the opinion that the non-compliance with these standards does not affect the fair presentation of the financial report of the Association.

The accounting policies set out below have been applied consistently to all periods presented in the financial report and in preparing an opening AIFRS balance sheet for the purpose of the transition to Australian Accounting Standards – AIFRS.

#### (c) **Taxation**

The Association is exempt from paying income tax due to being a charitable institution in terms of Section 50(5) of the Income Tax Assessment Act 1997.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

(d) **Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses (see accounting policy (f)).

(e) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

(f) **Impairment**

The carrying amount of the Association's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy i(i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

When a decline in the fair value of an available-for-sale financial asset, being an investment asset, has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in the profit or loss.

- (i) **Calculation of recoverable amount:** The recoverable amount of the Association's receivables carried at amortised cost is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In the case of a non-current asset of a not-for-profit entity, "value in use" means "depreciated replacement cost" of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

- (ii) **Reversals of impairment:** An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

- (g) **Investments: Comparative Period Policy:** The Association has adopted the fair value basis of valuation for shares in listed companies, trusts and unsecured notes and the cost basis for the remaining classes of non-current assets.
- (h) **Investments Current Accounting Policy:** Investments in equity securities are held directly, classified as being available-for-sale, and stated at fair value. Any resultant gain or loss is recognised directly in equity, except for impairment losses.

The fair value of investments held as available-for-sale is their quoted bid price at the balance sheet date.

If the cumulative loss recognised directly in equity in relation to any investment is considered to be due to impairment, that cumulative loss is recognised in the Income Statement.

Investments are recognised/derecognised by the Association on the date it commits to purchase/sell the investments.

- (i) **Revenue:**  
Because of the uncertain nature and timing of some of the revenue items, the Association only records revenue when it is received.
- (j) **Goods and Services Tax:**  
Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.  
The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### 2. AUDITORS REMUNERATION

	2006 \$	2005 \$
Audit Services:		
Auditing the financial report	2,500	4,250
	2,500	4,250

### 3. CASH AND CASH EQUIVALENTS

Bank Balances	803,813	663,566
Term Deposit	1,100,000	1,100,000
	1,903,813	1,763,556

### 4. TRADE AND OTHER RECEIVABLES

Sundry Debtors	67,352	23,109
	67,352	23,109

Relates to GST receivable to be claimed from the ATO.

### 5. TRADE AND OTHER PAYABLES

Trade Payables and Accruals	5,127	23,299
Research Grant Provision	456,500	124,000
	461,627	147,299

### 6. RESERVES

Reconciliation of movement in reserves

	Fair Value Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2004	6,627,091	12,034,116	18,661,207
Total recognised income and expense	-	1,541,771	1,541,771
Transfer (to)/from reserve	2,999,277	-	2,999,277
Transfer (to)/from retained earnings	-	-	-
Balance at 30 June 2005	9,626,368	13,575,887	23,202,255
Balance at 1 July 2005	9,626,368	13,575,887	23,202,255
Impact of change in standard adoption	(1,792,626)	1,792,626	-
Restated opening balance	7,833,742	15,368,513	23,202,255
Total recognised income and expense	2,451,693	1,228,736	3,680,429
Balance at 30 June 2006	10,285,435	16,597,249	26,882,684

#### Fair Value Reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised through sale. Impairment losses are transferred to the Income Statement.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### 7. RELATED PARTY TRANSACTIONS

The names of all persons who held offices as a director of this Association during the year and the date of all changes of office are:

#### **Non-executive directors**

D Earl	Hon C Pickles
K Forsyth – retired May 2006	G Rappensberg
L Frankham	J Sawicki
D James	S Smith
A MacLennan	A Winefield
C Matthews	

The directors have not received any remuneration during the year.

### 8. EXPLANATION OF TRANSITION TO AIFRS

As stated in significant accounting policies note 1(a), these are the Association's first financial statements prepared in accordance with AIFRS.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005 and in the preparation of an opening AIFRS balance sheet at 1 July 2004 (the Association's date of transition).

