

**AUSTRALIAN SPORTS FOUNDATION LIMITED**  
**(A Company Limited by Guarantee)**  
**ACN 008 613 858**

**DIRECTORS' REPORT**

The Directors present their report together with the financial report of the Australian Sports Foundation Limited ("ASF") for the year ended 30 June 2006 and the auditors report thereon.

**Directors**

The Directors of the ASF at any time during or since the end of the financial year are:

<b>Name and qualifications</b>	<b>Age</b>	<b>Experience and special responsibilities</b>
<b>Mr Peter Bartels AO, FAISM, FRS</b>	65	<p>Peter was formerly a chief executive officer and managing director of a number of leading public companies. He is currently the Chairman of Starpharma Limited and AusBio Limited.</p> <p>He is the immediate past Chairman of the Commonwealth Heads of Government Committee for Sport and the Royal Women's and Children's hospitals and was formerly a Director of the Melbourne Business School (Melbourne University).</p> <p>Peter is Patron of the Australian Cycling Federation and was a Director of the organising committee for the Melbourne 2006 Commonwealth Games Pty Ltd.</p> <p>In his youth, Peter was an outstanding cyclist, an Australian team member for many years and a Commonwealth Games cycling gold medallist at the Perth Games in 1962.</p> <p>Peter was appointed to the ASF in April 2005 and granted leave of absence by the Chairman until July 2005. He has served as Chairman of the ASC since November 1997.</p> <p><i>Appointment ceased on 26 July 2005</i></p>
<b>Mr Cory Bernardi</b>	36	<p>Cory was an Equity Portfolio Manager for a major Australian financial planning and investment firm but was subsequently appointed to fill a casual vacancy in the Senate as a Senator for South Australia, which was created by the resignation of Senator Robert Hill. Cory submitted his resignation to the ASF Board from 10 April 2006 when his pre-selection was confirmed.</p> <p>Cory attended the four Board meetings held between July and December 2005 but sought and was granted leave of absence by the acting Chairman of the ASF Ltd upon his decision to seek pre-selection for the Senate position. Prior to that, Cory continued in his role as an ASF Audit Committee member</p> <p>Cory was also a member of the Board of the Australian Sports Commission prior to resigning on 10 April 2006</p> <p><i>Resigned 10 April 2006</i></p>
<b>Mr John Eales AM, BA</b>	36	<p>John participated in two successful World Cup rugby campaigns, led Australia through three Bledisloe cup wins and two successful seasons of Tri-nations fixtures. He is the most capped forward in Australia's test rugby history (86 caps), has captained Australia on 55 occasions and is one of the most respected figures in world rugby.</p> <p>John is a Director of the Mettle Group, International Quarterback and QM Technologies and consults to BT Financial Group. He was appointed to the Board of the ASF in May 2006 and is also a member of the Board of the Australian Sports Commission.</p> <p><i>Appointed to 6 February 2008</i></p>

