

**Accounting and  
Finance Association of  
Australia and New  
Zealand Ltd  
ACN 091 255 908**

Financial Report  
For the year ended 31 December  
2006

**Pitcher Partners**  
Level 19  
15 William Street  
Melbourne VIC 3000  
Telephone (03) 8610 5000

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**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**DIRECTORS' REPORT**

The directors present their report together with the financial report of Accounting and Finance Association of Australia and New Zealand Ltd for the financial year ended 31 December 2006 and auditors report thereon. This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

**Directors Names**

The names of the directors in office at any time during or since the end of the financial year are:

Keryn Chalmers  
Barry Cooper  
Paul de Lange (Appointed 1 June 2006)  
Keitha Dunstan  
Ian Eggleton  
Robert Faff  
Philip Gray (Resigned 31 May 2006)  
David Hay  
Bryan Howieson  
Effie Margiolis (Resigned 31 May 2006)  
Jennifer Stewart  
Cheryl Umoh (Appointed 15 May 2006)  
Sue Wright

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Results**

The profit/( loss) of the company for the financial year after providing for income tax amounted to (\$3,122) (2005: \$93,039).

**Review of Operations**

A review of the operations of the company during the financial year and the results of those operations found that:

During the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

**Significant Changes in State of Affairs**

There were no significant changes in the company's state of affairs that occurred during the financial year.

**Principal Activities**

The principal activity of the company during the financial year was the administration of a non-profit accounting and finance association.

No significant change in the nature of these activities occurred during the year.

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**DIRECTORS' REPORT (cont'd)**

**After Balance Date Events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**Likely Developments**

The company expects to maintain the present status and level of operations.

**Environmental Issues**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**Dividends Paid, Recommended, and Declared**

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

**Information on Directors**

**Keryn Chalmers**

- |                          |  |
|--------------------------|--|
| Qualifications           | - BCom, PhD  |
| Experience               | - Associate Professor in the Department of Accounting and Finance, Monash University |
| Special Responsibilities | - AFAANZ Board Member - Relationship Management Portfolio                            |

**Barry Cooper**

- |                          |   |
|--------------------------|---|
| Qualifications           | - BCom, MEd, PhD, FCPA, FCCA                                      |
| Experience               | - Professor in School of Accounting and Law at RMIT University    |
| Special Responsibilities | - AFAANZ Board Member - Treasurer and President-Elect (Australia) |

**Paul de Lange**

- |                          |  |
|--------------------------|--|
| Qualifications           | - B.Ed, Grad Dip Acc, M.Bus.Acc, PhD                 |
| Experience               | - Associate Professor in Accounting, RMIT University |
| Special Responsibilities | - AFAANZ Board Member                                |

**Keitha Dunstan**

- |                          |  |
|--------------------------|--|
| Qualifications           | - BCom, MBus, PhD, ASA   |
| Experience               | - Professor in School of Accounting and Commercial Law, Victoria University of Wellington (New Zealand) and Director of the Centre for Accounting, Governance and Taxation |
| Special Responsibilities | - AFAANZ Board Member - AFAANZ President (New Zealand) from 1 June 2005  |

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**DIRECTORS' REPORT (cont'd)**

**INFORMATION ON DIRECTORS (Continued)**

**Ian Eggleton**

- |                          |   |
|--------------------------|---|
| Qualifications           | - BCA (Hons), MBA, PhD, CMANZ, FCPA, ACANZ, ACIS  |
| Experience               | - Professor in the Department of Accounting, Waikato Management School, The University of Waikato (New Zealand) |
| Special Responsibilities | - AFAANZ Board Member - President-Elect (New Zealand)   |

**Robert Faff**

- |                          |   |
|--------------------------|---|
| Qualifications           | - BCom, MBus, PhD                                 |
| Experience               | - Professor of Finance at Monash University       |
| Special Responsibilities | - Editor of AFAANZ journal (Accounting & Finance) |

**Philip Gray**

- |                          |  |
|--------------------------|--|
| Qualifications           | - BCom, MBus, PhD  |
| Experience               | - Associate Professor in School of Business at University of Queensland      |
| Special Responsibilities | - AFAANZ Board Member - Chairman, 2005 AFAANZ Conference Technical Committee |

