

Financial Executives International of Australia

31 March 2007

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

Contents

	Pages
Directors Report	1-3
Auditor's independence declaration	4
Financial Report	5-12
Audit Report	13-14

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

DIRECTORS' REPORT

Your directors present their report on Financial Executives International of Australia ("FEIA") for the year ended 31 March 2007.

DIRECTORS

The following persons were directors of FEIA during the whole of the financial year and up to the date of this report:

Timothy R Regan (President)
Dieter S Adamsas (Vice-President until 23 August 2006)
Joanne (Jodie) M Baker
Edward M Conway
Michael F Ihlein
Carlos M Mendes
Julie E Raffe (Vice President from 23 August 2006)

Graeme R Heffernan was a director and Queensland Chapter President from the beginning of the financial year until his resignation on 23 May 2006.

Gail M Evans-Hoffmann was appointed a director and Queensland Chapter President on 23 May 2006 and continues in office at the date of this report.

Alison C Harrop was a director from the beginning of the financial year until her resignation on 23 August 2006.

Michael A Bencsik was appointed a director on 23 August 2006 and continues in office at the date of this report.

John M Wartig was appointed a director on 23 August 2006 and continues in office at the date of this report.

W Peter Day was appointed a director on 4 April 2007 and continues in office at the date of this report.

Robin A Cumming was the Secretary of FEIA during the whole of the financial year and continues in office at the date of this report.

PRINCIPAL ACTIVITIES

The principal activity of FEIA is to operate as a not-for-profit association for financial executives in Australia. During the year there was no significant change in the nature of FEIA's activities. There was continued expansion of FEIA's mentoring program under which experienced chief financial officers mentor younger financial executives nominated by FEIA's corporate sponsors.

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

REVIEW OF OPERATIONS

The surplus after tax of FEIA for the year ended 31 March 2007 was \$10,884, compared with a surplus after tax in the previous year of \$4,542.

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.

Significant changes in the state of affairs

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.

Matters subsequent to the end of the financial year

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.

Likely developments

It is not expected that there will be any material change in the FEIA's operations subsequent to the year under review.

Environmental regulations

FEIA is not materially affected by any environmental regulation in respect of its activities.

Information on the Directors and the Secretary

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

Joanne (Jodie) M Baker Appointed 30 August 2004
Managing Director, Client Credit Group, Société Générale Corporate and Investment Banking
23 years in banking and finance

Michael A Bencsik Appointed 23 August 2006
Chief Financial Officer, HSBC Bank Australia Limited
17 years in banking and finance

Edward M Conway Appointed 30 August 2005
Chief Financial Officer, VI.SA. Australia Pty Limited
19 years in industry, finance and accounting

W Peter Day Appointed 4 April 2007
Executive General Manager Finance, Amcor Limited
30 years in industry, finance and accounting

Gail M Evans-Hoffmann Appointed 23 May 2006
Group Financial Controller, Thiess Pty Limited
15 years in industry, finance and accounting

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

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

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

Julie E Raffae Appointed 30 August 2005
Chief Financial Officer, Village Roadshow Limited
23 years in industry, finance and accounting

Timothy J Regan (President) Appointed 3 September 2003
Chief Operating Officer, Mirvac Group
20 years in industry and finance

John M Wartig Appointed 23 August 2006
Group Chief Financial Officer, Coca-Cola Amatil Limited
30 years in industry, finance and accounting

Robin A Cumming (Secretary) Appointed 21 April 2004
Formerly Chief Financial Officer of Petsec Energy Limited and of Export Finance and Insurance Corporation.
39 years in industry, consulting and finance

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Auditor

PricewaterhouseCoopers continues in office as auditor in accordance with Section 327 of the *Corporations Act 2001*.

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

Timothy J Regan
President and Director

Edward M Conway
Director

15 June 2007

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



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Auditor's Independence Declaration

As lead auditor for the audit of Financial Executives International of Australia for the year ended 31 March 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Financial Executives International of Australia during the period.

Brian Hunter
Partner
PricewaterhouseCoopers

Sydney
15 June 2007

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

Income Statement
for the year ended 31 March 2007

		31 March 2007 \$	31 March 2006 \$
Revenue from continuing operations	2	167,819	136,357
Other income	2	5,215	2,332
Luncheon seminar costs		(37,454)	(51,856)
Office expenses	3	(12,402)	(10,284)
Employee benefits expenses and consultant expense	3	(99,750)	(60,074)
Other expenses		(12,544)	(11,933)
Profit before income tax expense		<hr/> 10,884	<hr/> 4,542
Income tax expense	4	<hr/> -	<hr/> -
Profit for the year		<hr/> 10,884	<hr/> 4,542

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

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

Balance Sheet

		31 March 2007 \$	31 March 2006 \$
Assets			
Current assets			
Cash and cash equivalents	5	76,377	70,258
Prepayments		4,025	1,812
Trade and other receivables		2,495	3,608
Total current assets		82,897	75,678
Total assets		82,897	75,678
Liabilities			
Current liabilities			
Trade and other payables		20,225	18,031
Deferred income		1,345	7,204
Total current liabilities		21,570	25,235
Total liabilities		21,570	25,235
Net assets		61,327	50,443
Equity			
Accumulated funds at beginning of year		50,443	45,901
Surplus for year		10,884	4,542
Accumulated funds at end of year	6	61,327	50,443