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<b>Name and qualifications</b>	<b>Age</b>	<b>Experience and special responsibilities</b>
<b>Ms Michelle Ford-Eriksson MBE, MA, BA</b>	43	<p>As an Australian representative in swimming for ten years, Michelle won a gold medal in the 800 metres freestyle and a bronze medal in the 200 metres butterfly events at the Moscow Olympics in 1980. A dual world record holder for the 800 metres freestyle, Michelle also won Commonwealth Games gold medals in the 200 metres butterfly event in 1978 and 1982. Michelle was an inaugural member of the International Olympic Committee Athletes Commission and a member of the International Olympic Academy for the International Olympic Committee.</p> <p>For the Sydney 2000 Olympic Games, she was a regional manager for the National Olympic Committee services. Previously, Michelle was a consultant on the Olympic campaign bids for Sydney (2000), Brisbane (1992) and Melbourne (1996). She spent a number of years in Switzerland as a director of sport and a manager of sport science unit at the University and Polytechnic College of Lausanne.</p> <p>Recently Michelle has worked extensively in the Oceania region coordinating programmes between the IOC and National Olympic Committees. Michelle is a member of the Board of Swimming Australia Ltd and a Director of the 2009 Masters Games Sydney.</p> <p>Michelle is currently working as General Manager of International sales and marketing for a Swiss based IT company, specializing in Security and Response management systems.</p> <p>Michelle's appointment to the Board was renewed for a further year from July 2006. She attended four of the five ASC Board meetings for which she was eligible during 2005/06 and was granted a leave of absence on the other occasion. Throughout the past year, she has served as a member of the Active After-school Communities sub-committee and the Australian Sports Commission Board.</p>
<b>Ms Margot Foster BA, LLB</b>	47	<p><i>Appointed to 5 July 2007</i></p> <p>Margot is a practising lawyer in Melbourne but maintains a considerable involvement in sports administration. Margot was a successful athlete, winning bronze in the women's coxed four at the Olympic Games in Los Angeles in 1984 and gold in the women's eights at the 1986 Commonwealth Games in Edinburgh.</p> <p>Margot has served on numerous boards and committees since she ended her competitive career in the late 1980s, including membership the Australian Olympic Committee Athletes' and Education Commissions, Melbourne's 1996 Olympic Bid Committee and Secretary General of Rowing Australia. Currently she serves on the Boards of Gymnastics Australia, World Gymnastics Melbourne 2005 Ltd., the Melbourne University Sports Association and the Australian Bobsleigh &amp; Skeleton Association Inc.</p> <p>Margot's appointment concluded on 11 May 2006 but prior to that she attended all scheduled Board meetings during 2005-06. She served on the Audit Committee throughout the year and was a member of the Australian Sports Commission Board until 7 May 2006.</p> <p><i>Appointment ceased on 11 May 2006.</i></p>

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<b>Name and qualifications</b>	<b>Age</b>	<b>Experience and special responsibilities</b>
<b>Mr Greg Hartung OAM,</b> BA, Dip Journ, MA	58	<p>Greg has had an extensive career in sports administration, spanning 25 years. He is currently President of the Australian Paralympic Committee and the Oceania Paralympic Committee and is on the governing board of the International Paralympic Committee. He was Deputy Chair of the Sydney Paralympic Games Organising Committee.</p> <p>Greg was the inaugural Chief Executive of the Australian Sports Commission (ASC) from 1984 – 88 and was a member of the interim committee of the ASC in 1983. He was also President of the Confederation of Australian Sport from 1989 to 1995 and is a life member of that organisation. He was formerly a member of the ASF Board.</p> <p>Greg has held a number of directorships with sporting organisations including the Australian Coaching Council and is currently serving on the ASC Board. Outside sport, Greg has pursued a career in business and media.</p> <p><i>Appointed to 10 May 2007</i></p>
<b>Mr Geoff Stooke OAM,</b> Cit WA	58	<p>Geoff is the Managing Director and Chairman of Standard Wool Australia Group of Companies and holds a number of other directorships. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Management and brings proven leadership and business management skills to the Board.</p> <p>Geoff is the Chairman of RugbyWA and the Emirates Western Force and has a depth of experience in rugby as a player, coach and administrator. He has played over 650 grade games and represented at State and National level. He has coached at Club, State and National level and has been Chairman of RugbyWA since 1988. In 2004 Geoff chaired the Committee that successfully secured a Super 14 team for Perth. Geoff is also active in various other sports and in 1987 he was a grinder in the Kookaburra Crew that competed in the America's Cup Defence.</p> <p>Geoff was appointed to the ASF Board in May 2006 and has attended each scheduled meeting since then. He was appointed as Chair of the ASF Audit Committee in May 2006. Geoff is also a member of the Board of the Australian Sports Commission</p> <p><i>Appointed to 6 November 2007</i></p>
<b>Ms Pamela Tye OAM,</b> Grad Dip ECE, Grad Dip Man Admin	68	<p>Pamela had a long association with the Australian Women's Hockey Association before her appointment as the inaugural president of Hockey Australia, the amalgamated body representing men's and women's hockey. Until December 2004 she was a Vice-president and member of the Executive Board of the Federation of International Hockey (FIH) and was the recipient of the <i>FIH Award of Merit</i> in 2001.</p> <p>In 2004 Pamela was awarded <i>The Women and Sport Diploma</i> by the International Olympic Committee, 'in recognition of her outstanding contribution in promoting the development and participation of women and girls in sport'. Pamela was a Director of the Board of the Sydney Paralympic Games and a member of the Sydney Youth Olympic Festival Committee. She has been a member of the State Sport Centre Trust in Sydney since 1984.</p>

