

# AUSTRALIAN INVESTORS ASSOCIATION

ABN 75 052 411 999



## ANNUAL & FINANCIAL REPORTS

FOR THE PERIOD ENDED 30 JUNE 2008

## **President's Report**

### **Introduction**

It is my pleasure to present to members the Annual Report of the Australian Investors' Association for the year ended 30<sup>th</sup> June, 2008.

### **Membership**

I would like to report that membership has increased this year. Sadly this is not the case, membership of the Association at year's end was 1928 – a fall from last year. The continuing failure to attract new members remains a cause of concern for your Council. Without a greater membership base it is difficult to undertake many of the advocacy tasks considered necessary for the advancement of the individual investor. I ask you to spread the word about the AIA among your friends and acquaintances and see if we cannot register an improvement in 2008-2009.

### **Activities**

Our activities fall broadly into two categories: Education and Advocacy. Full details of our Educational Activities for 2007-2008 are provided with this report

Your Association continues to represent investors' interests to regulators and legislators. More help is always required: I sought members' help in this matter last year, but none was forthcoming. I repeat my call again: Any member who is able to assist in identifying and preparing material for submission to the authorities is invited to contact the Secretariat. There is a limit to what can be done by your councilors on their own; any assistance members are able to give in any way is always appreciated.

### **Finance**

I commend the accompanying financial statements to you. We continue to rely heavily on the outcome of the National Conference to provide member services and develop the Association. In conjunction with the Nation Conference we seek some sponsorship from within the industry. Lincoln Indicators, the producers of StockDoctor, has been our major partner this year, and I wish to thank it for its continuing support. In return for its sponsorship we undertake to distribute material from it from time to time, this material is distributed as a service to members and no recommendation of the product is implied. Members should seek guidance from their own advisers on the suitability of the product in their particular situation.

### **The Future**

Membership is the lifeblood of an association such as ours, we must increase our numbers to succeed. I ask every member to act as a recruiter for the AIA and actively seek new members. The AIA has much to offer those in the wealth accumulation stage of their lives, as well as those in the pension phase, please try to increase the number of 40-60 year olds in our ranks.

If you haven't visited your record in our database recently, please do so and update your details: Remember no information is made available to outside parties.

## **Our Volunteers**

Details of your Council members and meetings held are given in the accompanying Directors' Report. Members are fortunate to have the range of skills and experience offered by councillors available to them. I thank all the councillors for their support and contribution to the Association over the past year.

You will see later in this report the wide range of seminars, meetings, and discussion group sessions which have taken place during the year under review. These, together with the 36 publications produced, don't just happen: Someone has to arrange the venues and organize speakers/contributors

Volunteers are an essential part of our Association, just as they are for most non-profit bodies. I thank all our volunteers for their help in keeping the AIA running in their local area. We need you and your efforts are appreciated.

## **Our Staff**

The Association has again been well served by its staff. The ladies at McCalls have performed the administration tasks on time and within budget, thank you ladies. Our Events and Publications Coordinator, Silvana Eccles, has again made a major contribution to the operation of our educational activities and continues to source excellent material for our publications.

Thank you to all.

R. Andrew

1 September 2008

## **Honorary Treasurers Report 2008**

The AIA has had another successful year financially with an after tax profit of \$33,174 quite a bit less than last years \$59,166. The financial health of the Association has been further improved. The number of members of the Association has, regrettably, again decreased from 1,986 last year to 1928 this year. The reduction in member numbers in 2007/08 was significantly less than the reduction in the previous year. We followed up members who failed to renew their membership and over 30% renewed their membership. In 2007/08 282 new members joined the association against a loss of 340 members. Further efforts will be made in 2008/09 to increase our membership and I would ask all members to assist in this effort.

The 2008 Annual Conference held on the Gold Coast was according to the feedback forms a great success and was also successful financially. To the date of this report no matters or circumstances have arisen which would have a material adverse effect on the financial health of the company.

Jolyon Forsyth

Honorary Treasurer and Secretary.

1<sup>st</sup> September 2008.

