

# **American Australian Association Limited**

ABN 65 119 727 847

**Special purpose annual report  
for the 14 month period from 16 May 2006  
(date of incorporation) to 30 June 2007**

**American Australian Association Limited** ABN 65 119 727 847  
**Special purpose annual report - 30 June 2007**

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## Directors' report

Your directors present their report on the company at the end of, or during, the period ended 30 June 2007.

### Directors

The following persons were directors of American Australian Association Limited during the whole of the financial 14 month period and up to the date of this report:

ME Baume (Appointed 16 May 2006)  
M Binks (Appointed 16 May 2006)  
F Cassidy (Appointed 16 May 2006)  
IM Philips (Appointed 16 May 2006)  
E Solomon (Appointed 16 May 2006)  
BT Richards (Appointed 11 July 2006)  
JF Browne (Appointed 26 July 2006)  
SH Roberts (Appointed 27 July 2006)  
JK Hartigan (Appointed 05 October 2006)  
MB Barnaba (Appointed 06 October 2006)  
GJ Macdonald (Appointed 09 October 2006)  
JDN Flett (Appointed 09 October 2006)  
CJ Hurford (Appointed 10 October 2006)  
LA Hielscher (Appointed 12 October 2006)  
M Warczak (Appointed 18 May 2007)

### Principal activities

During the period the company was involved in the raising of funds and the development of educational programmes that aid in the promotion of friendship, cooperation and understanding between the US, Australia & New Zealand.

### Review of operations

The operating profit for the 14 month period was \$529,539.

### State of affairs

The Company was incorporated on 16 May 2006 and is a not for profit organisation limited by guarantee.

### Matters subsequent to the end of the financial period

No other matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect:

- (a) the company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the company's state of affairs in future financial years.

### Likely developments and expected results of operations

Further information on likely developments in the operations of the company and the expected results of operations have not been included in this special purpose annual report because the directors believe it would be likely to result in unreasonable prejudice to the company.

### Insurance of officers

During the financial period, American Australian Association Limited has not paid any premiums to insure the directors and secretaries of the company.

### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

**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 3.

**Auditor**

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

M Binks  
Director

Sydney  
September 2007

### Auditor's Independence Declaration

As lead auditor for the audit of American Australian Association Limited for the period ended 30 June 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 American Australian Association Limited during the period.

CJ Burt  
Partner  
PricewaterhouseCoopers

Sydney  
October 2007

# American Australian Association Limited ABN 65 119 727 847

## Special purpose annual report - 30 June 2007

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This financial report covers American Australian Association Limited as an individual entity. The financial report is presented in the Australian currency.

American Australian Association Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office is:

Level 5, Deutsche Bank Place  
126 - 130 Phillip Street  
Sydney NSW 2000.

Its principal place of business is:

Level 43, MLC Centre  
19 - 29 Martin Place  
Sydney NSW 2000.

A description of the nature of the company's operations and its principal activities is included in the directors' report on pages 1-2, which is not part of this financial report.

The financial report was authorised for issue by the directors on  
and reissue the financial report.

. The company has the power to amend

**American Australian Association Limited**  
**Income statement**  
**For the 14 month period ended 30 June 2007**

	Notes	14 month period ended 2007 \$
<b>Revenue from continuing operations</b>	4	2,725,585
Other income	5	25,000,000
Employee benefits expense		(41,979)
Depreciation and amortisation expense		(1,293)
Host agreement expenses		(1,225,000)
Fundraising costs		(348,984)
Legal and professional fees		(221,619)
Travel		(120,005)
Other expenses		(178,077)
Finance costs		(1,589)
<b>Profit before income tax</b>		<u>25,587,039</u>

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

**American Australian Association Limited**  
**Balance sheet**  
**As at 30 June 2007**

	Notes	At 2007 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	6	26,056,953
Trade and other receivables	7	<u>81,927</u>
<b>Total current assets</b>		<u><b>26,138,880</b></u>
<b>Non-current assets</b>		
Property, plant and equipment	8	<u>7,058</u>
<b>Total non-current assets</b>		<u><b>7,058</b></u>
<b>Total assets</b>		<u><b>26,145,938</b></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	9	<u>558,899</u>
<b>Total current liabilities</b>		<u><b>558,899</b></u>
<b>Total liabilities</b>		<u><b>558,899</b></u>
<b>Net assets</b>		<u><b>25,587,039</b></u>
<b>EQUITY</b>		
Retained profits	10	<u>25,587,039</u>
<b>Total equity</b>		<u><b>25,587,039</b></u>