**David Hay**

- |                          |   |
|--------------------------|---|
| Qualifications           | - PhD, CA   |
| Experience               | - Associate Professor and Deputy Head in the Department of Accounting and Finance, The University of Auckland |
| Special Responsibilities | - AFAANZ Board Member - Co-Chairman 2006 Conference Technical Committee                                       |

**Bryan Howieson**

- |                          |   |
|--------------------------|---|
| Qualifications           | - BCom(Hons), MCom(Hons), FCPA  |
| Experience               | - Senior Lecturer in the Adelaide Graduate School of Business, University of Adelaide |
| Special Responsibilities | - AFAANZ Board Member - AFAANZ President (Australia) from 1 June 2005                 |

**Effie Margiolis**

- |                          |   |
|--------------------------|---|
| Qualifications           | - BA, Grad,DipEd, MAICD                                     |
| Experience               | - Executive Director AFAANZ                                 |
| Special Responsibilities | - AFAANZ Board Member - Executive Director from 13 May 2003 |

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
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**DIRECTORS' REPORT (cont'd)**

**INFORMATION ON DIRECTORS (Continued)**

**Jennifer Stewart**

- Qualifications - BBS, MEc, PhD, CPA
- Experience - Professor, Griffith University, Griffith Business School, Department of Accounting, Finance and Economics
- Special Responsibilities - AFAANZ Board Member - Co-Chairman 2006 Conference Technical Committee

**Cheryl Umoh**

Company Secretary

- Qualifications - BA
- Experience - Executive Director, AFAANZ
- Special Responsibilities - AFAANZ Board Member - Executive director from 15 May 2006

**Sue Wright**

- Qualifications - BA (Hons), PhD, AAIBF
- Experience - Senior Lecturer in the Department of Accounting and Finance, Macquarie University
- Special Responsibilities - AFAANZ Board Member - Education Portfolio

**Meetings of Directors**

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Keryn Chalmers	3	3
Barry Cooper	3	2
Paul de Lange (Appointed 1 June 2006)	2	2
Keitha Dunstan	3	3
Ian Eggleton	3	3
Robert Faff	3	1
Philip Gray (Resigned 31 May 2006)	1	1
David Hay	3	3
Bryan Howieson	3	3
Effie Margiolis (Resigned 31 May 2006)	1	1
Jennifer Stewart	3	3
Cheryl Umoh (Appointed 15 May 2006)	2	2
Sue Wright	3	3

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
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**DIRECTORS' REPORT (cont'd)**

**Indemnification of Officer**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

**Auditor's Independence Declaration**

A copy of the auditor's declaration under section 307C in relation to the audit for the financial year is provided with this report.

**Proceedings on Behalf of the Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

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

Director



Keryn Chalmers

Director



Barry Cooper

Dated this

11th

day of

April

2007

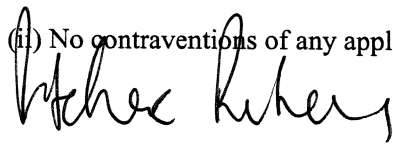
## AUDITOR'S INDEPENDENCE DECLARATION

**To the Directors of Accounting and Finance Association of Australia and New Zealand Ltd**

In relation to the independent audit for the year ended 31 December 2006, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*.

(ii) No contraventions of any applicable code of professional conduct.



PITCHER PARTNERS



B J BRITTEN

Partner

Melbourne 11 April 2007



**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 \$	2005 \$
Revenue		695,190	846,829
Employee benefits expense		(94,722)	(61,200)
Depreciation and amortisation expenses	3	(13,895)	(4,426)
Conference Expenses		(240,172)	(319,844)
Research grants		(116,410)	(123,500)
Newsletter Expenses		(2,800)	(5,110)
Accounting history journal expenses		-	(27,366)
PhD scholarships		(30,000)	(30,000)
Doctoral consortium (colloquium) expenses		(54,418)	(45,254)
Meeting expenses		(24,404)	(22,819)
Administration expenses		(23,507)	(28,514)
Accounting & finance journal expenses		(41,299)	(31,100)
AFAANZ Reps		(13,042)	(18,535)
Rent expense		(27,339)	(17,760)
Other expenses		<u>(43,643)</u>	<u>(36,122)</u>
		<u>(698,312)</u>	<u>(753,790)</u>
<b>Profit before income tax expense</b>		(3,122)	93,039
Income tax expense	1(c)	<u>-</u>	<u>-</u>
<b>Profit from continuing operations</b>		<u><u>(3,122)</u></u>	<u><u>93,039</u></u>

The accompanying notes form part of these financial statements.