## EDUCATIONAL ACTIVITIES OF THE AIA 2007-2008

One of the main goals of the Australian Investors Association is MEMBER EDUCATION expressed in our Action Plan as:

*To provide opportunities for members to enhance their knowledge and understanding about investing.*

It is in seeking to achieve this goal that the AIA expends most of its energies in support of its members. The strategies that the AIA uses to achieve this goal include:

- a national conference of 3 days on the Gold Coast each year
- one-day and half-day seminars in Melbourne, Sydney, Brisbane, Perth and Adelaide
- information meetings in a number of cities throughout Australia
- teleconference presentations
- local discussion groups in many locations throughout Australia
- quarterly *Investors Voice* publication posted to members
- bi-monthly email bulletins for *Derivatives, Managed Investments, Property and Self Managed Super Funds*
- *Equities* email bulletin distributed eight times annually
- monthly info emails (excluding December)
- AIA website [www.investors.asn.au](http://www.investors.asn.au).

As the membership grows so can the activities offered to members. Each of these activities is expanded upon below.

### **National Conference**

Held annually on the Gold Coast, attendance to this conference has increased yearly since the first conference in 1998. The July 2007 conference attracted a record 316 delegates. The National Conference for 2009 will be held at the Surfers Paradise Marriott Resort, Gold Coast from 26 to 29 July, 2009.

### **Seminars**

Half-day and full-day seminars provide an opportunity for members to focus in-depth on a topic of particular interest. Invited speakers include well-recognised representatives within their fields from the public, private sector and academic sector as well as AIA members. A table showing the seminars held in 2007-2008 follows below.

### **Information Meetings**

These two hour meetings offer a wide range of investment topics including sectors of the stock market; stock analysis; superannuation; derivatives; how property fits into your portfolio etc. A small fee is charged to cover venue costs. Services are increasing with meetings to be introduced to the Sunshine Coast and Toowoomba.

### **Teleconferences**

During this financial year the AIA held five teleconference presentations. As these forums become more familiar, numbers of participating members are increasing.

## AIA Events - Seminars & Teleconferences

Date	Event	Topic	Location	Attended
22 July 2007	Half-day Workshop	Novice Investor Workshop	Gold Coast	81
22-25 July 2007	National Conference	Investing Pathways – Where to next?	Gold Coast	316
26 July 2007	Symposium	Investment Software	Gold Coast	87
25 Aug 2007	Seminar	Five Different Approaches to Stock Selection	Brisbane	95
31 Aug 2007	Seminar	Buy, Sell or Hold?	Sydney	99
20 Sep 2007	Teleconference	Collateral Debt Obligations	Own Home	8
20 Oct 2007	Half-day Seminar	Why Managed Funds	Brisbane	40
27 Oct 2007	Seminar	Investment Segments	Melbourne	90
16 Nov 2007	Seminar	The Next Big Thing	Sydney	70
17 Nov 2007	Seminar	Shares & Other Investments	Adelaide	38
26 Nov 2007	Teleconference	Borrowing Via A Super Fund	Own Home	55
27 Feb 2008	Teleconference	The Economic Outlook	Own Home	23
23 April 2008	Teleconference	Value Investing	Own Home	35
2 May 2008	Seminar	The Ins & Outs of SMSFs	Sydney	110
10 May 2008	Seminar	The Australian Sharemarket – Where to Next?	Perth	59
22 May 2008	Teleconference	Has the Market Bottomed Out?	Own Home	38
31 May 2008	Half-day Seminar	Investing in Volatile Markets	Adelaide	50

## AIA Events - Information Meetings

Information Meetings	How Often	When Meet
Adelaide Information Meetings	Monthly	Monday evening
Brisbane Information Meetings	Monthly	Wednesday afternoon/ Thursday evening
Canberra Information Meetings	Monthly	Monday evening
Gold Coast Information Meetings	6 times per annum	Wednesday morning/evening
Melbourne Information Meetings	Bi-Monthly	Tuesday evening

Perth Information Meetings	Monthly	Tuesday evening
Sunshine Coast Information Meetings	Quarterly	Friday morning
Sydney North Shore Meetings	Monthly	Monday evening
Sydney South Meetings	Monthly	Tuesday evening
Toowoomba Meetings	Quarterly	Wednesday morning

## Local Discussion Groups

These informal groups of members determine how frequently they meet, where they meet and whether to invite a guest speaker. Any member is welcome to commence a group in their area and for more information please either call the AIA Secretariat on 1300 555 061 or visit the AIA website at [www.investors.asn.au](http://www.investors.asn.au).