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Pamela attended all six of the scheduled Board meetings during 2005-06. Following Mr Bernardi's resignation, Pamela was appointed to chair the ASF Board. She is also a member of the Board of the Australian Sports Commission

*Appointed to 6 February 2008*

**Directors' meetings**

Seven Directors' meetings (including meetings of committees of Directors) were held during the financial year. The number of meetings attended by each Director of the ASF during the financial year is:

Director	Board Meetings	
	A	B
Peter Bartels	0	1
Cory Bernardi	4	6
John Eales	1	1
Michelle Ford-Eriksson	5	7
Margot Foster	6	6
Greg Hartung	1	1
Geoff Stooke	1	1
Pamela Tye	6	7

**A** - Number of meetings attended

**B** - Number of meetings held during the time the director held office during the year

P Bartels had been granted a leave of absence by the Board in July 2005.

**Principal activities**

The principal activity of the ASF during the course of the financial year was to support the development of sport in Australia. Specifically the ASF increased opportunities for Australians to participate in sport activities and excel in sports performance. To achieve this, the ASF receives donations from individuals and businesses and makes discretionary grants to eligible organisations with a sporting project registered with the ASF. The administration of the ASF is supported by the Australian Sports Commission.

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

**Enabling legislation, objectives and functions inherent in that legislation**

The ASF's enabling legislation is the *Australian Sports Commission Act 1989*. The objectives and functions of the ASF inherent in the Act are that:

- The purpose of the company is to raise money for the development of sport in Australia
- Except to the extent necessary for the performance of its functions in relation to the Commission, the company is not empowered to do anything that the Commission is not empowered to do.

**Organisational structure**

Since reintegration within the administrative support of the Australian Sports Commission from 1 August 2001, the ASF operates from Canberra with five staff (4.7 full time equivalents - FTE), those being the General Manager and Company Secretary, Business Manager, Client Services Manager, two Client Services Officers and casual staff. The Business Manager position is currently vacant.

**Location of major activities and facilities**

The ASF assists incorporated sporting, community, educational and government non-profit organisations throughout Australia and operates from an office located in Canberra.

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**Factors, events or trends influencing performance**

The ASF receives administrative and operational support from the Australian Sports Commission in order to maximise its capacity to support the development of sport in Australia.

**Risks and opportunities in future years.**

The reintegration within the administrative support of the Australian Sports Commission's has enabled the cost of administration to the ASF to be reduced and hence enable a greater return to sport in the form of discretionary grants. A focus on involving relevant state and national sporting stakeholders in promoting the services offered by the ASF has significantly increased project activity. Activity is expected to continue to trend upwards as a result of business development initiatives including referrals from state sport and recreation departments and agencies. Rural and regional Australia remains a development target.

**State of Affairs**

Significant changes in the state of affairs of the ASF during the financial year were as follows:

The ASF continued implementation of a range of business development activities to sustain and increase its client base. A temporary increase in the hours of appointment of the Client Services Manager was maintained to manage business growth and enhanced governance. This appointment will be full time from 1 July 2006. A simplified Application form to complement the Guidelines for the Sport Incentive Program was published in September 2005.

The Sport Development project category was reviewed and enhanced in February 2006 as were the governance procedures relating to the acquittal of ASF grants received by project organisations.