In preparing its opening AIFRS balance sheet, the Association has adjusted amounts reported previously in financial statements prepared in accordance with its previous basis of accounting ("the previous GAAP"). An explanation of how the transition from the previous GAAP to AIFRS has affected the Association's financial position and financial performance is set out in the following tables and the notes that accompany the tables. There were no changes to the Association's cash flow as a result of transition to AIFRS.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### 9. EXPLANATION OF TRANSITION TO AIFRS

#### Reconciliation of Equity

	Previous GAAP 2004 \$	Effect of Transitio n to AIFRS 2004 \$	AIFRS 2004 \$	Previous GAAP 2005 \$	Effect of Transitio n to AIFRS 2005 \$	AIFRS 2005 \$
<b>Current Assets</b>						
Cash at Bank	1,423,659	-	1,423,659	663,566	-	663,566
Investments:						
Advances Secured by Mortgages	2,000,000	-	2,000,000	1,615,000	-	1,615,000
Deposits	-	-	-	1,100,000	-	1,100,000
Capital Notes	50,740	-	50,740	-	-	-
Sundry Debtors	10,654	-	10,654	23,109	-	23,109
<b>Total Current Assets</b>	3,485,053	-	3,485,053	3,401,675	-	3,401,675
<b>Non-Current Assets</b>						
Investments:						
Capital/Convertible Notes	453,108	-	453,108	332,685	-	332,685
Investments in Listed Companies and Trusts	14,529,820	-	14,529,820	18,566,029	-	-
Investments in Unlisted Overseas Trusts	1,007,448	-	1,007,448	1,049,165	-	1,049,165
<b>Total Non-Current Assets</b>	15,990,376	-	15,990,376	19,947,879	-	19,947,879
<b>Total Assets</b>	19,475,429	-	19,475,429	23,349,554	-	23,349,554
<b>Current Liabilities</b>						
Trade Payables and Accruals	66,722	-	66,722	23,299	-	23,299
Research Grants Provision	747,500	-	747,500	124,000	-	124,000
<b>Total Current Liabilities</b>	814,222	-	814,222	147,299	-	147,299
<b>Net Assets</b>	18,661,207	-	18,661,207	23,202,255	-	23,202,255
<b>Equity</b>						
Investment Revaluation Reserve	6,627,091	-	6,627,091	9,626,368	-	9,626,368
Accumulated Earnings	12,034,116	-	12,034,116	13,575,887	-	13,575,887
<b>Total Equity</b>	18,661,207	-	18,661,207	23,202,255	-	23,202,255

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**9. EXPLANATION OF TRANSITION TO AIFRS (cont'd)**  
Reconciliation of profit for 2005

	Note	Previous GAAP \$	Effect of Transition to AIFRS	AIFRS \$
<b>Income</b>				
Donations & Bequests		270	-	270
Refund of Research Grants		91	-	91
Other Income		776	-	776
<b>Total Income</b>		1,137	-	1,137
<b>Expenditure</b>				
Administration Fees		40,000	-	40,000
Advertising		15,063	-	15,063
Audit Fees		4,250	-	4,250
Insurance		1,003	-	1,003
Legal Fees		4,186	-	4,186
Management Fees – Mortgages		16,812	-	16,812
Postage, Stationery and Telephone		-	-	-
Research Grants		124,000	-	124,000
Sundry Expenses		716	-	716
<b>Total Expenditure</b>		206,030	-	206,030
<b>Financial Income</b>				
Dividends received		2,054,590	-	2,054,590
Interest on Investments		276,984	-	276,984
Loss on sale of Investments		(1,013,570)	-	(1,013,570)
Franking Credit Refund		428,691	-	428,691
<b>Financial Expenses</b>				
Banking Fees		31	-	31
<b>Profit for the Period</b>		1,541,771	-	1,541,771

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### 10. CHANGE IN ACCOUNTING POLICY

#### Reconciliation of financial instruments as if AASB 139 was applied at 1 July 2005

In the current financial year the Association adopted AASB 132: Financial Instruments: Disclosure and Presentation and AASB 139: Financial Instruments: Recognition and Measurement. This change in accounting policy has been adopted in accordance with the transition rules contained in AASB 1, which does not require the restatement of comparative information for financial instruments within the scope of AASB 132 and AAASB 139.