Local Discussion Group	Coordinator
NSW – Sydney Chatswood	Margaret Edwards
NSW – Wollongong	Renato Compagnin
QLD – Brisbane Managed Investments	Scott McKenzie
QLD – Brisbane South Equities	Ron Gibson
QLD – Brisbane SMSF	Jenni Eason
QLD – Sunshine Coast	Rob Coles
VIC – Geelong	Ray Harry
VIC – Melbourne Bayside	Kevin McDonald
VIC – Melbourne Blackburn	Colin Dowzer
VIC – Melbourne Kew	Glenn Gonsal
VIC – Melbourne Frankston	Bill Shirley
WA – Perth Equities	John Venn

## Publications

In addition to the quarterly *Investors' Voice*, the AIA produces 32 email bulletins annually. These combine articles sourced from professionals as well as contributions from members. In addition, a monthly Info Email alerts members to a wide range of websites, upcoming events, new member benefits and more.

Publication	Distribution Dates
<i>Investors Voice</i>	August/November/February/May
<i>Derivatives Bulletin</i>	August/October/December/February/April/June
<i>Equities Bulletin</i>	July/September/October/December/January/March/

	April/June
<i>Managed Investments Bulletin</i>	July/September/November/January/March/May
<i>Property Bulletin</i>	July/September/November/January/March/May
<i>SMSF Bulletin</i>	August/October/December/February/April/June
Info Email	Last day of the month excluding December

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## Website

The AIA website [www.investors.asn.au](http://www.investors.asn.au) has recently been revamped. All forthcoming AIA events and discussion group coordinators are listed in the public area. AIA publications and most papers from seminars can be accessed via the member's area. Log on as a member and then go to MEMBER'S AREA. Other website resources include book and software reviews; member discounts; a list of useful links and more. Visit the AIA website - it has a wealth of information.

***The latest AIA activities are always shown on the back page of the Investors' Voice newsletter and on the AIA website [www.investors.asn.au](http://www.investors.asn.au). Members are always notified of events in their area by either email or post.***

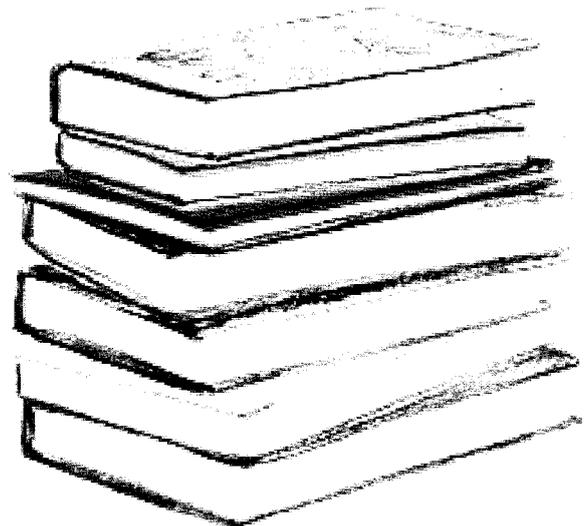


# **Australian Investors Association Limited**

General Purpose Financial Report

ACN 052 411 999

30 June 2008



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# Directors' Report

Your Directors present their report on the company for the financial year ending 30 June 2008.

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

Mr R Andrew	Mr J Venn
Mr S McKenzie	Mr R Gibson
Mr J Forsyth	Mr A Vorbach
Mr W Shirley	Mr R Rigby
Mr B McBryde	Mr W Murphy (appointed 4/10/2007)

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

## Principal activities

The principal activities of the company during the financial year were to further the interests of investors.

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

## Operating results

The operating profit of the company for the financial year after providing for income tax amounted to \$33,174 (2007: \$59,166).

## Dividends paid or recommended

No dividends were paid during the year and no recommendation is made as to the payment of dividends.

## Review of operations

No significant changes in the company's state of affairs occurred during the financial year.

## After balance date events

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

## Future developments

The directors have no plans to deviate from or add to the existing operations of the company.

## Environmental issues

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

# Directors' Report

## Information on Directors

Name	Number of Meetings Attended	Number of Meetings held during Directorship	Occupation
Mr Robert Andrew	4	4	Retired, President
Mr William Shirley	3	4	Retired, Vice President
Mr Jolyon Forsyth	4	4	Retired, Honorary Treasurer, Company Secretary
Mr Scott McKenzie	3	4	Financial Planner
Mr Bruce McBryde	3	4	Retired
Mr John Venn	2	4	Retired
Mr Adrian Vorbach	3	4	Retired
Mr Ronald Gibson	4	4	Retired
Mr Ron Rigby	3	4	Retired
Mr William Murray	2	2	Retired

During the financial year, 4 meetings of directors were held. The number of meetings attended and the number of meetings held during the directorships are stated above.

