

**THE ASSOCIATION OF SUPERANNUATION FUNDS
OF AUSTRALIA LTD**

Annual Report
2005

Contents

2	Directors' report
7	Auditors' independence declaration
8	Statement of financial performance
9	Statement of financial position
10	Notes to and forming part of the financial report
18	Directors' declaration
19	Independent audit report

Secretariat

Principal Registered Office in Australia

Level 19, Piccadilly Tower
133 Castlereagh Street
Sydney NSW 2000
Telephone: (02) 9264 9300
Facsimile: (02) 9264 8824

Auditors

PricewaterhouseCoopers

Bankers

Westpac Banking Corporation

Solicitors

Mallesons Stephen Jaques
Sparke Helmore

Australian Business Number (ABN)

29 002 786 290

Directors' report

In respect of the financial year ended 30 June 2005 the directors submit the following report made out in accordance with a resolution of the directors:

Directors

Directors in office at the date of this report are:

L H Berends (*Chair*)

I D Harcla (*Administration & Finance Chair*)

N E Kelleher (*Member Services Chair*)

R A Vilgan (*Policy Chair*)

N Cochrane

R M Davis

G A Dunstan

C R Grenfell

T M Hamilton

G R Healy

D P Holston

C Keys

H Kuhaupt

R B N Mason

C McGuane

M O'Donnell

J Palmer

D J Phillips

R E Ramwell

I S Silk

Alternate Directors

A Proebstl Alternate for N E Kelleher
Victoria Division Representative

S A Freeborn Alternate for J Palmer
South Australia Division Representative

I M Burgess Alternate for C McGuane
Queensland Division Representative

The directors are qualified by virtue of the positions they hold in the Superannuation Industry. Further details are included elsewhere in this annual report.

Principal activities

The company is a non-profit organisation. Its principal activities during the year were the protection of the interests of the members in superannuation matters and the education of members generally in superannuation matters. There was no significant change in the nature of those activities during the year. Further details of the company's activities during the year are contained elsewhere in this report. At this time, the directors are not aware of any developments likely to cause a significant change in the nature of the company's activities.

Review of operations and results

The surplus of income over expenditure for the year amounted to \$124,733 (2004 deficit \$53,865), which resulted in an increase in the accumulated surplus from \$2,110,278 to \$2,235,011.

Dividends

The company is limited by guarantee and has no share capital. The payment of dividends is prohibited by the Constitution of the company.

Changes in the state of affairs

There have been no significant changes in the state of affairs of the company during the course of the year.

Events subsequent to balance date

Since the end of the financial year the directors are not aware of any matter or circumstance not otherwise dealt with in the report or financial report that has significantly or may significantly affect the operations of the company, the results of these operations or the state of affairs of the company in subsequent financial years.

Likely developments

The directors consider that the company will continue its principal activities being the protection of the interests of its members and the education of its members generally in superannuation matters.

Environmental Regulation

The company is subject to normal State and Federal environmental legislation and does not operate within an industry with specific environmental guidelines or limits. To the best of the directors' knowledge, there have been no breaches of environmental legislation.

Corporate Governance Statement

The directors are responsible to the members for the performance of the company in both the short and the longer term and seek to balance these sometimes competing objectives in the best interests of the company as a whole. Their focus is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members, and to ensure the company is properly managed. The board draws on relevant corporate governance best practice principles to assist it to contribute to the performance of the company.

Day to day management of the company's affairs and implementation of corporate strategy and policy initiatives are delegated by the board to the Chief Executive Officer and senior managers.

The functions of the board include:

- review and approval of corporate strategies, the annual budget and financial plans
- overseeing and monitoring organisational performance and the achievement of the company's strategic goals and objectives
- monitoring financial performance including approval of the

Directors' report

annual and quarterly financial reports and liaison with the company's auditors

- appointment of, and assessment of the performance of, the Chief Executive Officer
- ensuring there are effective management processes in place and approving major corporate initiatives
- ensuring the significant risks facing the company have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place.

A description of the company's main corporate governance practices is set out herewith. All these practices, unless otherwise stated, were in place for the entire year.

