

Financial Executives International of Australia

(a company limited by guarantee, ABN 92 000 601 954)

Directors' Report

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Financial Report

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31 March 2005

Financial Executives International of Australia
(a company limited by guarantee)

DIRECTORS' REPORT

The Directors present their report on Financial Executives International of Australia ("FEIA") for the year ended 31 March 2005.

DIRECTORS

The following persons are Directors of FEIA at the date of this report and were directors for the whole of the year except where the date of appointment shows otherwise:

Dieter S Adamsas (President) Appointed 11 September 2001
Deputy Chief Executive Officer & Chief Financial Officer, Leighton Holdings Limited
35 years in industry and finance

Joanne (Jodie) M Baker Appointed 30 August 2004
Director, Corporate Credit Group, Société Générale, Australia branch
21 years in banking and finance

Bruce J Chapman (Vice President) Appointed 11 September 2001
Managing Director, Corporate and Institutional Division, Société Générale, Australia branch
30 years in debt capital markets

David Carruthers Appointed 11 September 2001
Director, T C A Advisors
28 years in financial risk management

Alison C Harrop Appointed 3 September 2003
Financial and Operational Risk Director, Macquarie Bank Limited
19 years in banking and finance

Graeme R Heffernan Appointed 11 September 2001
Associate Director, Société Générale, Australia branch
41 years in banking and finance

Michael F Ihlein Appointed 3 September 2003
Chief Financial Officer, Brambles Industries Limited
30 years in industry and finance

Karen L C McGregor Appointed 29 October 2004
Executive General Manager, Corporate & Business Services, Premium Business Services,
Commonwealth Bank of Australia
22 years in banking and finance

Carlos M Mendes Appointed 11 September 2001
Group Chief Accountant, Leighton Holdings Limited
21 years in industry, finance and accounting

Timothy J Regan Appointed 3 September 2003
Chief Financial Officer, Mirvac Group
18 years in industry and finance

Gabrielle M Trainor was a Director at the start of the financial year and resigned as Director on 30 August 2004.

Robin Cumming was Treasurer and a Director at the start of the financial year and resigned as a Director on 21 April 2004. He was appointed the Secretary of FEIA on 21 April 2004.

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Christopher Perks was the Secretary at the start of the financial year and resigned on 20 April 2004.

PRINCIPAL ACTIVITIES

The principal activity of FEIA is to operate as a not-for-profit institute for financial executives in Australia. During the year there was no significant change in the nature of FEIA's activities.

RESULT FOR THE YEAR

The surplus after tax of FEIA for the year ended 31 March 2005 was \$11,351, compared with a surplus after tax in the previous year of \$1,552.

ADDITIONAL STATUTORY INFORMATION

1. The FEIA is registered as a company limited by guarantee and has no share capital. The Memorandum of Association does not permit distributions to members.
2. During the year there were no significant changes in the affairs of the FEIA other than those referred to in the statements or notes thereto.
3. There has not been any matter or circumstances arising since the end of the financial year that has significantly affected or may significantly affect the operations of the FEIA, the results of those operations, or the state of affairs of the FEIA in financial years subsequent to the year under review.
4. It is not expected that there will be any material change in the FEIA's operations subsequent to the year under review.
5. FEIA is not materially affected by any environmental regulation in respect of its activities.
6. Since the end of the previous financial year, no Director of the FEIA has received or become entitled to receive while a Director a benefit by reason of a contract made by the FEIA or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.
7. PricewaterhouseCoopers continues in office as auditor in accordance with Section 327 of the *Corporations Act 2001*.

Signed for and on behalf of the Directors in accordance with a resolution of Directors made pursuant to the provisions of the *Corporations Act 2001*.

Dieter S Adamsas
President and Director
11 July 2005

Timothy J Regan
Director

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Financial Report

for the year ended 31 March 2005

Statement of financial performance for the year ended 31 March 2005

	31 March 2005 \$	31 March 2004 \$
Revenue from operating activities		
Subscriptions of members	16,875	20,222
Corporate sponsorships of members	43,500	19,500
Luncheon seminar fees and luncheon sponsorship	42,003	47,561
	102,378	87,283
Revenue from outside the operating activities		
Interest income	1,061	883
	1,061	883
Revenue from ordinary activities	103,439	88,166
Luncheon seminar costs	40,356	43,582
Office expenses	2 6,172	8,167
IAFEI membership fees	3 (871)	3,697
Employee benefits expenses and consultant expense	37,818	23,376
Other expenses of ordinary activities	8,613	7,792
	92,088	86,614
Profit from ordinary activities before income tax expense	11,351	1,552
Income tax expense	4 -	-
Profit from ordinary activities after income tax expense	11,351	1,552
Net profit	11,351	1,552

The above statement of financial performance should be read in conjunction with the accompanying notes.

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Statement of financial position as at 31 March 2005

		31 March 2005 \$	31 March 2004 \$
Current assets			
Cash at bank	5	35,015	35,050
Bank deposit	5	12,160	11,644
Prepayments		3,000	8,707
Debtors		5,000	5,603
Total current assets		55,175	61,004
 Total assets		 55,175	 61,004
Current liabilities			
Creditors	3,6	6,433	15,979
Deferred income	6	2,841	10,475
Total current liabilities		9,274	26,454
 Total liabilities		 9,274	 26,454
 Net assets		 45,901	 34,550
Accumulated funds at beginning of year		34,550	32,998
Surplus for year		11,351	1,552
Accumulated funds at end of year	7	45,901	34,550

The above statement of financial position should be read in conjunction with the accompanying notes.