As approved by the Minister in May 2006, Pamela Tye was appointed as Chair until 6 February 2008 following the resignation of Cory Bernardi.

**Review and results of operations**

The net operating profit for the year ended 30 June 2006 was \$1,099,689 (an operating loss of \$699,299 was made in the year ended 30 June 2005). The variation in the operating results is due to the time delay between donations being received and discretionary grants being issued.

The company is exempt from income tax but is liable for Fringe Benefits Tax and Goods and Services Tax.

**Dividends**

No dividends are paid as the company has no shareholders.

**Significant developments since the end of the financial year**

There have been no significant developments since the end of the financial year. No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of operations or the state of affairs of the economic entity in future years.

Likely developments in the operation of the economic entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the economic entity.

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

**Directors, the Audit and Remuneration Committees**

With the resignation of Cory Bernardi and cessation of the appointment of Margot Foster in April 2006, the Board appointed Geoff Stooke as Chair of the Audit Committee and John Eales and Greg Hartung as members of the Audit Committee on 18 May 2006. The Federal Minister for the Arts & Sport is responsible for appointing the Board of Directors.

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**Indemnities and Insurance Premiums for Officers**

The Australian Sports Commission maintains Directors' and Officers' Liability and Civil Liability Professional Indemnity insurance policies for Directors of the ASF.

The ASF indemnifies the retiring Directors to the maximum extent permitted by law, against legal costs reasonably incurred in defending an action for a liability incurred as a Director of the ASF, unless the costs are incurred by the Director in defending or resisting proceedings brought against the Director by the ASF. Each indemnity is a continuing obligation, separate and independent from the other obligations of the parties.

If the retiring Director becomes liable to pay any amount for which the Director is entitled to be indemnified, the ASF must pay that amount at the direction of the Director within 30 days of the date on which the Director provides evidence satisfactory to the foundation that the Director is liable to pay that amount and is entitled to be indemnified.

No person has applied for leave of Court 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 any part of those proceedings.

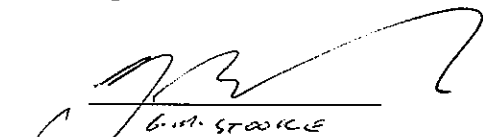
The company was not a party to any such proceedings during the year.

**Directors' benefits**

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors) by reason of the contract made by the company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest. Directors fees ceased to be payable from 1 August 2001.

Dated at Perth (city) this 20<sup>th</sup> Day of September 2006

Signed in accordance with the resolution of the Directors

  
\_\_\_\_\_  
G. M. STOKLE  
Director

  
\_\_\_\_\_  
Director

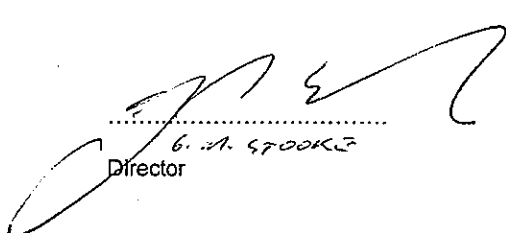
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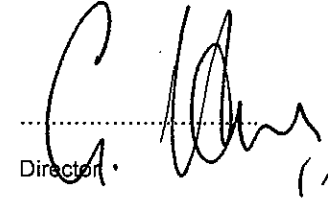
**DIRECTORS' DECLARATION**

The Directors of the Australian Sports Foundation Limited (ASF) declare that:

- a) the financial statements and notes, as attached, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the ASF as at 30 June 2006 and its performance, as represented by the results of its operations and cash flows for the year ended on that date, and
  - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the ASF will be able to pay its debts as and when they become due and payable.

Dated at Pent (city) this 20<sup>th</sup> day of September 2006.

  
.....  
G. A. SPOOKS  
Director

  
.....  
Director

This declaration is made in accordance with the resolution of the Directors.