The adoption of AASB 139 has resulted in the Association recognising all available-for-sale investments at fair value (which was the treatment under AGAAP), however, when investments are derecognised, as a result of sale, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement. This change has been accounted for by adjusting the opening balance of equity (retained earnings and fair value reserve) at 1 July 2005 (refer Note 6).

The impact on the balance sheet is set out below as an adjustment to opening balance sheet at 1 July 2005. The impact on the income statement of the comparative period would have been to increase financial income and increase profit for the period to the extent that derecognised available-for-sale investments were sold during the year ended 30 June 2004. The transitional provisions will not have any effect in future reporting periods.

#### Reconciliation of opening balances affected by AASB 132 and 139 at 1 July 2005

Previous GAAP	Impact of change in accounting policy AIFRS	
Fair Value Reserve 9,626,368	(1,792,625)	7,833,743
Retained Earnings 13,575,887	1,792,625	15,368,512

# The Channel 7 Children's Research Foundation of South Australia Incorporated

## STATEMENT BY BOARD OF DIRECTORS

The attached special purpose financial report of the Channel 7 Children's Research Foundation of SA Inc as set out on pages 1 to 12 for the year ended 30 June 2006, is in our opinion properly drawn up:

- (a) so as to present fairly the financial position of the Association as at 30 June 2006 and the results for the year then ended;
- (b) in accordance with the provisions of the Association's Rules and the Associations Incorporation Act 1985; and
- (c) in accordance with Applicable Accounting standards, as set out in Note 1a.

As at the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

Dated Adelaide this ..... day of ....., 2006.

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

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR

## REPORT BY BOARD OF DIRECTORS

In accordance with section 35(5) of the Associations Incorporation Act, 1985 the Board of The Channel 7 Children's Foundation of South Australia Incorporated hereby states that during the financial year ended 30 June 2006:

- (a)
  - (i) no officer of the Association;
  - (ii) no firm of which an officer is a member; and
  - (iii) no body corporate in which an officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the Association except for the following:
    - (i) Research Grants, detailed in this Annual Report, paid to institutions of which Board Members of this Association are members.
    - (ii) Fees and expense reimbursement paid to Novita Children's Services Inc. for administrative services to this Association.
- (b) no officer of the Association has received directly or indirectly from the Association any payment of a pecuniary value.

Dated Adelaide this ..... day of ....., 2006.

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

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
THE CHANNEL 7 CHILDREN’S RESEARCH FOUNDATION OF SOUTH  
AUSTRALIA INCORPORATED**

**Scope**

We have audited the special purpose financial report of the Channel 7 Children’s Research Foundation of South Australia Incorporated (“the Association”) for the financial year ended 30 June 2006, consisting of the income statement, statement of recognised income and expense, balance sheet, accompanying notes 1 to 10, and the statement by the Board of Directors. The Association’s Directors are responsible for the financial report. The Directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*. The Directors have determined that the basis of accounting used and described in Note 1 to the financial report is appropriate to meet the requirements of the Associations Incorporation Act and the needs of members. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Association. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with accounting policies described in Note 1(a) to the financial report. These policies do not require the application of all Accounting Standards and other mandatory reporting requirements.

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

**AUDIT OPINION**

In our opinion, the financial report of the Channel 7 Children’s Research Foundation of South Australia Incorporated is properly drawn up:

- (a) so as to present fairly the Association’s financial position as at 30 June 2006 and the results of its operations and cash flows for the financial year ended on that date.
- (b) in accordance with the provisions of the Associations Incorporation Act 1985 as amended; and
- (c) in accordance with the accounting policies described in Note 1(a) to the financial report.

KPMG

PD Robertson  
Partner

Dated at Adelaide this ..... day of November 2006.