The Board of Directors

The board operates in accordance with the broad principles set out in the company's constitution including that:

- the board is comprised of non-executive directors. Further information about the directors is set out in the directors' report under the heading "Information on directors"
- the Chair of the board is elected by the full board and meets regularly with the Chief Executive Officer
- there is a mix of directors on the board from different sectoral backgrounds as required under the Constitution with complementary skills and experience.

The board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the board are:

Administration & Finance (Audit)
Member Services
Policy

The three committees are comprised solely of directors. The committee structure and membership is reviewed on an annual basis. A policy of rotation of committee members applies.

Each of these committees has its own written charter setting out its role and responsibilities and the manner in which the committee is to operate. All substantial matters determined by committees are submitted to the full board as recommendations for board decision.

The company's Constitution specifies that all directors must retire from office no later than the second annual meeting (AGM) following their last election. Where eligible, a director may stand for re-election.

Commitment

The board meets on a quarterly basis during the year. Additional corporate strategy workshops are also scheduled on a bi-annual basis (with the timing appropriate to other significant external events).

The number of meetings of the company's board of directors and of each board committee held during the year and the number of meetings attended by each director is disclosed elsewhere in this report.

Conflict of Interests

All directors are regarded as independent. The company defines "independent" as independent of the executive management.

Independent professional advice

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chair is required, but this will not be unreasonably withheld.

Remuneration

No fees are paid to directors of the company.

A remuneration committee (comprising of the Chair, the immediate past Chair and the Chair of the Administration & Finance Committee) has also been established to make specific decisions on remuneration packages and other terms of employment for senior executives.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the company's diverse operations and achieving the company's strategic objectives.

Remuneration and other terms of employment for senior executives are formalised in service agreements.

The Chair and the Chief Executive Officer also assume responsibility for management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

Audit

This function is included in the responsibilities of the Administration & Finance Committee.

The main responsibilities of the committee are to:

- review and report to the board on the annual full and concise reports, the quarterly financial reports and all other financial information published by the company
- assist the board in reviewing the effectiveness of the organisation's internal control environment covering:
 - Effectiveness and efficiency of operations
 - Reliability of financial reporting
 - Compliance with applicable laws and regulations
- determine the scope of the internal controls function and ensure that its resources are adequate and used effectively, including co-ordination with the external auditors
- oversee the effective operation of the risk management framework

Directors' report

- recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and the auditor's independence, and
- review the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence.

In fulfilling its responsibilities, the committee receives regular reports from management and the external auditors. It also meets with the external auditors at least once a year – more frequently if necessary, and reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved. The external auditors have a clear line of direct communication at any time to either the Chair of the committee or the Chair of the board. It is the policy of the external auditors to provide an annual declaration of their independence to the committee.

Projects in hand

As outlined in last year's Annual report, the board recognises the need to formalise and document all of its Corporate Governance policies.

1. BOARD PERFORMANCE AND ASSESSMENT

An initial assessment has been undertaken of the board performance and governance structures.

Independent consultants have helped facilitate the process. Resulting from this review, the members have approved a restructure of the Board, reducing the size from 20 directors to 10 directors effective from the AGM held in November 2005.

A Code of Conduct for the Board and Whistleblower Policy for the directors and for the secretariat has been implemented.

2. RISK ASSESSMENT AND MANAGEMENT

A risk management register has been developed jointly by the secretariat and the Administration & Finance (Audit) Committee. Key issues are discussed and monitored by the Board.

Environment, health and safety management is currently under consideration by the board.

Information on Directors

Lorraine Berends *Chair*

8 years on the Board
Service Provider/Fund Representative
Marvin & Palmer Associates, Inc.

