



Agreement on the Conservation of Albatrosses and Petrels

Second Meeting of the Parties

Christchurch, New Zealand, 13 – 17 November 2006

**2005 Statutory Financial Report – including Auditor's
Report**

Author: Secretariat



Deloitte Touche Tohmatsu
ABN 74 490 121 060

ANZ Centre
Level 9
22 Elizabeth Street
Hobart TAS 7000
GPO Box 777
Hobart TAS 7001 Australia

DX 197
Tel: +61 (0) 3 6237 7000
Fax: +61 (0) 3 6237 7001
www.deloitte.com.au

Independent audit report to the Parties of the Agreement on the Conservation of Albatrosses and Petrels

Scope

The financial report and Secretariat's responsibility

The financial report, being a special purpose financial report, comprises the balance sheet, income statement, a summary of significant accounting policies and other explanatory notes and the Statement by the Interim Secretariat for the Agreement on the Conservation of Albatrosses and Petrels ("ACAP"), for the financial year ended 31 December 2005 as set out on pages 2.1 to 2.10.

The Secretariat is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the financial reporting requirements of the Financial Regulations for the Agreement on the Conservation of Albatrosses and Petrels ("the Regulations") and the needs of the Parties to the Agreement. The Secretariat's responsibility also includes maintenance of adequate financial 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 Parties. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the Parties.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance 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 whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 to the financial statements. These policies do not require the application of all Accounting Standards in Australia.

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



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 financial report has been prepared for distribution to the Parties to satisfy the Secretariat's financial reporting requirements under the Regulations. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the Parties to the Agreement, or for any purpose other than that for which it was prepared.

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

Audit Opinion

In our opinion, the financial report of ACAP presents fairly, in all material respects, in accordance with the accounting policies described in Note 1 to the financial statements, ACAP's financial position as at 31 December 2005 and the results of its operations for the year ended on that date.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script, likely belonging to Craig Barling.

Craig Barling

Partner

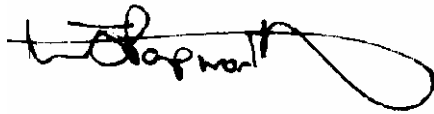
Chartered Accountants

Hobart, 19 September 2006

AGREEMENT ON THE CONSERVATION OF ALBATROSSES AND PETRELS

STATEMENT BY THE INTERIM SECRETARIAT

In my opinion, the attached financial statements for the year ended 31 December 2005 are based on properly maintained financial records and give a true and fair view of the matters required by the Financial Regulations.

A handwritten signature in black ink, appearing to read 'W. Papworth', with a large, sweeping flourish extending to the right.

Signed

Warren Papworth
Interim Secretariat
19 September 2006

**AGREEMENT ON THE CONSERVATION OF
ALBATROSSES AND PETRELS**

INCOME STATEMENT

for the year ended 31 December 2005

	Notes	2005 \$'000
Revenue		
Contributions from parties	3.1	285
Other Income	3.2	168
Total Revenues		<u>453</u>
Expenses		
Employee benefits expense	4.1	83
Other Expenses	4.2	157
Total Expenses		<u>240</u>
Net surplus / (loss)	7	<u>213</u>

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

**AGREEMENT ON THE CONSERVATION OF
ALBATROSSES AND PETRELS**

BALANCE SHEET

as at 31 December 2005

	Notes	2005 \$'000
ASSETS		
Current Assets		
Cash and cash equivalents	5.1	279
Trade and other receivables	5.2	23
Total current assets		302
Total Assets		302
LIABILITIES		
Current Liabilities		
Trade and other payables	6.1	89
Total current liabilities		89
Total Liabilities		89
NET ASSETS		213
EQUITY		
Retained earnings		213
Total Equity	7.1	213

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

**AGREEMENT ON THE CONSERVATION OF
ALBATROSSES AND PETRELS**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

Note	Description
1	Summary of Significant Accounting Policies
2	Events Occurring after Balance Date
3	Revenues
4	Operating Expenses
5	Financial Assets
6	Liabilities
7	Analysis of Equity

**AGREEMENT ON THE CONSERVATION OF
ALBATROSSES AND PETRELS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting framework

The entity is not a reporting entity because in the opinion of the secretariat there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the secretariat's reporting requirements under the Financial Regulations for the Agreement on the Conservation of Albatrosses and Petrels ("Financial Regulations").