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

**American Australian Association Limited**  
**Statement of recognised income and expense**  
**For the 14 month period ended 30 June 2007**

**14 month  
period ended  
\$**

<b>Balance at incorporation</b>	-
Profit for period	<u>25,587,039</u>
<b>Total interest recognised and expense for the period</b>	<b><u>25,587,039</u></b>

*The above statement of recognised income and expense should be read in conjunction with the accompanying notes.*

**American Australian Association Limited**  
**Cash flow statement**  
**For the 14 month period ended 30 June 2007**

		14 month period ended 2007 \$
<b>Cash flows from operating activities</b>		
Receipts from customers		1,686,706
Payments to suppliers and employees		<u>(2,135,903)</u>
		(449,197)
Interest income	4	1,516,051
Interest paid		<u>(1,550)</u>
<b>Net cash (outflow) inflow from operating activities</b>	15	<u><u>1,065,304</u></u>
 <b>Cash flows from investing activities</b>		
Payments for property, plant and equipment		<u>(8,351)</u>
<b>Net cash (outflow) inflow from investing activities</b>		<u><u>(8,351)</u></u>
 <b>Cash flows from financing activities</b>		
Proceeds from government grants	5	<u>25,000,000</u>
<b>Net cash inflow (outflow) from financing activities</b>		<u><u>25,000,000</u></u>
 <b>Net increase (decrease) in cash and cash equivalents</b>		<u>26,056,953</u>
Cash and cash equivalents at incorporation		<u>-</u>
<b>Cash and cash equivalents at end of 14 month period</b>	6	<u><u>26,056,953</u></u>

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

## 1 Summary of significant accounting policies

### (a) Basis of preparation

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 adopted 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:

<b>AASB 7:</b>	<i>Financial Instruments: Disclosures</i>
<b>AASB 114:</b>	<i>Segment Reporting</i>
<b>AASB 124:</b>	<i>Related Party Disclosures</i>
<b>AASB 132:</b>	<i>Financial Instruments: Disclosure and Presentation</i>

The financial report is prepared in accordance with the historical cost convention.

These financial statements are the first American Australian Association Limited financial statements to be prepared. AIFRS 1 "*First time Adoption of Australian Equivalents to International Financial Reporting Standards*" has been applied in preparing these financial statements.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

### (b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates and amounts collected on behalf of third parties.

#### (i) Donations and fund raising activities

Donations and fund raising activities represent monies received into the company's bank account. American Australian Association Limited, in common with most organisations dependent upon such contributions, is unable to establish control over voluntary donations and fundraising activities prior to their initial entry in the accounting records.

#### (ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

### (c) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

### (d) Income tax

The company is exempt from paying income tax due to its being a fund established to enable scientific research to be conducted by or in conjunction with a public university in terms of section 23(e) of the Income Tax Assessment Act, 1936, as amended.

### (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.

## 1 Summary of significant accounting policies (continued)

### (f) Property, plant and equipment

Depreciation on assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Furniture and fittings	2.5 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### (g) Trade and other payables

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

### (h) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The company's assessment of the impact of these new standards and interpretations is set out below.

(i) *UIG 4 Determining whether an Arrangement Contains a Lease*

UIG 4 is applicable to annual periods beginning on or after 1 January 2006. The company has not elected to adopt UIG 4 early. It will apply UIG 4 in its 2007 financial statements and the UIG 4 transition provisions. The company will therefore apply UIG 4 on the basis of facts and circumstances that existed as of 1 July 2006. Implementation of UIG 4 is not expected to change the accounting for any of the company's current arrangements.

(ii) *UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

The company does not have interests in decommissioning, restoration and environmental rehabilitation funds. This interpretation will not affect the company's financial statements.

(iii) *AASB 2005-9 Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]*

The company does not have any financial guarantee contracts. This interpretation will not affect the company's financial statements.

(iv) *AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]*

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. AASB 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces AASB 130 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and the disclosure requirements in IAS 32 *Financial Instruments: Disclosure and Presentation*. It is applicable to all reporting entities. The amendment to AASB 101 introduces disclosures about the level of an entity's capital and how it manages capital. The company assessed the impact of AASB 7 and the amendment to AASB 101 and concluded that no additional disclosures will be required.

(v) *AASB 2006-1 Amendments to Australian Accounting Standards [AASB 121]*

AASB 2006-1 is applicable to annual reporting periods ending on or after 31 December 2006. The amendment relates to monetary items that form part of a reporting entity's net investment in a foreign operation. It removes the requirement that such monetary items had to be denominated either in the functional currency of the reporting entity or the foreign operation. American Australian Association Limited does not have any monetary items forming part of a net investment in a foreign operation. The amendment to AASB 121 will therefore have no impact on the company's financial statements.