Ian Harcla *Administration & Finance Chair*

9 years on the Board
Industry Fund Representative
Queensland Coal & Oil Shale Mining Industry Superannuation Fund

Noelle Kelleher Member Services Chair
4 years on the Board
Victoria Division Representative
Ernst & Young

Rosemary Vilgan Policy Chair
11 years on the Board
Public Sector Fund Representative
State Public Sector Superannuation Fund

Neil Cochrane
1 year on the Board
Industry Fund Representative
REST Superannuation

Ron Davis
3 years on the Board
Public Sector Fund Representative
SAS Trustee Corporation

Graham Dunstan
7 years on the Board
Public Sector Fund Representative
Emergency Services Superannuation Scheme

Colin Grenfell
6 years on the Board
Service Provider/Fund Representative
SuperEasy Pty Ltd

Teresa Hamilton
2 years on the Board
Retail Fund Representative
MAP Funds Management

Greg Healy
4 years on the Board
Retail Fund Representative
AMP Corporate Superannuation & Employee Benefits

David Holston
9 years on the Board
Service Provider/Fund Representative
JANA Investment Advisers

Christine Keys
5 years on the Board
Corporate Fund Representative
Sara Lee Superannuation

Harry Kuhaupt
2 years on the Board
Western Australia Division Representative
WA Fire & Emergency Services Superannuation Fund

Russell Mason
4 years on the Board
New South Wales Division Representative
Mercer Human Resource Consulting

Cathy McGuane
1 year on the Board
Queensland Division Representative
H.E.S.T. Australia Limited

Directors' report

Michael O'Donnell

3 years on the Board
Retail Fund Representative
ING Australia

Joy Palmer

1 year on the Board
South Australian Division Representative
Public Sector and Commonwealth Superannuation Schemes

Dennis Phillips

4 years on the Board
Corporate Fund Representative
National Australia Bank Superannuation Fund

Roslyn Ramwell

3 years on the Board
Corporate Fund Representative
Harwood Superannuation Fund

Ian Silk

5 years on the Board
Industry Fund Representative
Australian Retirement Fund

Alternate Directors

Andrew Proebstl

alternate for Victoria Division Representative
legalsuper

Stephen Freeborn

alternate for South Australia Division Representative
Perpetual Investment Management Limited

Ian Burgess

alternate for Queensland Division Representative
Ernst & Young

Company Secretary

Robert Swanbury (BComm)

Appointed September 2004 as Chief Financial Officer/
Company Secretary Has over 15 years experience in similar
roles with other companies including positions as a director.

Directors' Meetings

The number of directors' meetings and meetings of committees of directors held in the period each director held office during the financial year and the number of meetings attended by each director are:

Director	Board of Directors		Admin & Finance		Member Services		Policy	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Lorraine Berends	6	6	4	4	4	4	7	7
Neil Cochrane	3	3						
Ron Davis	6	6			4	2		
Graham Dunstan	6	6	4	4				
Michael Dwyer	3	3			2	2		
Colin Grenfell	6	6			4	4		
Teresa Hamilton	6	6					7	7
Ian Harcla	6	6	4	4				
Greg Healy	6	4					7	4
David Holston	6	6					7	5
Noelle Kelleher	6	5			2	2	7	7
Christine Keys	6	6			4	2		
Harry Kuhaupt	6	3			4	4		
Russell Mason	6	4			4	3		
Cathy McGuane	5	5			2	2		
Michael O'Donnell	6	6			4	4		
Joy Palmer	5	5			2	0		
Dennis Phillips	6	5	4	3				
Roslyn Ramwell	6	3					7	6
Ian Silk	6	5					7	5
Julie Steed	1	1			2	1		
Rosemary Vilgan	6	6					7	6
Rod Young	1	1			2	0		

Directors' report

Under Board Regulations a division or the representatives of a fund category may nominate an alternate director to attend meetings of the Board and to act as a director in the absence of the nominee at a relevant meeting. Where the nominated director is present, the alternate may be invited to attend as an observer.

The following alternate directors attended the Board:

Alternate Director	Board of Directors		
	No. Held	No. attended acting as Director	No. attended acting as Observer
Chris Artis	1	0	0
Nino Matkovic	1	0	0
Cathy McGuane	1	0	0
Ian Burgess	5	0	0
Stephen Freeborn	5	0	0
Andrew Proebstl	5	0	0

Directors' benefits

No director of the company has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by the company and the director, a firm of which the director is a member or an entity in which the director has a substantial financial interest, with the exception of the benefits that may be deemed to have arisen in relation to transactions entered into in the ordinary course of business.