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2006**

	Notes	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash assets	5	422,659	444,044
Receivables	6	8,265	10,323
Other	7	<u>17,166</u>	<u>9,605</u>
<b>TOTAL CURRENT ASSETS</b>		<u>448,090</u>	<u>463,972</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	<u>38,980</u>	<u>50,596</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>38,980</u>	<u>50,596</u>
<b>TOTAL ASSETS</b>		<u>487,070</u>	<u>514,568</u>
<b>CURRENT LIABILITIES</b>			
Payables	9	200,270	190,124
Provisions	10	103,159	141,770
Other	11	<u>4,225</u>	<u>1,162</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>307,654</u>	<u>333,056</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	<u>1,026</u>	<u>-</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,026</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>308,680</u>	<u>333,056</u>
<b>NET ASSETS</b>		<u>178,390</u>	<u>181,512</u>
<b>EQUITY</b>			
Retained earnings	12	<u>178,390</u>	<u>181,512</u>
<b>TOTAL EQUITY</b>		<u>178,390</u>	<u>181,512</u>

The accompanying notes form part of these financial statements.

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006	2005
		\$	\$
<b>Total equity at the beginning of the financial year</b>		<u>181,512</u>	<u>88,473</u>
<b>Profit/(loss) for the year</b>		<u>(3,122)</u>	<u>93,039</u>
<b>Total recognised income and expense for the year</b>		<u>(3,122)</u>	<u>93,039</u>
<b>Total equity at the end of the financial year</b>		<u><u>178,390</u></u>	<u><u>181,512</u></u>

The accompanying notes form part of these financial statements.

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 \$	2005 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts in the course of operations		167,184	185,004
Sponsorship by accounting professional bodies		122,573	122,573
Other cash inflows		360,586	464,988
Interest received		18,469	23,653
Cash payments in the course of operations		(633,514)	(659,747)
Payments to memberships - PhD scholarships & AAA consortium		(30,000)	(30,000)
Payments for executive expenses		<u>(24,404)</u>	<u>(22,819)</u>
Net cash provided by/(used in) operating activities	15 (b)	<u>(19,106)</u>	<u>83,652</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		<u>(2,279)</u>	<u>(51,765)</u>
Net cash used in investing activities		<u>(2,279)</u>	<u>(51,765)</u>
Net increase/(decrease) in cash held		(21,385)	31,887
Cash at beginning of financial year		<u>444,044</u>	<u>412,157</u>
Cash at end of financial year	15 (a)	<u><u>422,659</u></u>	<u><u>444,044</u></u>

The accompanying notes form part of these financial statements.

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is for the entity Accounting and Finance Association of Australia and New Zealand Ltd as an individual entity. Accounting and Finance Association of Australia and New Zealand Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Revenue**

Revenue from sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Revenue from royalties is recognised when the right to receive royalty revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

**(b) Plant and Equipment**

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

*Plant and equipment*

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

*Depreciation*

The depreciable amount of all fixed assets are depreciated over their estimated useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rates	Depreciation basis
Plant and equipment	33 %	Diminishing Value
Furniture, Fixtures and Fittings	20 %	Straight Line

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Leases*

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

*Operating leases*

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**(c) Income Tax**

The Accounting and Finance Association of Australia and New Zealand Ltd is exempt from income tax in accordance with the provisions of the Income Tax Assessment Act. The Accounting and Finance Association of Australia and New Zealand is a not for profit entity.

**(d) Foreign Currency Transactions and Balances**

*Transactions and Balances*

Transactions in foreign currencies are translated into functional currency at the rate of exchange ruling at the date of the transaction.

**(e) Employee Benefits**

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

**(f) Impairment of assets**

Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

**(g) Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments**

*Classification*

The company classifies its financial instruments in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

*Held-to-maturity investments*

Fixed term investments with an intention to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

*Receivables*

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Non-interest bearing receivables are designated as receivable 'at call' and are therefore recognised at their face value at inception.

*Financial liabilities*

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Non-interest bearing loans and payables are payable on demand and are therefore recognised at their face value at inception.

