

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 ("the ASF") for the year ended 30 June 2005 and the auditors report thereon.

Directors

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

Name and qualifications	Age	Experience and special responsibilities
Mr Cory Bernardi (Chairman)	35	<p>Cory is an Equity Portfolio Manager for a major Australian financial planning and investment firm. He was an AIS scholarship holder in rowing and went on to become an Australian representative in the coxless four at the 1989 World Championships and other international regattas. He continues to row for recreation.</p> <p>Cory attended all seven of the Board meetings during the past year. He was re-appointed for Chairman for a two year period in November 2004 and is a member of the Audit Committee. He is also appointed to the ASC Board and is a member of the ASC Audit Committee.</p> <p><i>Appointed to 18 November 2006</i></p>
Ms Michelle Ford-Eriksson MBE, MA, BA	42	<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 a 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 was re-appointed to the Board of Swimming Australia Ltd in October.</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 ceased in February 2005 and has subsequently been renewed until May 2006. She attended four of the five ASF Board meetings held during 2004/05 that related to her tenure. Throughout the past year, she has served as a member of the ASC Board and its Anti-Doping and Active After-school Communities sub-committees.</p> <p><i>Appointed to 11 May 2006</i></p>

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Name and qualifications	Age	Experience and special responsibilities
Ms Pamela Tye OAM, Grad Dip ECE, Grad Dip Man Admin	67	<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. 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> <p>Pamela attended six of the scheduled seven Board meetings during 2004/05 and is a member of the Audit Committee. Pamela is also appointed to the Board of the ASC and served on its Anti-Doping, Active After-school Communities and Emoluments sub-committees throughout the year.</p> <p><i>Appointed to 20 November 2005</i></p>
Ms Margot Foster BA, LLB	46	<p>Margot has an established legal practice in Melbourne, where she combines her skills and experience as a practising lawyer with her 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 & Skeleton Association Inc.</p> <p>Margot was appointed to the ASF Board in February 2005, firstly in an interim capacity and then on a permanent basis from May 2005. She attended all three Board meetings held during 2004-05 following her appointment. Margot is also appointed to the ASC Board and served its Audit and Anti-Doping sub- Committees throughout the year.</p> <p><i>Appointed to 11 May 2006.</i></p>

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Name and qualifications	Age	Experience and special responsibilities
Mr Peter Bartels FAISM FRS	64	<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.</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, a Director of the organising committee for the Melbourne 2006 Commonwealth Games Pty Ltd and a Director of the Australian Grand Prix Corporation.</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 Board in April 2005. He also serves as Chairman of the ASC Board and was an ex-officio member of all the ASC sub-committees during the year.</p> <p><i>Appointed to 26 July 2005</i></p>
Mr Charles 'Chilla' Porter	69	<p>Chilla has a strong affiliation with track and is on the Board of the Western Australian Athletics Commission (trading as AthleticsA). He has previously been a board member and chairman of the WA Institute of Sport. Chilla was a silver medallist in the men's high jump at the 1956 Melbourne Olympic Games and competed in the 1960 Games in Rome. He was a silver medallist in high jump at both the 1958 and 1962 Commonwealth Games.</p> <p>He was appointed to the Audit Committee in April 2004 and attended three meetings in 2004-05. He also served on the ASC Board during the year</p> <p><i>Appointment ceased 5 February 2005.</i></p>
Ms Karin Puels LLB, B Comm, FAICD	40	<p>Karin has had extensive involvement with the development, sponsorship and promotion of sport in Australia through her role as Chief Executive Officer of the South Australian Health Promotion Foundation and her ongoing support for individual athletes. She has expertise in the promotion of international concerts and events.</p> <p>Karin has extensive financial expertise and her experience encompasses both public sector administration and private sector capital raising and business development. Karin is a lawyer by profession.</p> <p>Karin was Chair of the Audit Committee until her appointment ceased in February 2005. As a member of the ASC Board, she also served on ASC sub-committees.</p> <p><i>Appointment ceased 5 February 2005</i></p>

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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
C Bernardi	7	7
M Ford-Eriksson	4	5
P Tye	6	7
M Foster	3	3
P Bartels	0	1
C Porter	3	4
K Puels	3	4

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 May and June 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 the public and makes discretionary grants to eligible organisations with a sporting project registered with the ASF. The administration of the ASF is subsidised 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 administration 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.

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.

Factors, events or trends influencing performance

The ASF's administrative and operational support is provided by the Australian Sports Commission in order to maximise its capacity to support the development of sport in Australia.

