

Financial Executives International of Australia

31 March 2006

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

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Financial Executives International of Australia
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DIRECTORS' REPORT

Your directors present their report on Financial Executives International of Australia ("FEIA") for the year ended 31 March 2006.

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 (appointed President 30 August 2005)
Dieter S Adamsas (President until 30 August 2005, then appointed Vice President)
Joanne (Jodie) M Baker
Alison C Harrop
Michael F Ihlein
Carlos M Mendes

Edward M Conway was appointed a director on the 30 August 2005 and continues in office at the date of this report.

Julie E Raffe was appointed a director and Victorian Chapter President on the 30 August 2005 and continues in office at the date of this report.

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

Bruce J Chapman was Vice President and a director from the beginning of the financial year until his resignation on the 30 August 2005.

David Carruthers was a director and Victorian Chapter President from the beginning of the financial year until his resignation on the 30 August 2005.

Karen L C McGregor was a director from the beginning of the financial year until her resignation on the 19 January 2006.

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

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 for younger financial executives.

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REVIEW OF OPERATIONS

The surplus after tax of FEIA for the year ended 31 March 2006 was \$4,542, compared with a surplus after tax in the previous year of \$11,351.

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 (Vice President) Appointed 11 September 2001
Deputy Chief Executive Officer & Chief Financial Officer, Leighton Holdings Limited
36 years in industry and finance

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

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

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

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

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

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

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

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

Robin A Cumming (Secretary) Appointed 21 April 2004
Formerly Chief Financial Officer of Petsec Energy Limited and of Export Finance and Insurance Corporation.
38 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.

Signed

Signed

Timothy J Regan
President and Director

Dieter S Adamsas
Vice President and Director

27 July 2006

Financial Executives International of Australia
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PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the audit of Financial Executives International of Australia for the year ended 31 March 2006, 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.

A handwritten signature in cursive script that reads 'B K Hunter'.

B K Hunter
Partner
PricewaterhouseCoopers

Sydney
27 July 2006

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Income Statement

for the year ended 31 March 2006

		31 March 2006 \$	31 March 2005 \$
Revenue from continuing operations	2	136,357	102,378
Other income		2,332	1,061
Luncheon seminar costs		(51,856)	(40,356)
Office expenses	3	(10,284)	(6,172)
Employee benefits expenses and consultant expense	3	(60,074)	(37,818)
Other expenses	3	(11,933)	(7,742)
Profit before income tax expense		4,542	11,351
Income tax expense	4	-	-
Profit for the year		4,542	11,351

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

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Balance Sheet

		31 March 2006 \$	31 March 2005 \$
Assets			
Current assets			
Cash and cash equivalents	5	70,258	47,175
Prepayments		1,812	3,000
Trade and other receivables		3,608	5,000
Total current assets		75,678	55,175
Total assets		75,678	55,175
Liabilities			
Current liabilities			
Trade and other payables		18,031	6,433
Deferred income		7,204	2,841
Total current liabilities		25,235	9,274
Total liabilities		25,235	9,274
Net assets		50,443	45,901
Equity			
Accumulated funds at beginning of year		45,901	34,550
Surplus for year		4,542	11,351
Accumulated funds at end of year	6	50,443	45,901

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

Statement of changes in equity

		31 March 2006 \$	31 March 2005 \$
Total accumulated funds at the beginning of the financial year		45,901	34,550
Surplus for the year		4,542	11,351
Total accumulated funds at the end of the financial year		50,443	45,901

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Cash flow statement

	31 March 2006 \$	31 March 2005 \$
Cash flow from operating activities		
Receipts from customers <i>(inclusive of goods & services tax)</i>	160,954	110,552
Payments to suppliers and employees <i>(inclusive of goods & services tax)</i>	(140,203)	(111,132)
	<hr/> 20,751	<hr/> (580)
Interest received	2,332	1,061
Net cash inflow from operating activities	<hr/> 23,083	<hr/> 481
Cash flow from investing activities	<hr/> -	<hr/> -
Cash flow from financing activities	<hr/> -	<hr/> -
Net increase in cash held	23,083	481
Cash and cash equivalents at the beginning of the financial year	47,175	46,694
Cash and cash equivalents at the end of the financial year	5 <hr/> 70,258	<hr/> 47,175

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

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Notes to the financial statements
31 March 2006

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 paragraphs 11-1 and 12-2 only

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.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRSs ensures that the financial statements and notes of Financial Executives International of Australia comply with International Financial Reporting Standards (IFRSs).

Application of AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first Financial Executives International of Australia financial statements to be prepared in accordance with AIFRSs. AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

The financial statements of Financial Executives International of Australia until 31 March 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Financial Executives International of Australia's 2006 financial statements, management has amended certain accounting and valuation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The company has taken the exemption

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available under AASB 1 to apply AASB 132 and AASB 139 only from 1 April 2005.

The description of the effect of transition from previous AGAAP to AIFRSs on the entity's equity and its net income are given in note 8.

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

(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.

(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.

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Notes to the financial statements
31 March 2006

2 Revenue

	31 March 2006	31 March 2005
	\$	\$
From continuing operations		
Subscriptions of members	10,810	16,875
Corporate sponsorship of members	64,000	43,500
Luncheon seminar fees and luncheon sponsorship	61,547	42,003
	136,357	102,378
Other income		
Interest income	2,332	1,061

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 2006	31 March 2005
	\$	\$
Rent and office charges	7,520	3,811
Telephone, internet and website charges	2,122	2,008
Printing and postage	642	353
Depreciation	-	-
Total office expenses	10,284	6,172

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

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 2006 was \$429, resulting in a carried forward tax loss at 31 March 2006 of \$37,677.

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Notes to the financial statements
31 March 2006

5 Cash at bank and on deposit

	31 March 2006	31 March 2005
	\$	\$
Cash at bank		
Cheque account (Westpac Banking Corporation)	5,650	15,925
Max-i Direct account (Westpac Banking Corporation)	58,257	11,142
Queensland Chapter account (National Australia Bank)	2,672	2,138
Victorian Chapter account (National Australia Bank)	3,679	5,810
Total	<u>70,258</u>	<u>35,015</u>
Bank deposit	-	12,160
Total cash at bank and on deposit	<u>70,258</u>	<u>47,175</u>

6 Accumulated funds

	31 March 2006	31 March 2005
	\$	\$
National Committee and New South Wales Chapter	45,871	39,794
Queensland Chapter	1,988	2,138
Victorian Chapter	2,584	3,969
Total accumulated funds	<u>50,443</u>	<u>45,901</u>

7 Events occurring after the reporting date

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

8 Explanation of transition to Australian equivalents to IFRSs

Management have conducted an analysis of the company's adoption of Australian equivalents to International Financial Reporting Standards (AIFRS). This analysis concluded that there were no adjustments required on adoption of AIFRS to the Company's:

- opening balance sheet at 1 April 2004;
- balance sheet at the end of the last reporting period (31 March 2005);
- income statement for the year ended 31 March 2005; and
- cash flow statement for the year ended 31 March 2005.

Therefore, the comparative retained earnings balances in these financial statements agree to the previous year audited financial statements, and as a result no reconciliation of opening retained earnings has been performed.

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Notes to the financial statements
31 March 2006

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.

Signed

Timothy J Regan
President and Director

Signed

Dieter S Adamsas
Vice President and Director

27 July 2006

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A copy of the PricewaterhouseCoopers audit report is reproduced below.



PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

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 2006 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 2006. 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, 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*.

PricewaterhouseCoopers

B K Hunter
Partner

Sydney
27 July 2006