**NOTE 2: REVENUE**

**Operating activities**

- rendering of services		637,929	797,540
- interest	2(a)	18,469	21,398
- other revenue		<u>38,792</u>	<u>27,891</u>
Total Revenue		<u><u>695,190</u></u>	<u><u>846,829</u></u>

(a) Interest from:

- other persons		<u>18,469</u>	<u>21,398</u>
		<u>18,469</u>	<u>21,398</u>

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 \$	2005 \$
<b>NOTE 3: PROFIT FROM CONTINUING ACTIVITIES</b>			
Profit / (losses) before income tax has been determined after:			
Expenses:			
Depreciation of non-current assets			
- Plant and equipment		13,895	4,426
Remuneration of the auditors for:			
- audit services		4,606	3,570
Rental expense on operating leases		<u>27,339</u>	<u>17,760</u>

**NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION**

Compensation received by key management personnel of the company

- short-term employee benefits	<u>87,242</u>	<u>54,075</u>
	87,242	54,075

The names of directors who have held office during the financial year are:

Keryn Chalmers

Barry Cooper

Paul de Lange

Keitha Dunstan

Ian Eggleton

Robert Faff

Philip Gray

David Hay

Bryan Howieson

Effie Margiolis

Jennifer Stewart

Cheryl Umoh

Sue Wright

**NOTE 5: CASH ASSETS**

Cash at bank	35,638	74,151
Cash on deposit	<u>387,021</u>	<u>369,893</u>
	<u>422,659</u>	<u>444,044</u>



**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 \$	2005 \$
<b>NOTE 6: RECEIVABLES</b>			
CURRENT			
Trade debtors		5,880	-
Deposits paid		2,220	2,220
GST receivable		<u>165</u>	<u>8,103</u>
		<u><u>8,265</u></u>	<u><u>10,323</u></u>

**NOTE 7: OTHER ASSETS**

CURRENT			
Prepayments		13,453	7,155
Other current assets		<u>3,713</u>	<u>2,450</u>
		<u><u>17,166</u></u>	<u><u>9,605</u></u>

**NOTE 8: PLANT AND EQUIPMENT**

**Plant and Equipment**

Plant and equipment			
At cost		69,838	67,558
Less accumulated depreciation		<u>(30,858)</u>	<u>(16,962)</u>
		<u><u>38,980</u></u>	<u><u>50,596</u></u>

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 \$	2005 \$
<b>NOTE 8: PLANT AND EQUIPMENT (Continued)</b>			
<b>(a) Movements in Carrying Amounts</b>			
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year			
			<b>Plant &amp; equipment \$</b>
<b>2006</b>			
Balance at the beginning of the year			50,596
Additions			2,279
Depreciation expense			<u>(13,895)</u>
Carrying amount at end of year			<u><u>38,980</u></u>
<b>2005</b>			
Balance at the beginning of the year			3,257
Additions			51,765
Depreciation expense			<u>(4,426)</u>
Carrying amount at the end of the year			<u><u>50,596</u></u>

**NOTE 9: PAYABLES**

**CURRENT**

*Unsecured liabilities*

Trade creditors	970	19,303
Fees owed to SIG's	44,074	36,605
Accruals	43,683	10,459
Sponsorships in advance	61,287	61,287
Fees in advance	43,235	62,470
Credit card	<u>7,021</u>	<u>-</u>
	<u><u>200,270</u></u>	<u><u>190,124</u></u>

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 \$	2005 \$
<b>NOTE 10: PROVISIONS</b>			
<b>CURRENT</b>			
Employee benefits	(a)	3,159	21,770
Research grants		<u>100,000</u>	<u>120,000</u>
		<u>103,159</u>	<u>141,770</u>
<b>NON-CURRENT</b>			
Employee benefits	(a)	<u>1,026</u>	-
		<u>1,026</u>	<u>-</u>
(a) Aggregate employee benefits liability		<u>4,185</u>	<u>21,770</u>
<b>NOTE 11: OTHER LIABILITIES</b>			
<b>CURRENT</b>			
Deposits payable		<u>4,225</u>	<u>1,162</u>
		<u>4,225</u>	<u>1,162</u>
<b>NOTE 12: RETAINED PROFITS</b>			
Retained profits at the beginning of the financial year		181,512	88,473
Net profit (loss) attributable to members of the entity		<u>(3,122)</u>	<u>93,039</u>
Retained profits at the end of the financial year		<u>178,390</u>	<u>181,512</u>
<b>NOTE 13: CAPITAL AND LEASING COMMITMENTS</b>			
(a) Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements:			
Payable			
- not later than one year		28,216	27,261
- later than one year and not later than five years		<u>69,619</u>	<u>97,834</u>
		<u>97,835</u>	<u>125,095</u>