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Risks and opportunities in future years.

The reintegration within the Australian Sports Commission's administration 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. Rural and regional Australia is a development target and the effects of the 'home' Commonwealth Games in Melbourne in 2006 are also expected to continue to create further business opportunities.

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. The ASF program was renamed the Sport Incentive Program in August 2004 and the website updated and relaunched in September 2004. Revised Guidelines for the Sport Incentive Program were published in June 2005.

In August 2004, the Board commissioned an external review of the operations and strategic positioning of the ASF. The report, presented to the Board in February 2005 reported favourably on the management and purpose of the ASF.

As approved by the Minister in November 2004, Cory Bernardi was reappointed as Chair for a further two years.

Review and results of operations

The net operating loss for the year ended 30 June 2005 was \$699,299 (an operating profit of \$1,378,908 was made in the year ended 30 June 2004). 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 cessation of appointments of K Puels and C Porter in February 2005, the Board appointed P Tye as a member of the Audit Committee on 22 February 2005. 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 Canberra (city) this fourteenth Day of September 2005

Signed in accordance with the resolution of the Directors

Bernard

Director

Patricia Tyne

Director

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DIRECTORS' DECLARATION

The Directors of the Australian Sports Foundation Limited ("the 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 2005 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 Canberra (city) this fifteenth day of September 2005.

Bernardi

Director

Panelo Tye

Director

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

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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
Revenue from ordinary activities			
Donations	5	9,005,835	9,063,401
Resources received free of charge	5	482,784	428,173
Interest	5	86,105	67,787
Other revenues	5	6,627	5,155
Total revenue		9,581,351	9,564,516
Expenses from ordinary activities			
Employee expenses	6a	370,994	335,667
Suppliers expenses	6b	250,937	168,942
Grants	6c	9,658,719	7,680,999
Total expenses		10,280,650	8,185,608
Net (Loss)/Profit from ordinary activities		(699,299)	1,378,908
Total changes in equity other than those relating from transactions with owners as owners		(699,299)	1,378,908

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

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Note	2005 \$	2004 \$
Current assets			
Cash assets	7	3,094,016	4,000,364
Receivables	8	<u>477,172</u>	<u>209,878</u>
Total current assets		<u>3,571,188</u>	<u>4,210,242</u>
Total assets			
		<u>3,571,188</u>	<u>4,210,242</u>
Current liabilities			
Payables	9	<u>207,415</u>	<u>147,170</u>
Total current liabilities		<u>207,415</u>	<u>147,170</u>
Total liabilities			
		<u>207,415</u>	<u>147,170</u>
Net assets			
		<u>3,363,773</u>	<u>4,063,072</u>
Equity			
Reserves	10	3,363,773	4,026,324
Retained profits	11	<u>0</u>	<u>36,748</u>
Total equity		<u>3,363,773</u>	<u>4,063,072</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 2005

	Note	2005	2004
		\$	\$
Cash flows from operating activities			
Donations received		8,749,250	9,055,047
Interest received		87,449	65,058
GST received from ATO		936,461	807,250
Other revenues received		8,119	6,549
Grants paid		(10,595,498)	(8,448,297)
Suppliers paid		(90,613)	(106,417)
GST paid to ATO		<u>(1,516)</u>	<u>(1,615)</u>
Net cash (used in)/provided by operating activities	12	<u>(906,348)</u>	<u>1,377,575</u>
Cash flows from investing activities			
Proceeds on disposal of non-current assets		-	-
Payments for property, plant and equipment		<u>-</u>	<u>-</u>
Net cash provided by investing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash held		(906,348)	1,377,575
Cash at the beginning of the financial year		<u>4,000,364</u>	<u>2,622,789</u>
Cash at the end of the financial year	7	<u><u>3,094,016</u></u>	<u><u>4,000,364</u></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 2005

Note	Description
1	Statement of significant accounting policies
2	Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-06
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
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20	Contingent liabilities and assets
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

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 accruals 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 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 and goods and services tax (GST).

1.3 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.

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 Statement of Financial Position.

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1.4 Goods and services tax

Revenues, expenses and assets are recognised 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.

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 Statement of Financial Position.

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.

1.5 Cash

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

1.6 Receivables

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

1.7 Payables

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

1.8 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.

1.9 Comparative figures

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

2. Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-06

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The International Financial Reporting Standards are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime, including reporting periods ending on 30 June 2005.

The purpose of issuing AEIFRS is to enable Australian entities reporting under the *Corporations Act 2001* to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For-profit entities complying with AEIFRS will be able to make an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) as well as a

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statement that the financial report has been prepared in accordance with Australian Accounting Standards.