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

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

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

# Directors' Report

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 21.

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



R Andrew  
Director

  
\_\_\_\_\_  
J Forsyth  
Director

Dated this 28th day of August 2008

# Income Statement

for the year ended 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	2	471,683	485,942
Marketing expense		(3,264)	-
Administrative expense	3b	(153,619)	(142,194)
Other expenses from ordinary activities	3b	<u>(273,813)</u>	<u>(278,624)</u>
Profit/(Loss) before income tax		40,987	65,124
Income tax expense	5	<u>(7,813)</u>	<u>(5,958)</u>
Profit/(Loss) attributable to members of the company		<u><u>33,174</u></u>	<u><u>59,166</u></u>

# Balance Sheet

as at 30 June 2008

	Note	2008 \$	2007 \$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	6	497,083	473,027
Trade and other receivables	7	5,500	40,724
Other current assets	8	97,744	84,875
<b>Total Current Assets</b>		<b>600,327</b>	<b>598,626</b>
<b>Non current</b>			
Property, Plant & Equipment	9	6,910	-
<b>Total Non Current Assets</b>		<b>6,910</b>	<b>-</b>
<b>Total Assets</b>		<b>607,237</b>	<b>598,626</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	10	383,125	407,369
Current tax liabilities	11	3,034	3,353
<b>Total Current Liabilities</b>		<b>386,159</b>	<b>410,722</b>
<b>Total Liabilities</b>		<b>386,159</b>	<b>410,722</b>
<b>Net Assets</b>		<b>221,078</b>	<b>187,904</b>
<b>Equity</b>			
Retained earnings		221,078	187,904
<b>Total Equity</b>		<b>221,078</b>	<b>187,904</b>

# **Statement of Changes in Equity**

for the year ended 30 June 2008

	Note	Retained Earnings \$	Total \$
<b>Balance at 1 July 2006</b>		<b>128,738</b>	<b>128,738</b>
Profit attributable to members of parent entity		<u>59,166</u>	<u>59,166</u>
<b>Balance at 30 June 2007</b>		<b>187,904</b>	<b>187,904</b>
Profit attributable to members of parent entity		<u>33,174</u>	<u>33,174</u>
<b>Balance at 30 June 2008</b>		<b><u>221,078</u></b>	<b><u>221,078</u></b>

# Cash Flow Statement

for the year ended 30 June 2008

	Note	2008	2007
		\$	\$
<b>Cash Flow from Operating Activities</b>			
Receipts from customers		445,140	465,467
Payments to suppliers and employees		(432,036)	(402,937)
Interest received		26,543	20,501
Income tax refund/(paid)		(8,132)	(8,562)
<b>Net cash provided by (used in) operating activities</b>	15	<u>31,515</u>	<u>74,469</u>
<b>Cash flows from investing activities</b>			
Payments for Property Plant and Equipment		(7,459)	-
<b>Net cash provided by (used in) investing activities</b>		<u>(7,459)</u>	<u>-</u>
Net increase/(decrease) in cash held		24,056	74,469
Cash at beginning of year		473,027	398,558
<b>Cash at end of year</b>	6	<u>497,083</u>	<u>473,027</u>

# Notes to the Financial Statements

for the year ended 30 June 2008

## 1. Statement of significant accounting policies

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

Australian Investors' Association Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements were authorised for issue by the directors on 28th August 2008.

### Basis of preparation

#### *Reporting Basis and conventions*

The financial report has been prepared on an accruals basis and is based on historical costs.

### Accounting policies

#### a. Income Tax

The charge for current income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

# Notes to the Financial Statements

for the year ended 30 June 2008

## **1. Statement of significant accounting policies (continued)**

### **a. Income Tax (continued)**

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised to comply with the conditions of deductibility imposed by the law.

### **b. Financial instruments**

The company's financial instruments consist of deposits with banks. The main risk the company is exposed to through its financial instruments is interest rate risk. Refer to Note 14 for further details.

### **c. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **d. Revenue**

Revenue from the rendering of a service is recognised upon the delivery of the service to the members.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

### **e. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

*Receivables and payables in the statement of financial position are shown inclusive of GST.*

### **e. Goods and Services Tax (GST) (continued)**

# Notes to the Financial Statements

for the year ended 30 June 2008

## **1. Statement of significant accounting policies (continued)**

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### **Critical accounting estimates**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation about future events and are based on current trends and economic data, obtained both externally and within the company.