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**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006	2005
		\$	\$
<b>Revenue from ordinary activities</b>			
Donations	5	9,853,824	9,005,835
Resources received free of charge	5	476,924	482,784
Interest	5	91,994	86,105
Other revenues	5	8,572	6,627
<b>Total revenue</b>		10,431,314	9,581,351
 <b>Expenses from ordinary activities</b>			
Employee expenses	6a	399,403	370,994
Suppliers expenses	6b	187,037	250,937
Grants	6c	8,745,185	9,658,719
<b>Total expenses</b>		9,331,625	10,280,650
 <b>Net (Loss)/Profit from ordinary activities</b>		1,099,689	(699,299)
 <b>Total changes in equity other than those relating from transactions with owners as owners</b>		1,099,689	(699,299)

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

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**BALANCE SHEET**  
**AS AT 30 JUNE 2006**

	Note	2006 \$	2005 \$
<b>Current assets</b>			
Cash assets	7	4,575,014	3,094,016
Receivables	8	<u>115,699</u>	<u>477,172</u>
<b>Total current assets</b>		<u>4,690,713</u>	<u>3,571,188</u>
<b>Total assets</b>		<u>4,690,713</u>	<u>3,571,188</u>
<b>Current liabilities</b>			
Payables	9	<u>227,251</u>	<u>207,415</u>
<b>Total current liabilities</b>		<u>227,251</u>	<u>207,415</u>
<b>Total liabilities</b>		<u>227,251</u>	<u>207,415</u>
<b>Net assets</b>		<u>4,463,462</u>	<u>3,363,773</u>
<b>Equity</b>			
Reserves	10	4,463,462	3,363,773
Retained profits	11	-	-
<b>Total equity</b>		<u>4,463,462</u>	<u>3,363,773</u>

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

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006	2005
		\$	\$
<b>Cash flows from operating activities</b>			
Donations received		10,263,018	8,749,250
Interest received		87,243	87,449
GST received from ATO		871,988	936,461
Other revenues received		16,947	8,119
Grants paid		(9,589,240)	(10,595,498)
Suppliers paid		(160,586)	(90,613)
GST paid to ATO		<u>(8,372)</u>	<u>(1,516)</u>
<b>Net cash (used in)/provided by operating activities</b>	12	<u>1,480,998</u>	<u>(906,348)</u>
<b>Cash flows from investing activities</b>			
		<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
		<u>-</u>	<u>-</u>
<b>Net (decrease)/increase in cash held</b>		1,480,998	(906,348)
<b>Cash at the beginning of the financial year</b>		<u>3,094,016</u>	<u>4,000,364</u>
<b>Cash at the end of the financial year</b>	7	<u>4,575,014</u>	<u>3,094,016</u>

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

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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Accumulated Results		Contributed Equity/Capital		Total Equity	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
<b>Opening Balance</b>	3,363,773	4,063,072	-	-	3,363,773	4,063,072
<b>Income and Expense</b>						
Net Operating Result	1,099,689	(699,299)	-	-	1,099,689	(699,299)
<b>Total income and expenses</b>	1,099,689	(699,299)	-	-	1,099,689	(699,299)
<b>Transactions with Owners</b>	-	-	-	-	-	-
<b>Total Transactions with Owners</b>	-	-	-	-	-	-
<b>Closing balance at 30 June</b>	<u>4,463,462</u>	<u>3,363,773</u>	<u>-</u>	<u>-</u>	<u>4,463,462</u>	<u>3,363,773</u>

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

<b>Note</b>	<b>Description</b>
1	Statement of significant accounting policies
2	The impact of the transition to AEIFRS from previous AGAAP
3	Economic dependency
4	Segment reporting
5	Revenue from ordinary activities
6	Profit from ordinary activities
7	Cash assets
8	Receivables
9	Payables
10	Reserves
11	Retained profits
12	Notes to the Statement of Cash Flows
13	Employee entitlements
14	Directors' remuneration
15	Members' funds
16	Auditor's remuneration
17	Related parties
18	Financial instruments
19	Commitments
20	Contingent liabilities and assets
21	Events subsequent to balance date
22	Additional Company Information

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1. Statement of significant accounting policies**

**1.1 Basis of preparation**

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

The financial report has been prepared on an accrual basis and in accordance with historical cost convention. Except where stated the report does not take into account money values or fair value of non-current assets. These accounting policies have been consistently applied and are consistent with those of the previous year.