AEIFRS contain certain additional provisions that will apply to not-for-profit Australian Government Authorities. Some of these provisions are in conflict with AEIFRS, therefore the ASF will only be able to assert that the financial report has been prepared in accordance with Australian Accounting Standards.

Accounting Standard AASB 1047 *Disclosing the Impact of Adopting Australian Equivalents to IFRS* requires that the financial statements for 2004-05 disclose:

- An explanation of how the transition to the AEIFRS is being managed;
- Narrative explanations of the key differences in accounting policies arising from the adoption of AEIFRS;
- Any known or reliably estimable information about the impacts on the financial report had it been prepared using AEIFRS; and
- If the impacts of the above are not known or reliably estimable, a statement to that effect.

Where an entity is not able to make a reliable estimate, or where quantitative information is not known, the entity should update the narrative disclosures of the key differences in accounting policies that are expected to arise from the adoption of AEIFRS.

The purpose of this Note is to make these disclosures.
Management of the transition to AEIFRS

The ASF has taken the following steps in preparation towards the implementation of AEIFRS:

- The ASF's Audit Committee is tasked with oversight of the transition to and implementation of the AEIFRS. The General Manager is formally responsible for the project and reports regularly to the Audit Committee on progress.
- Identification of all major accounting policy differences between current AASB standards and the AEIFRS progressively to 30 June 2005.
- Identification of systems changes necessary to be able to report under the Australian Equivalents, including those necessary to enable capture of data under both sets of rules for 2004-05, and the testing and implementation of those changes.
- Preparation of a transitional balance sheet as at 1 July 2004, under Australian Equivalents, by June, 2005.
- Preparation of an AEIFRS balance sheet as at the same time as the 30 June 2005 statements are prepared.

The ASF will continue to liaise with the Australian National Audit Office and the Department of Finance and Administration on all aspects associated with the changeover to AEIFRS. Major changes in accounting policy

The ASF believes that the first financial report prepared under AEIFRS ie at 30 June 2006, will be prepared on the basis that the ASF will be a first time adopter under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. Changes in accounting policies under Australian Equivalents are applied retrospectively i.e. as if the new policy had always applied except in relation to the exemptions available and prohibitions under AASB 1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005-06 financial statements to report comparatives under AEIFRS.

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A first time adopter of AEIFRS may elect to use exemptions under paragraphs 13 to 285E. When developing the accounting policies applicable to the preparation of 1 July opening balance sheet, no exemptions were applied by the ASF.

Changes to major accounting policies are discussed in the following paragraphs.

Management's review of the quantitative impacts of AEIFRS represents the best estimate of the impacts of the changes as at reporting date. The actual effects of the impacts of AEIFRS may differ from these estimates due to:

- Continuing review of the impacts of AEIFRS on the ASF's operations;
- Potential amendments to the AEIFRS and AEIFRS International; and
- Emerging interpretation as to the accepted practice in the application of AEIFRS and the AEIFRS interpretations.

Financial Instruments

AEIFRS include an option for entities not to restate comparative information in respect of financial instruments in the first AEIFRS report. It is expected that the Finance Minister's Orders will require entities to use this option. Therefore, the amounts for financial instruments presented in the ASF's 2004-05 primary financial statements are not expected to change as a result of the adoption of AEIFRS.

The ASF will be required by AEIFRS to restate the carrying amount of financial instruments at 1 July 2005 to align with the accounting policies required by AEIFRS. It is expected that the carrying amounts of most financial instruments held by the ASF primarily cash and accounts receivable will be unaffected by this requirement.

An assessment of the assets and liabilities of the ASF indicate that there are no material adjustments due to the transition to AEFIRS.

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.

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	Note	2005	2004
		\$	\$
5. Revenue from ordinary activities			
Donations		9,005,835	9,063,401
Resources provided to ASF by ASC ¹		482,784	428,173
Interest		86,105	67,787
Administration revenue		6,627	5,155
		9,581,351	9,564,516
¹ 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:			
(a) Employee expenses			
Salaries and related expenses		370,994	335,667
(b) Suppliers expenses			
Provision of goods and services		100,487	80,899
Contribution by ASF towards administration		92,437	48,996
Banking fees		46,711	27,440
Rental charges		9,702	9,981
Other expenses		1,600	1,626
		250,937	168,942
(c) Grants			
Grants issued		9,658,719	7,680,999
7. Cash assets			
Cash at bank and on hand		3,094,016	4,000,364
8. Receivables			
Current			
Interest		5,982	7,326
Trade debtors		459,667	201,445
GST receivables		11,523	1,107
		477,172	209,878