(vi) *Revised AASB 101 Presentation of Financial Statements*

A revised AASB 101 was issued in October 2006 and is applicable to annual reporting periods beginning on or after 1 January 2007. The company has not adopted the standard early. Application of the revised standard will not affect any of the amounts recognised in the financial statements, but will remove some of the disclosures currently required.

## 2 Financial risk management

The company is a not for profit organisation and its activities do not expose it to significant financial risks. Its only major risk is in relation to market risk, as the company has significant interest-bearing assets and the company's income and operating cash flows are materially exposed to changes in market interest rates.

Risk management is carried out by the Board of Directors who identifies and evaluates financial risks such as interest rate risk and investment of excess liquidity, in close co-operation with the company's operating units.

## 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

## 4 Revenue

	<b>14 month period ended 2007 \$</b>
<b>From continuing operations</b>	
Membership fees	56,289
Fundraising dinner	1,071,518
Interest	<u>1,597,778</u>
	<u><b>2,725,585</b></u>

## 5 Other income

	<b>14 month period ended 2007 \$</b>
	<u><b>25,000,000</b></u>
Government grants	

## 6 Current assets - Cash and cash equivalents

	<b>14 month period ended 2007 \$</b>
	<u><b>26,056,953</b></u>
Bank balances	101,978
Deposits at call	<u>25,954,975</u>

## 7 Current assets - Trade and other receivables

	14 month period ended 2007 \$
Deposits	200
Accrued interest	<u>81,727</u>
	<u>81,927</u>

## 8 Non-current assets - Property, plant and equipment

	Fixtures and fittings \$
<b>Period ended 30 June 2007</b>	
Additions	8,351
Depreciation charge	<u>(1,293)</u>
Closing net book amount	<u>7,058</u>
<b>At 30 June 2007</b>	
Cost	8,351
Accumulated depreciation	<u>(1,293)</u>
Net book amount	<u>7,058</u>

## 9 Current liabilities - Trade and other payables

	14 month period ended 2007 \$
Accrued expenses	<u>558,899</u>

## 10 Reserves and retained profits

	14 month period ended 2007 \$
Profit for the 14 month period	<u>25,587,039</u>
Balance 30 June	<u>25,587,039</u>

## 11 Directors' Remuneration

No amounts were received or due and receivable by the directors from the company or any related company in relation to the management of the company.

## 12 Remuneration of auditors

The Auditors received no benefits during the period ended 30 June 2007.

**13 Reconciliation of profit after income tax to net cash inflow from operating activities**

	<b>14 month period ended 2007 \$</b>
Profit for the 14 month period	25,587,039
Depreciation and amortisation	1,293
Government grant	(25,000,000)
Change in operating assets and liabilities	
(Increase) in other operating assets	(81,927)
Increase in other operating liabilities	558,899
Net cash inflow from operating activities	<u>1,065,304</u>

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 *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 4 to 13 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 30 June 2007 and of their performance for the 14 month period 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.

M Binks  
Director



PricewaterhouseCoopers  
ABN 52 780 433 757

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## Independent audit report to the members of American Australian Association Limited

### Qualified Audit Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation as discussed in the qualification paragraph below not existed, the financial report:

- presents a true and fair view, as required by the Associations Incorporation Act NSW in Australia, of the financial position of NSW Gymnastics Association Incorporated as at 31 December 2006 and of their performance for the year ended on that date;
- is presented in accordance with the Associations Incorporation Act NSW, Accounting Standards and other mandatory professional reporting requirements in Australia.

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

### Qualification

As common for an organisation of this type, it is not practicable for the Company to maintain an effective accounting system of internal control over membership subscriptions, donations and other fund raising activities until their entry in the accounting records. Accordingly, our audit in relation to fund raising was limited to amounts recorded.

The report has been compiled to meet *Corporations Act 2001* requirements. It may not be suitable for any other purpose.

### Scope

#### *Report on the financial report*

We have audited the accompanying financial report, being a special purpose financial report, of American Australian Association Limited (the company), which comprises the balance sheet as at 30 June 2007, the income statement, statement of recognised income and expenses and cash flow statement for the year ended, a summary of significant accounting policies and other explanatory notes.

#### *The responsibility of the directors for the financial report*

The directors are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate. The responsibility of the directors also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the financial reporting obligations of the directors. 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.

PricewaterhouseCoopers

CJ Burt  
Partner

Sydney  
October 2007