Indemnification and insurance of officers

The company's constitution provides indemnities for directors and officers of the company and its related bodies corporate against all liabilities to other persons (other than the company and its related bodies corporate) which arises out of the performance of their normal duties as directors or officers of the company unless the liability relates to conduct involving a lack of good faith. The indemnity provided by the company to its directors and officers extends to the payment of all costs and expenses incurred in defending an action that falls within the scope of the indemnity. The company is only liable to indemnify a director or officer to the extent that the director's or officer's liability is not covered by a policy of insurance taken out by the company.

During the financial year the company paid insurance premiums totalling \$20,575 in respect of directors' and officers' liability insurance. The policy does not specify the premium for individual directors and officers. The policy includes cover for defamation.

The directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability incurred by the company's directors and officers to other persons where that liability was incurred by the director or officer in their position as a director or officer unless the conduct involved a wilful breach of duty or fiduciary obligation.

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



L H Berends
Director



I D Harcla
Director

Sydney
13 September 2005

Auditor's independence declaration



PricewaterhouseCoopers
ABN 52 780 433 757

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

Auditor's independence declaration

As auditor for the audit of The Association Superannuation Funds of Australia Ltd for the year ended 30 June 2005, 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 The Association Superannuation Funds of Australia Ltd.

A handwritten signature in black ink, appearing to read 'RS Punia'. The signature is written over a horizontal line.

RS Punia

Partner
PricewaterhouseCoopers

Sydney

13 September 2005

Statement of financial performance

for year ended 30 June 2005

	Notes	2005 \$	2004 \$
Revenue from ordinary activities	4	7,352,935	6,973,998
Expenses from ordinary activities	4	7,228,202	7,027,863
Operating surplus/(deficit) before Income Tax	4	124,733	(53,865)
Income Tax expense	2	-	-
Operating surplus/(deficit) after Income Tax attributable to members		124,733	(53,865)
Other equity movements		-	-
Total changes in equity other than those resulting from transactions with owners as owners		124,733	(53,865)

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

Statement of financial position

as at 30 June 2005

	Notes	2005 \$	2004 \$
Current Assets			
Cash	14	539,427	723,406
Investments	6	4,322,938	2,600,000
Receivables	5	1,001,943	146,491
Other	7	168,417	211,991
Total Current Assets		6,032,725	3,681,888
Non-Current Assets			
Plant and equipment	8	206,785	179,437
Total Non-Current Assets		206,785	179,437
Total Assets		6,239,510	3,861,325
Current Liabilities			
Payables	13	662,472	742,722
Provisions	9	262,147	230,819
Fees and income in advance	10	2,883,422	583,971
Total Current Liabilities		3,808,041	1,557,512
Non-Current Liabilities			
Provisions	9	196,458	193,535
Total Non-Current Liabilities		196,458	193,535
Total Liabilities		4,004,499	1,751,047
Net Assets		2,235,011	2,110,278
Equity			
Accumulated Surplus		2,235,011	2,110,278
Total Equity	12	2,235,011	2,110,278

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

Notes to and forming part of the financial report

for year ended 30 June 2005

1. Members' guarantees

In accordance with the Constitution of the company every member of the Association undertakes to contribute to the property of the Association in the event of the Association being wound up while they are a member or within one year after they cease to be a member, for payment of the debts and liabilities of the Association (contracted before they cease to be a member) and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required, but not exceeding twenty dollars (\$20) per member.

2. Accounting policies

a) Basis of accounting

The accounts have been prepared on the basis of historical costs and unless otherwise stated do not take into account current valuation of non-current assets. This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Law except that the words "surplus/deficit" and "accumulated surplus" have been substituted for the terms "profit" and "retained profits" in the financial report. In the opinion of the directors, having regard to the non-profit nature of the company's business, the terms used in the Corporations Law and Accounting Standards are not appropriate.

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the company's financial statements for the year ending 30 June 2006. Information about how the transition to AIFRS is being managed, and the known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS, are set out in note 3.

b) Investments

Investments are recorded at cost.
Interest income is recorded on an accrual basis.

c) Depreciation and amortisation of plant and equipment

Plant and equipment are depreciated over their expected useful lives to the company using the straight line method. The expected useful lives are 3 to 10 years.