**1.2 Significant accounting judgements and estimates**

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

**1.3 Statement of compliance**

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Australian Accounting Standards require the Foundation to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for the Foundation in the future. The nature of the impending change within the table, has been out of necessity abbreviated and users should consult the full version available on the AASB's website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on the Foundation's initial assessment at this date, but may change. The Foundation intends to adopt all of the standards upon their application date.

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact.
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132.	No expected impact.
2005-5	AASB 1 and AASB 139	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease.	No expected impact.

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Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-6	AASB 3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact.
2005-9	AASB 4, AASB 1023, AASB 139 and AASB 132	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact.
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, and AASB 1038	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact.
2006-1	AASB 121	31 Dec 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact.
	AASB 7 Financial Instruments: Disclosures	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB 132 requirements.	No expected impact.

\* Application date is for annual reporting periods beginning on or after the date shown

#### 1.4 Income tax

The Australian Sports Foundation Limited (ASF) is a non-profit organisation and as such is exempt from income tax under section 23 of the *Income Tax Assessment Act* and sub section 51(1) of the *Australian Sports Commission Act 1989*. The ASF is not exempt from fringe benefits tax (FBT) and goods and services tax (GST).

#### 1.5 Revenue recognition

Revenues are recognised at the fair value of the consideration received net of the amount of GST payable to the taxation authority. Exchanges of goods and services of the same nature and value without any cash consideration are not recognised as revenue.

##### *Administrative services provided free of charge*

At the direction of the Government, the Australian Sports Commission (ASC) provides financial support for the administration of the ASF by way of staff, administration expenses and accommodation. These services are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of these resources is recognised as an expense.

##### *Interest revenue*

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

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*Donations revenue*

Donations are recognised in the year they are received subject to meeting criteria determined by the ASF. Donations not supported by required documentation are treated as unearned revenue and shown as uncleared donations in the Balance Sheet.

**1.6 Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of 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.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flow arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**1.7 Cash**

Cash means notes and coins held and any deposits held at call with a bank or financial institution.

**1.8 Receivables**

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

**1.9 Payables**

Liabilities are recognised for amounts to be paid in the future for goods and services received.

**1.10 Grants**

The ASF makes grant payments to sporting and community non-profit organisations to facilitate the development of sport in Australia. They are made at the discretion of the Board of Directors and only after criteria set out in the ASF guidelines have been met. Grants are recognised as a liability upon approval for payment by the ASF Board.

**1.11 Comparative figures**

Comparative figures have been adjusted to conform to changes in presentation in these Financial Statements where required.

**2. The impact of the transition to AEIFRS from previous AGAAP**

The transition to AEIFRS from previous AGAAP has had no impact on the accounts of the ASF, including the cash flow statement which is equivalent under AEIFRS or previous AGAAP.

Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS

	2005	2004
	\$	\$
Total equity under previous AGAAP	<u>3,363,773</u>	<u>4,063,072</u>
Total equity translated to AEIFRS	<u><u>3,363,773</u></u>	<u><u>4,063,072</u></u>

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**3. Economic dependency**

The ASF was established by Section 10 of the *Australian Sports Commission ACT 1989*, and is controlled by the Commonwealth of Australia.

The ASF is dependent on the ASC to provide staff and other overheads to meet its operational expenditure.

**4. Segment reporting**

The ASF was established by the Australian Government to support the development of sport in Australia. It is therefore considered that for segment reporting, the ASF operates in one industry and one geographical location.

	2006	2005
	\$	\$
<b>5. Revenue from ordinary activities</b>		
Donations	9,853,824	9,005,835
Resources provided to ASF by ASC <sup>1</sup>	476,924	482,784
Interest	91,994	86,105
Administration revenue	8,572	6,627
	10,431,314	9,581,351

<sup>1</sup>Value of ASF administrative operations funded from the ASC.