Statement of compliance

The financial report has been prepared in accordance with the Financial Regulations, the basis of accounting specified by all Accounting Standards and Urgent Issues Group Interpretations, but not the disclosure requirements. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS').

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are presented in Australian dollars.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2005.

**AGREEMENT ON THE CONSERVATION OF
ALBATROSSES AND PETRELS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Presentation currency

The presentation currency of the financial statements is Australian Dollars. Amounts presented have been rounded to the nearest thousand dollar.

(b) Revenue recognition

Contributions from parties

Contribution from Parties is recognised when agreement between the parties has been achieved as to the amount and payment date and appropriate invoices have been prepared accordingly. Contributions were initially determined in US dollars, then converted using the 1 January 2005 exchange rate of \$US\$1 - \$AUD \$1.31. On the basis of this, invoices for annual contributions were sent to Parties in \$AUD.

Other income

Voluntary contributions are received in \$AUD. These contributions are designated as Special Funds, in accordance with Regulation 7 of the Financial Regulations.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), with the GST component being paid and subsequently recovered from the taxation authority by the Australian Government Antarctic Division.

GST is not collected on contributions and donations from the parties. The entity is classified as GST exempt.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and cash at bank, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(e) Trade and other receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(f) Non-current assets

Non-current assets are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(g) Trade and other Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

**AGREEMENT ON THE CONSERVATION OF
ALBATROSSES AND PETRELS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of transition. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

NOTE 2 EVENTS OCCURRING AFTER BALANCE DATE

No events occurred after balance date which would materially impact these financial statements.

NOTE 3 REVENUES

2005

\$'000

3.1 Contributions from parties

Australia	65
Ecuador	3
France	22
New Zealand	50
Peru	1
Spain	33
South Africa	26
United Kingdom	85

Total contributions from parties

285

3.2 Other income

Special Funds (Voluntary Contributions)

United Kingdom	25
United Kingdom (South Georgia Petrel Survey)	61
United Kingdom (Advisory Committee Work Program Fund)	82

Total other income

168

**AGREEMENT ON THE CONSERVATION OF ALBATROSSES AND
PETRELS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2005
	\$'000
NOTE 4 OPERATING EXPENSES	
4.1 Employee benefits expenses	
Wages and salaries – Executive Secretary	83
<i>Total employee benefits expense</i>	83
4.2 Other expenses	
General Fund	
Office Equipment and Support	12
Interpretation Costs	24
Venue and Meeting Support Costs	8
Sponsorship Costs	3
Translation Costs	16
Office Expenses	6
	69
Special Fund	
Taxonomy Working Group	2
Remote Tracking Data	25
Advisory Committee Work Program	61
	88
<i>Total other expenses</i>	157
NOTE 5 FINANCIAL ASSETS	
5.1 Cash and cash equivalents	
Cash held with Australian Government Antarctic Division:	
General Fund	171
Special Fund	108
<i>Total cash and cash equivalents</i>	279

All ACAP monies are held by the Australian Government Antarctic Division (AGAD). AGAD has confirmed that the balance of monies owing to ACAP as at 31 December 2005 is \$278,996. \$171,361 is attributable to the General Fund and \$107,635 to the Special Fund.

**AGREEMENT ON THE CONSERVATION OF ALBATROSSES AND
PETRELS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2005 \$'000
5.2 Trade and other receivables	
Contributions outstanding	
France	22
Peru	1
	23
<i>Total trade and other receivables</i>	23
<p>Part year contributions from new Parties, France and Peru, were not received in the 2005 financial year and are due to be paid in 2006.</p>	
NOTE 6 LIABILITIES	
6.1 Trade and other payables	
General Fund	
Staff salaries – Executive Secretary	38
Office expenses	6
Interpretation costs	18
	62
Special Fund	
Taxonomy Working Group	2
Remote Tracking Data	25
	27
	89
<i>Total Trade and other payables</i>	89
Current	89
Non-current	0
	89

**AGREEMENT ON THE CONSERVATION OF
ALBATROSSES AND PETRELS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 7 EQUITY

7.1 Analysis of equity

Item	Accumulated Results	Total Equity
	2005 \$'000	2005 \$'000
Net surplus / (loss)		
General Fund	133	133
Special Fund	80	80
Closing balance as at 31 December 2005	213	213