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease.

d) Leased assets

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to expense in the periods in which they are incurred.

e) Revenue recognition

(i) *Conference costs and conference revenues carried forward*
Conference costs are charged to expense and conference income is credited to revenue as incurred except that costs incurred and revenue received for future conferences are deferred to the next financial year.

(ii) *Education programs*
Income and expenditure arising from the education program is brought to account in the same period as the university semester to which it relates. Income and expenditure relating to semesters which have not commenced at balance date are deferred and carried forward to the following year.

(iii) *Other revenues*
Other revenues are recognised in the period to which they relate on an accruals basis.

f) Receivables

A provision is raised for any doubtful debts based upon a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

g) Employee entitlements

(i) *Wages and salaries and annual leave*
Liabilities for wages and salaries and annual leave in respect of employees' services up to the reporting date are measured at the amount expected to be paid when the liabilities are to be settled.

(ii) *Long service leave*
A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Notes to and forming part of the financial report

continued

h) Income tax

The company has been granted exemption under Section 50-5 of the Income Tax Assessment Act 1997 from payment of income tax.

i) Segment reporting

The company operated in one industry segment which is the service sector, catering for the special interests of superannuation funds. The company operates entirely within Australia.

j) Cash flows

For the purposes of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

k) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

l) Trade and other creditors

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

3. Impacts of adopting Australian equivalents to IFRS

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the company's financial statements for the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

AIFRS has been analysed and management has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. These choices have been analysed to determine the most appropriate accounting policy for the company.

Although the impact of transition to AIFRS disclosed below is based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

(a) Revenue disclosures in relation to the sale of non-current assets

Under AIFRS, the revenue recognised in relation to the sale of non-current assets is the net gain on the sale. This is in contrast to the current Australian GAAP treatment under which the gross proceeds from the sale are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. The net impact on the profit or loss of this difference is nil.

As no material sale of non-current assets has occurred, the impact of this change is not material to the current period reported results.

Notes to and forming part of the financial report

continued

4. Operating surplus/(deficit)

Operating surplus/(deficit) for the year consists of the following:

Program	2005			2004		
	Revenue	Expenses	Surplus/ (Deficit)	Revenue	Expenses	Surplus/ (Deficit)
Conference	1,965,463	1,186,960	778,503	1,927,469	1,037,647	889,822
Education	1,088,822	750,065	338,757	1,218,426	776,904	441,522
Members' subscriptions	1,478,979	-	1,478,979	1,319,588	-	1,319,588
Superfunds Journal	648,591	545,070	103,521	652,985	577,545	75,440
Training	612,746	521,792	90,954	607,957	459,045	148,912
	5,794,601	3,003,887	2,790,714	5,726,425	2,851,141	2,875,284
State Divisions	813,336	593,907	219,429	879,443	545,254	334,189
	6,607,937	3,597,794	3,010,143	6,605,868	3,396,395	3,209,473
Administration	495,216	2,272,797	(1,777,582)	204,051	2,680,513	(2,476,462)
Member Services	-	365,822	(365,822)	-	-	-
Policy & Research	249,782	991,788	(742,006)	164,079	950,955	(786,876)
	7,352,935	7,228,202	124,733	6,973,998	7,027,863	(53,865)

The following specific revenue and expenses have been included in the total results shown above.

	2005	2004
Interest income	208,648	192,030
Auditors remuneration – audit services	31,600	30,000
Bad and Doubtful Debts	148,563	-
Depreciation – Plant and equipment	73,080	61,001
Amortisation – Leasehold improvements	18,876	33,292
Directors' remuneration	-	-
Provision for long service & annual leave	50,918	39,623
Rental expense relating to operating lease minimum lease payments	406,895	422,585
Net gain/(loss) on disposal of plant & equipment	-	-

Notes to and forming part of the financial report

continued

	2005 \$	2004 \$
5. Receivables		
Trade debtors	1,124,865	87,509
Less Doubtful Debts Provision	(148,563)	–
	976,302	87,509
Accrued interest	25,641	58,982
	1,001,943	146,491

The 2005 Trade Debtors includes 2005/2006 membership subscriptions invoiced prior to 30 June 2005.