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Statement of cash flows for the year ended 31 March 2005

	31 March 2005 \$	31 March 2004 \$
Cash flow from operating activities		
Receipts from customers	110,552	97,838
Payments to suppliers and employees	(111,132)	(92,055)
	(580)	5,783
Interest received	1,061	883
Net cash inflow from operating activities	481	6,666
Net cash flow from investing activities	-	-
Net cash flow from financing activities	-	-
Net increase in cash held	481	6,666
Cash at the beginning of the financial year	46,694	40,028
Cash at the end of the financial year	5 47,175	46,694

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

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Notes to the financial statements
31 March 2005

1 Summary of significant accounting policies

(a) Basis of accounting

In the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the Corporations Act 2001 requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

The Company has applied Accounting Standard AASB 1025: *Application of the Reporting Entity Concept and Other Amendments*, which amended the application clauses of all standards existing at the date of its issue so that they now apply only to companies that are reporting entities or to companies which are not reporting entities but prepare general purpose financial reports.

The financial report has been prepared in accordance with AASB 1018 *Statement of Financial Performance*, AASB 1034 *Financial Report Presentation and Disclosures* and AASB 1040 *Statement of Financial Position* which apply to all entities required to prepare financial reports under the Corporations Act 2001 and other applicable Accounting Standards and Urgent Issues Group Consensus Views with the exception of the disclosure requirements in the following:

AASB 1004 *Revenue*

AASB 1017 *Related Party Disclosures*

AASB 1020 *Income Taxes*

AASB 1026 *Statement of Cash Flows* – the disclosures required under paragraphs 11-1 and 12-2 only

AASB 1033 *Presentation and Disclosure of Financial Instruments*

AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards*

The financial report is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(b) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation.

(c) Revenue recognition

Amounts disclosed as revenue are net of duties and taxes paid.

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Notes to the financial statements
31 March 2005

(e) Trade and other creditors

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

(f) Cash

For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

2 Office expenses

	31 March 2005 \$	31 March 2004 \$
Rent and office charges	3,811	2,580
Telephone and internet charges	2,008	3,791
Printing and postage	353	1,731
Depreciation	-	65
Total office expenses	6,172	8,167

From September 2004 onwards part of the telephone, internet, printing and postage charges are included in the rent and office charges of the new serviced offices.

3 IAFEI

Until June 2004 the Company paid an affiliation fee to the International Association of Financial Executive Institutes (IAFEI) on the basis of the number of its members. The Company resigned from IAFEI in June 2004. At 31 March 2005 all outstanding liabilities to IAFEI had been paid, including the balance of an amount owing in respect of the IAFEI international conference in Sydney in October 2000, which had been payable over three years.

4 Income tax

The Company is taxed on its investment income and on the net income from non-members, less deductions applicable to that income. The taxable loss in the year ended 31 March 2005 was \$87, resulting in a carried forward tax loss at 31 March 2005 of \$37,249.

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Notes to the financial statements
31 March 2005

5 Cash at bank and on deposit

	31 March 2005	31 March 2004
	\$	\$
Cash at bank		
National	15,925	14,728
New South Wales Chapter	11,142	10,663
Queensland Chapter	2,138	2,838
Victorian Chapter	5,810	6,821
Total	<u>35,015</u>	<u>35,050</u>
Bank deposit	12,160	11,644
Total cash at bank and on deposit	<u>47,175</u>	<u>46,694</u>

6 Creditors and accrued income

	31 March 2005	31 March 2004
	\$	\$
Conference fee to IAFEI	-	3,876
IAFEI affiliation fee	-	3,837
Other creditors	6,433	8,266
Total creditors	<u>6,433</u>	<u>15,979</u>
Deferred income	2,841	10,475

7 Accumulated funds

National Committee and New South Wales Chapter	39,794	25,501
Queensland Chapter	2,138	2,414
Victorian Chapter	3,969	6,635
Total accumulated funds	<u>45,901</u>	<u>34,550</u>

8 Events occurring after the reporting date

No events have occurred since the reporting date that would materially affect the financial statements.

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Directors' declaration

As stated in Note 1(a) to the financial statements, in the directors' opinion the company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet the *Corporations Act 2001* requirements.

The financial report has been prepared in accordance with Accounting Standard AASB 1025: *Application of the Reporting Entity Concept and Other Amendments* and other Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1(a).

In the directors' opinion:

- (a) the financial statements and notes set out on pages 3 to 9 are in accordance with the *Corporations Act 2001*, including
 - (i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the company's financial position as at 31 March 2005 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Signed

Dieter S Adamsas
President and Director

Timothy J Regan
Director

11 July 2005

Independent audit report to the members of Financial Executives International of Australia

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Audit opinion

In our opinion, the financial report of Financial Executives International of Australia:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Financial Executives International of Australia as at 31 March 2005 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements, and
- is presented in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia to the extent described in Note 1 to the financial statements, the *Corporations Act 2001* and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report, being a special purpose 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 Financial Executives International of Australia (the company), for the year ended 31 March 2005. It has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*.

The directors of the company 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.

The directors have determined that the accounting policies used and described in Note 1 to the financial statements, including the basis of accounting, which forms part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and the needs of the members.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members. 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 members, or for any purpose other than that for which they were prepared.

Our audit was conducted in accordance with Australian Auditing Standards. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and the accounting policies described in Note 1 to the financial statements, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows. These policies do not require the application of all Accounting Standards and other mandatory financial reporting requirements in Australia.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the reasonableness of significant accounting estimates made by the directors.

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

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.

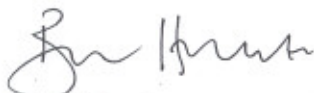
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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



PricewaterhouseCoopers



Brian Hunter
Partner

Sydney
11 July 2005