**6. Profit from ordinary activities**

Profit from ordinary activities has been arrived at after charging the following:

<b>(a) Employee expenses</b>		
Salaries and related expenses	399,403	370,994
 <b>(b) Suppliers expenses</b>		
Provision of goods and services	70,934	100,487
Contribution by ASF towards administration	74,771	92,437
Banking fees	34,746	46,711
Rental charges	6,286	9,702
Other expenses	300	1,600
	187,037	250,937
 <b>(c) Grants</b>		
Grants issued	8,745,185	9,658,719

**7. Cash assets**

Cash at bank and on hand	4,575,014	3,094,016
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	2006	2005
	\$	\$
<b>8. Receivables</b>		
<b>Current</b>		
Interest	10,733	5,982
Trade debtors	103,780	459,667
GST receivables	1,186	11,523
	115,699	477,172
<b>9. Payables</b>		
<b>Current</b>		
Grants payable	7,860	3,939
Uncleared donations	128,417	75,110
Other creditors and accruals	90,974	128,366
	227,251	207,415
<b>10. Reserves</b>		
Future grants	3,363,773	4,026,324
Transfers to/(from)	1,099,689	(662,551)
	4,463,462	3,363,773
<b>Movements during the year:</b>		
<b>Future grants</b>		
Balance at beginning of year	3,363,773	4,026,324
Transferred in	4,050,777	3,042,684
Transferred out	(2,998,050)	(3,759,541)
Transferred from retained earnings	46,962	54,306
Balance at end of year	4,463,462	3,363,773
<b>Nature and purpose of reserves</b>		
<p>The future grants reserve includes amounts received from donors for which grants will be made in the following year. The ASF Board approved grants totalling \$3,887,046 for payment on 13 July 2006, whilst the ASF Board approved grants totalling \$3,146,702 for payment at the corresponding time in 2005 on 13 July 2005.</p>		
<b>11. Retained profits</b>		
Retained profits at beginning of year	-	36,748
Net profit/(loss) from ordinary activities	1,099,689	(699,299)
Transferred from/(to) future reserves	(1,099,689)	662,551
Retained profits at end of year	-	-

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	2006	2005
	\$	\$

**12. Notes to the Statement of Cash Flows**

**(a) Reconciliation of cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank. Cash as at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet

Cash assets	4,575,014	3,094,016
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**(b) Reconciliation of (loss)/profit from ordinary activities to net cash (used in)/provided by operating activities**

(Loss)/Profit from ordinary activities	1,099,689	(699,299)
Add/(less) items classified as investing activities	-	-
Net cash (used in)/provided by operating activities before change in assets and liabilities	1,099,689	(699,299)
Change in assets and liabilities		
(Increase)/decrease in receivables	361,473	(267,294)
Increase/(decrease) in grants liability	3,921	250
Increase/(decrease) in other liabilities	15,915	59,995
<b>Net cash (used in)/provided by operating activities</b>	<b>1,480,998</b>	<b>(906,348)</b>

**13. Employee entitlements<sup>1</sup>**

Aggregate liability for employee entitlements including on-costs

Current	-	-
	<b>2006</b>	<b>2005</b>

Number of employees at year end	4	5
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<sup>1</sup>The ASC had provided 4 employees to assist in the administration of the ASF as at 30 June 2006.

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**14. Directors' remuneration**

The number of ASF Directors whose income from the ASF or any related party falls within the following bands:

	2006	2005
\$nil - \$15,000	<u>5</u>	<u>5</u>
	<b>2006</b>	<b>2005</b>
	\$	\$
Total income paid or payable, or otherwise made available to all Directors of the ASF or related party	<u>-</u>	<u>-</u>

**15. Members' funds**

The ASF is incorporated under the *Corporations Act, 2001* and is a public company limited by guarantee. Every member of the ASF undertakes to contribute to the property of the ASF in the event of winding up to an amount not exceeding \$100.