6. Investments

Deposits in other corporations	4,322,938	2,600,000
	4,322,938	2,600,000

7. Other assets

Conference costs carried forward (note 2e)	104,667	183,458
Prepayments	63,750	28,533
	168,417	211,991

8. Plant and equipment

	Cost		Accumulated depreciation		Net book value	
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
Plant and equipment	868,273	748,969	724,444	651,364	143,829	97,605
Leasehold improvements	207,500	207,500	144,544	125,668	62,956	81,832
	1,075,773	956,469	868,988	777,032	206,785	179,437

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Plant and equipment	Leasehold improvements
Carrying amount at 1 July 2004	97,605	81,832
Additions	119,304	–
Disposals	–	–
Depreciation/amortisation expense	(73,080)	(18,876)
Carrying amount at 30 June 2005	143,829	62,956

Notes to and forming part of the financial report

continued

	2005 \$	2004 \$
9. Provisions		
Current		
Provision for employee entitlements	245,480	214,152
Provision for fit out of premises	16,667	16,667
	262,147	230,819
Non-Current		
Provision for employee entitlements	157,570	137,980
Provision for fit out of premises	38,888	55,555
	196,458	193,535
	2005	2004
Employee numbers	35	36
10. Fees and income in advance		
	2005 \$	2004 \$
Membership Fees	1,640,420	–
Conference revenue carried forward (note 2e)	852,091	473,932
Other	390,911	110,039
	2,883,422	583,971
11. Lease commitments		
Total future rental commitments contracted for at balance date in respect of non-cancellable operating leases over office premises in NSW which have not been provided in the financial report are as follows:		
Not later than 1 year	383,256	355,661
Later than 1 year and not later than 5 years	894,264	1,185,537
Later than 5 years	–	–
	1,277,520	1,541,198
No option exists in the lease for renewal on expiry.		
12. Equity		
Total equity at the beginning of the financial year	2,110,278	2,164,143
Total changes in equity recognised in the statement of financial performance	124,733	(53,865)
Total equity at the end of the financial year	2,235,011	2,110,278
13. Current Liabilities – Payables		
Trade creditors	–	154,586
Other creditors	662,472	588,136
	662,472	742,722

Notes to and forming part of the financial report

continued

	2005 \$	2004 \$
14. Statement of Cash Flow		
Cash flows from operating activities		
Receipts from operations	8,554,945	6,972,581
Payments to creditors and employees	(7,138,671)	(6,713,948)
Interest received	241,989	185,245
Net cash flows from operating activities	1,658,263	443,878
Cash flows from investing activities		
Payments for plant and equipment	(119,304)	(74,039)
Proceeds from redemption of non-trading investments	(1,722,938)	(200,000)
Proceeds from sale of plant and equipment	-	13,000
Net cash flows from investing activities	(1,842,242)	(261,039)
Net increase (decrease) in cash held	(183,979)	182,839
Cash at 30 June 2004	723,406	540,567
Cash at 30 June 2005	539,427	723,406
Reconciliation of net cash flows from operating activities to operating surplus/(deficit) after income tax		
Operating surplus/(deficit) after income tax	124,733	(53,865)
Depreciation and amortisation	91,956	94,293
Decrease (increase) in net interest accrued	33,341	(6,785)
Changes in assets and liabilities		
Decrease (increase) in debtors	(888,793)	60,669
Decrease (increase) in other assets	43,574	(101,628)
(Decrease) increase in accounts payable and provisions	(45,999)	321,250
(Decrease) increase in fees and income in advance	2,299,451	129,944
	1,658,263	443,878
Reconciliation of cash		
Cash	539,427	723,406
	539,427	723,406

Notes to and forming part of the financial report

continued

15. Financial Instruments

Interest rate risk

The company's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments at balance date are:

	Notes	Weighted average effective interest rates %	Floating interest rate \$	Fixed interest rate maturities 1 year or less \$	Non-interest bearing \$	Total \$
2005						
Financial Assets						
Cash		4.50			539,427	539,427
Receivables	5				1,001,943	1,001,943
Investments	6	5.70	4,322,938			4,322,938
Total financial assets			4,322,938		1,541,370	5,864,308
Financial Liabilities						
Accounts payable					662,472	662,472
Total financial liabilities					662,472	662,472
Net financial assets/(liabilities)			4,322,938		878,898	5,201,836
2004						
Financial Assets						
Cash		4.25	300,000		423,406	723,406
Receivables	5				146,491	146,491
Investments	6	4.95		2,600,000		2,600,000
Total financial assets			300,000	2,600,000	569,897	3,469,897
Financial Liabilities						
Accounts payable					742,722	742,722
Total financial liabilities					742,722	742,722
Net financial assets/(liabilities)			300,000	2,600,000	(172,825)	2,727,175
Reconciliation of Net Financial Assets to Net Assets						
	Notes		2005		2004	
Net financial assets			5,201,836		2,727,175	
<i>Non-financial assets and liabilities</i>						
Property, plant and equipment	8		206,785		179,437	
Other assets	7		168,417		211,991	
Provisions	9		(458,605)		(424,354)	
Fees and income in advance	10		(2,883,422)		(583,971)	
Net assets per Statement of Financial Position			2,235,011		2,110,278	

Credit risk

The carrying amounts of financial assets included in the balance sheet represent the company's maximum exposure to credit risk in relation to these assets.

Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents, investments and non-interest bearing monetary financial assets and financial liabilities of the company approximates their carrying value.

Notes to and forming part of the financial report

continued

16. Related party information

Directors

The directors named in the attached directors' report each held office throughout the year except for the following changes during the year or subsequent to the year end:

Appointments		Resignations	
A Proebstl	13 September 2004	C Artis	13 September 2004
N Cochrane	14 December 2004	M J Dwyer	14 December 2004
J D Palmer	26 October 2004	N A Matkovic	26 October 2004
S A Freeborn	26 October 2004	J L Steed	26 October 2004
I M Burgess	26 October 2004	R J Young	26 October 2004

Transactions with related parties

During the current year, the company entered into transactions with directors and their director related entities within normal customer relationship on terms and conditions no more favourable than those available in similar arm's length dealings. There were no other transactions with directors and no material transactions with other related parties during the year ended 30 June 2005.

17. Financing arrangements

Access was available at balance date to the following bank facilities:

	2005 \$	2004 \$
Total facilities		
Rental guarantee	–	104,000
Mastercard	80,000	80,000
	80,000	184,000
Unused at balance date		
Rental guarantee	–	103,512
Mastercard	80,000	80,000
	80,000	183,512

Directors' declaration

for year ended 30 June 2005

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 17 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

For and on behalf of the board



L H Berends
Director

Sydney

13 September 2005



I D Harcla
Director

Independent audit report



PricewaterhouseCoopers
ABN 52 780 433 757

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

Independent audit report to the members of The Association of Superannuation Funds of Australia Ltd

Audit opinion

In our opinion, the financial report of The Association of Superannuation Funds of Australia Ltd:

- gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of The Association of Superannuation Funds of Australia Ltd as at 30 June 2005, and of its performance for the year ended on that date, and
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

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

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for The Association of Superannuation Funds of Australia Ltd (the company), for the year ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Independent audit report continued



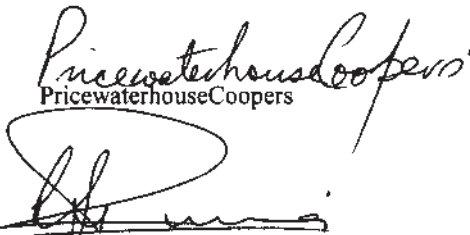
When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.



RS Punia
Partner

The signature block features a large, handwritten signature in black ink. Above the signature is the PricewaterhouseCoopers logo, which includes the company name in a stylized font and a small icon. Below the signature, the name 'RS Punia' and the title 'Partner' are printed in a simple, black font.

Sydney
13 September 2005