**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

Note	2006 \$	2005 \$
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**NOTE 14: CONTINGENT LIABILITIES**

Estimates of the maximum amounts of contingent liabilities  
that may become payable:

Guarantee by bank facility	<u>9,768</u>	<u>9,768</u>
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 \$	2005 \$
<b>NOTE 15: CASH FLOW INFORMATION</b>			
(a) Reconciliation of cash			
For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.			
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash at bank		35,638	74,151
Deposits at call		<u>387,021</u>	<u>369,893</u>
		422,659	444,044
(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax			
Profit from ordinary activities after income tax		(3,122)	93,039
Non-cash flows in profit from ordinary activities			
Depreciation		13,895	4,426
Changes in assets and liabilities			
(Increase)/decrease in receivables		(7,143)	7,978
Decrease in PhD scholarships payable		-	(30,000)
Decrease in unearned income		(19,235)	(49,507)
Increase in payables		32,444	37,406
Decrease in prepayments		(6,298)	16,447
Decrease in GST receivable		7,938	(7,985)
Increase/(decrease) in provisions		<u>(37,585)</u>	<u>11,848</u>
Cash flows from operations		<u>(19,106)</u>	<u>83,652</u>
(c) Credit Standby Arrangements with Banks			
Credit facility		10,000	-
Amount utilised		<u>(7,021)</u>	<u>-</u>
Unused credit facility		<u>2,979</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**NOTE 16: FINANCIAL INSTRUMENTS**

**(a) Interest rate risk**

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2006				
Financial Instruments	Floating interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	\$	\$	\$	%
<i>(i) Financial assets</i>				
Cash	422,659	-	422,659	3.4
Total financial assets	422,659	-	422,659	

2006				
Financial Instruments	Floating interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	\$	\$	\$	%
<i>(ii) Financial liabilities</i>				
Trade creditors	-	970	970	-
Total financial liabilities	-	970	970	

2005				
Financial Instruments	Floating interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	\$	\$	\$	%
<i>(iii) Financial assets</i>				
Cash	444,044	-	444,044	6.1
Total financial assets	444,044	-	444,044	

2005				
Financial Instruments	Floating interest rate	Non-interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
	\$	\$	\$	%
<i>(iv) Financial liabilities</i>				
Trade creditors	-	19,303	19,303	-
Total financial liabilities	-	19,303	19,303	

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**NOTE 16: FINANCIAL INSTRUMENTS (Continued)**

**(b) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

**(c) Net Fair Values**

The net fair value of financial assets and financial liabilities approximates their carrying values as disclosed in the statement of financial position and notes to the financial statements.

**NOTE 17: MEMBERS GUARANTEE**

The company is limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 31 December 2006 the number of members was 646 (2005: 558).

**NOTE 18: COMPANY DETAILS**

The registered office of the company is:  
Accounting and Finance Association of Australia and New  
Zealand Ltd  
Level 1  
156 Bouverie Street  
CARLTON VIC 3053

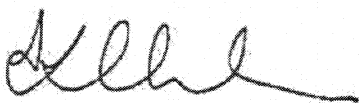
**ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD**  
**ACN 091 255 908**


**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 21, are in accordance with the *Corporations Act 2001*:
  - (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the financial position as at 31 December 2006 and performance for the financial year ended on that date of the company.
2. In the directors' opinion 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 Board of Directors.

Director  \_\_\_\_\_  
Keryn Chalmers

Director  \_\_\_\_\_  
Barry Cooper

Dated this        11th        day of        April        2007



ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD  
ACN 091 255 908

INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF  
ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LTD

**Scope**

We have audited the financial report of Accounting and Finance Association of Australia and New Zealand Ltd for the financial year ended 31 December 2006 comprising the Directors' Declaration, Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements.

The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

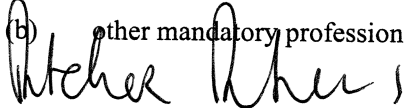
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and 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 Standards and other mandatory professional reporting requirements in Australia and Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of their operations and their cash flows.

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

**Audit Opinion**

In our opinion, the financial report of Accounting and Finance Association of Australia and New Zealand Ltd is in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- (b) other mandatory professional requirements in Australia.




PITCHER PARTNERS



B J BRITTEN

Partner

Melbourne  2007