The income and property of the company shall be applied solely towards the promotion of the objects of the company and not for distribution in any way to the members of the company, except for Directors' remuneration as detailed in Note 14.

	2006	2005
	\$	\$

**16. Auditor's remuneration**

Remuneration to the Auditor-General for auditing the financial statements for the reporting period	<u>9,200</u>	<u>9,500</u>
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No other services were provided by the Auditor-General during the reporting period.

**17. Related parties**

The names of each person holding the position of Director of the ASF during the financial year are as follows: Peter Bartels, Cory Bernardi, John Eales, Michelle Ford-Eriksson, Greg Hartung, Margot Foster, Geoff Stooke and Pam Tye.

Details of Directors' remuneration and retirement benefit are set out in Note 14. Apart from the details enclosed in this note, no Director has entered into a contract with the ASF since the end of the previous financial year and there are no contracts involving Director's interest existing at year-end.

The ASC has provided funding and this has been recognised as administration services provided free of charge in calculating the operating result. For the 2005-06 financial year, these services totalled \$476,924 (2004-05 totalled \$482,784). The operating result of the ASF for the 2005-06 financial year also takes into account a contribution to the ASC towards administration totalling \$74,771 (2004-05 totalled \$92,437).

As at 30 June 2006 the following 5 Directors were also Board Members of the ASC, John Eales, Michelle Ford-Eriksson, Greg Hartung, Geoff Stooke and Pam Tye.

Discretionary grants paid to related party projects during the 2005-06 and 2004-05 financial years totalled \$Nil and \$35,000 respectively, representing payments to the Australian Institute of Sport Gymnastics Program.

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**18. Financial instruments**

(a) Terms, conditions & accounting policies

**Financial Assets**

Cash Note 7	Items included in cash are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Cash on hand & cash held on account at two banks. Interest is earned on daily balances of funds held with the banks.
Receivables for goods & services Note 8	Receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provision for bad and doubtful debts is made when collection is unlikely.	Credit terms are 30 days net

**Financial Liabilities**

Trade Creditors Note 9	Creditors and accruals are recognised at their nominal amounts, being amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days
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(b) Interest rate risk

The ASF's exposure to interest rate risk and the effective weighted average interest rate for classes of financial asset and liability is set out below:

	Note	2006 \$	Weighted Average Interest rate	2005 \$	Weighted Average Interest rate
<b>Financial Assets</b>					
Cash assets	7	4,575,014	5.25%	3,094,016	4.91%
Receivables	8	115,699	-	477,172	-
		<u>4,690,713</u>		<u>3,571,188</u>	

Effective interest rate equals the weighted average interest rate of all cash holdings.

	Note	2006 \$	Effective Interest rate	2005 \$	Effective Interest rate
<b>Financial Liabilities</b>					
Payables	9	227,251	-	207,415	-
		<u>227,251</u>		<u>207,415</u>	

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**18. Financial instruments (continued)**

(c) Fair values of financial assets and liabilities

The net fair value of all financial assets and liabilities of the ASF approximate the carrying value. Financial assets and liabilities are disclosed in the Balance Sheet and the related notes.

(d) Credit risk exposures

The ASF's maximum exposure to the credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet. The ASF does not have significant exposures to any concentrations of credit risk.

**19. Commitments**

There are no capital or other commitments identifiable for the 2005-06 financial year.

**20. Contingent liabilities and assets**

There are no quantifiable, unquantifiable or remote contingencies identifiable for the 2005-06 financial year (2004-05:Nil).

**21. Events subsequent to balance date**

There have been no events subsequent to balance date.

**22. Additional Company Information**

Australian Sports Foundation Limited is a public company limited by guarantee incorporated and operating in Australia.

**Registered Office**  
C/- Australian Sports Commission  
Bruce ACT 2617

**Principal Place of Business**  
Australian Sports Commission  
Leverrier Crescent  
Bruce ACT 2617