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	Note	2005 \$	2004 \$
9. Payables			
Current			
Grants payable		3,939	3,689
Uncleared donations		75,110	73,473
Other creditors and accruals		128,366	70,008
		<u>207,415</u>	<u>147,170</u>

10. Reserves

Future grants		4,026,324	2,684,164
Transfers to/(from)		(662,551)	1,342,160
		<u>3,363,773</u>	<u>4,026,324</u>

Movements during the year:

Future grants

Balance at beginning of year		4,026,324	2,684,164
Transferred in		3,042,684	3,810,061
Transferred out		(3,759,541)	(2,467,901)
Transferred from retained earnings		54,306	-
Balance at end of year		<u>3,363,773</u>	<u>4,026,324</u>

Nature and purpose of reserves

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 \$3,146,702 for payment on 13 July 2005, whilst the ASF Board approved grants totalling \$3,483,827 for payment at the corresponding time in 2004 on 15 July 2004.

	Note	2005 \$	2004 \$
11. Retained profits			
Retained profits at beginning of year		36,748	-
Net profit/(loss) from ordinary activities		(699,299)	1,378,908
Transferred from/(to) future reserves		662,551	(1,342,160)
Retained profits at end of year		<u>0</u>	<u>36,748</u>

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	Note	2005	2004
		\$	\$
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 Statement of Financial Position			
Cash assets		<u>3,094,016</u>	<u>4,000,364</u>
(b) Reconciliation of (loss)/profit from ordinary activities to net cash (used in)/provided by operating activities			
(Loss)/Profit from ordinary activities		(699,299)	1,378,908
Add/(less) items classified as investing activities			
(Profit)/loss on sale of non-current assets		-	-
Net cash (used in)/provided by operating activities before change in assets and liabilities		(699,299)	1,378,908
Change in assets and liabilities			
(Increase)/decrease in receivables		(267,294)	(29,167)
Increase/(decrease) in grants liability		250	(1,724)
Increase/(decrease) in other liabilities		59,995	29,558
Net cash (used in)/provided by operating activities		<u>(906,348)</u>	<u>1,377,575</u>
13. Employee entitlements¹			
Aggregate liability for employee entitlements including on-costs			
Current		<u>-</u>	<u>-</u>
Number of employees at year end		<u>5</u>	<u>5</u>
¹ The ASC had provided 5 employees to assist in the administration of the ASF as at 30 June 2005.			
14. Directors' remuneration			
The number of ASF Directors whose income from the ASF or any related party falls within the following bands:			
\$nil - \$10,000		<u>5</u>	<u>5</u>
Total income paid or payable, or otherwise made available to all Directors of the ASF or related party			
		<u>-</u>	<u>-</u>

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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.

Note	2005	2004
	\$	\$

16. Auditor's remuneration

Remuneration to the Auditor-General for auditing the financial statements for the reporting period	9,500	8,200
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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: Messers P Bartels, C Bernardi, M Ford-Eriksson, M Foster, C M Porter, K Puels and P 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 subsisting 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 2004-05 financial year, these services totalled \$482,784 (2003-04 totalled \$428,173). The operating result of the ASF for the 2004-05 financial year also takes into account an administration charge from the ASC totalling \$92,437 (2003-04 totalled \$48,996).

As at 30 June 2005 the following 5 Directors were also Board Members of the ASC. Messers P Bartels, C Bernardi, M Ford-Eriksson, M Foster and P Tye.

Discretionary grants paid to related party projects during the 2004-05 and 2003-04 financial years totalled \$35,000 and \$29,601 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	2005 \$	Weighted Average Interest rate	2004 \$	Weighted Average Interest rate
Financial Assets					
Cash assets	7	3,094,016	4.52%	4,000,364	4.43%
Receivables	8	477,172	-	209,878	-
		<u>3,571,188</u>		<u>4,210,242</u>	

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

	Note	2005 \$	Effective Interest rate	2004 \$	Effective Interest rate
Financial Liabilities					
Payables	9	207,415	-	147,170	-
		<u>207,415</u>		<u>147,170</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 Statement of Financial Position 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 Statement of Financial Position. 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 2004-05 financial year.

20. Contingent liabilities and assets

There are no quantifiable, unquantifiable or remote contingencies identifiable for the 2004-05 financial year.

21. Events subsequent to balance date

There have been no events subsequent to balance date.