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

Statement of changes in equity

		31 March 2007 \$	31 March 2006 \$
Total accumulated funds at the beginning of the financial year		50,443	45,901
Surplus for the year		10,884	4,542
Total accumulated funds at the end of the financial year		61,327	50,443

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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

Cash flow statement

	31 March 2007	31 March 2006
	\$	\$
Cash flow from operating activities		
Receipts from customers <i>(inclusive of goods & services tax)</i>	176,971	160,954
Payments to suppliers and employees <i>(inclusive of goods & services tax)</i>	(176,067)	(140,203)
	<hr/> 904	<hr/> 20,751
Interest received	5,215	2,332
Net cash inflow from operating activities	<hr/> 6,119	<hr/> 23,083
Cash flow from investing activities	<hr/> -	<hr/> -
Cash flow from financing activities	<hr/> -	<hr/> -
Net increase in cash held	6,119	23,083
Cash and cash equivalents at the beginning of the financial year	70,258	47,175
Cash and cash equivalents at the end of the financial year	5 <hr/> 76,377	<hr/> 70,258

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

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

Notes to the financial statements
31 March 2007

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 directors have determined that the accounting policies are appropriate to meet the needs of the members.

The financial report has been prepared in accordance with AASB 101 *Presentation of Financial Statements*, AASB 107 *Cash Flow Statements*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1031 *Materiality* and AASB 1048 *Interpretation and Application of Standards* which apply to all entities required to prepare financial reports under the *Corporations Act 2001* and other applicable Accounting Standards and Urgent Issues Group Interpretations with the exception of the disclosure requirements in the following:

AASB 107 – *Cash Flow Statement* – the disclosure required under paragraph 20.1

AASB 112 – *Income taxes*

AASB 114 – *Segment Reporting*

AASB 124 – *Related Party Disclosures*

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

(b) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

(c) Revenue recognition

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

(d) Trade and other payables

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.

(e) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs, less provision for doubtful debts. Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

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

Notes to the financial statements
31 March 2007

2 Revenue

	31 March 2007	31 March 2006
	\$	\$
From continuing operations		
Subscriptions of members	10,260	10,810
Corporate sponsorship of members	107,000	64,000
Luncheon seminar fees and luncheon sponsorship	50,559	61,547
	167,819	136,357
<hr style="border: 0.5px solid black;"/>		
<hr style="border: 0.5px solid black;"/>		
<i>Other income</i>		
	5,215	2,332
<i>Interest income</i>		

3 Expenses

The increase in consultant and other costs over the prior year is mainly due to the expansion in FEIA's mentoring program for younger financial executives.

The office expenses are made up of:

	31 March 2007	31 March 2006
	\$	\$
Rent and office charges	8,148	7,520
Website charges	1,759	1,800
Telephone, printing and postage	2,495	964
Total office expenses	12,402	10,284

Part of the telephone, internet, printing and postage charges are included in the rent and office charges of the serviced office.

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 income in the year ended 31 March 2006 was \$2,653, resulting in a carried forward tax loss at 31 March 2007 of \$35,024.

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

Notes to the financial statements
31 March 2007

5 Cash at bank and on deposit

	31 March 2007 \$	31 March 2006 \$
Cash at bank		
Cheque account (Westpac Banking Corporation)	7,064	5,650
Max-i Direct account (Westpac Banking Corporation)	64,468	58,257
Queensland Chapter account (National Australia Bank)	1,886	2,672
Victorian Chapter account (National Australia Bank)	2,959	3,679
Total	<u>76,377</u>	<u>70,258</u>
Bank deposit	-	-
Total cash at bank and on deposit	<u>76,377</u>	<u>70,258</u>

6 Accumulated funds

	31 March 2007 \$	31 March 2006 \$
National Committee and New South Wales Chapter	57,377	45,871
Queensland Chapter	1,886	1,988
Victorian Chapter	2,064	2,584
Total accumulated funds	<u>61,327</u>	<u>50,443</u>

7 Events occurring after the reporting date

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

8 Related party transactions

To enable the Company to have access to the whole of the website and information available to members of Financial Executives International in the USA (FEI-USA), the Company pays the FEI-USA membership fees of the President (Tim Regan, a director of the Company) and the Secretary (Robin Cumming), which amount to US\$475 per annum each.

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

Notes to the financial statements
31 March 2007

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 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 5 to 11 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 2006 and of its performance, as represented by the results of its operations, changes in accumulated funds 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.

Timothy J Regan
President and Director

Edward M Conway
Director

15 June 2007

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

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 2007 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 balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Financial Executives International of Australia (the company), for the year ended 31 March 2007. 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.

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



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, changes in equity 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*.

A handwritten signature in blue ink, appearing to read 'P. Hunter'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Brian Hunter'.

Brian Hunter
Partner

Sydney
15 June 2007