# Notes to the Financial Statements

for the year ended 30 June 2008

## 2. Revenue

	Note	2008 \$	2007 \$
Operating activities:			
- National conference registration		-	-
- Subscriptions income		136,909	149,093
- Conference registration		194,619	180,856
- Information meeting income		6,295	4,416
- National conference sponsorship fees		36,000	41,000
- Expo/conference book sales		1,038	1,361
- Seminar income (full and half day)		62,525	84,109
- Sundry income		1,031	2,197
- Interest received	2a	26,543	20,501
- Teleconference		6,723	2,409
- Council reimbursement		-	-
Total revenue		<u>471,683</u>	<u>485,942</u>
a. Interest revenue from:			
- other persons		26,543	20,501

## 3. Profit before income tax

### a. Expenses

Depreciation of non-current assets

- plant and equipment		549	-
Total depreciation expense		<u>549</u>	<u>-</u>

### b. Significant Expenses

The following significant expense items are relevant in explaining the financial performance:

Administration Expenses

-Secretariat		84,535	84,641
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Other expenses from ordinary activities

-Venue expenses		117,734	118,656
-Event expenditure		123,497	142,328

## 4. Auditor's remuneration

Remuneration of the auditor:

- auditing or reviewing the financial report		6,900	6,350
- other advisory services		2,300	2,100
		<u>9,200</u>	<u>8,450</u>

# Notes to the Financial Statements

for the year ended 30 June 2008

## 5. Income tax expense

	Note	2008 \$	2007 \$
expense comprise:			
- current tax		7,813	5,958
		<u>7,813</u>	<u>5,958</u>
 b. The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30%:		12,296	19,537
 Less:			
Tax Effect of:			
- Exempt income		4,483	13,579
		<u>7,813</u>	<u>5,958</u>
Income tax expense attributable to profit from ordinary activities			
 The applicable weighted average effective tax rates are as follows:		30%	30%

## 6. Cash and cash equivalents

Cash at bank	497,083	473,027
	<u>497,083</u>	<u>473,027</u>
<b>Reconciliation of cash</b>		
Cash at the end of the financial period as shown in the cash flow statement is reconciled to items in the balance sheet as listed above.	497,083	473,027

## 7. Trade and other receivables

### CURRENT

Trade receivables	5,500	40,724
	<u>5,500</u>	<u>40,724</u>

## 8. Other assets

### CURRENT

Prepayments	27,998	33,258
Deposits and bonds	69,746	51,617
	<u>97,744</u>	<u>84,875</u>

# Notes to the Financial Statements

for the year ended 30 June 2008

## 9. Property, plant and equipment

	Note	2008	2007
		\$	\$
Office equipment - at cost		7,459	-
less: Accumulated depreciation		(549)	-
		<u>6,910</u>	<u>-</u>
Total property, plant and equipment		<u>6,910</u>	<u>-</u>

### Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year:

	Office Equipment (\$)	Total (\$)
Balance at the beginning of the year	-	-
Additions	7,459	7,459
Disposal	-	-
Depreciation expense	(549)	(549)
Carrying amount at the end of the year	<u>6,910</u>	<u>6,910</u>

## 10. Trade and other payables

	Note	2008	2007
		\$	\$
<b>CURRENT</b>			
Trade payables		11,555	11,235
Sundry payables and accrued expenses		10,300	9,350
Income received in advance		210,995	231,212
Subscriptions in advance		118,879	117,353
Other creditors		15,000	15,000
GST payable		16,396	23,219
		<u>383,125</u>	<u>407,369</u>

## 11. Tax

### a. Liabilities

#### Current

Income tax		3,034	3,353
		<u>3,034</u>	<u>3,353</u>

# Notes to the Financial Statements

for the year ended 30 June 2008

## 12. Segment reporting

The Australian Investors' Association Limited provides education services to members throughout Australia through newsletters, the website, information meetings and conferences. Revenue is derived by the company through members' subscriptions, entry fees and the sale of investment publications to members. It has no reportable business or geographic segments.

## 13. Members' guarantee

### a) Members' guarantee

The company is limited by guarantee. If the Company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the company. At 30 June 2008, the number of members was 1,928 (2007: 1,986).

### b) Capital Management

As stated above, the company is limited by guarantee and therefore does not have any share capital. Management controls the capital of the company in order to maintain a good debt to equity ratio, and to ensure that the company can fund its operations and continue as a going concern. There are no externally imposed capital requirements.

## 14. Financial instruments

### a. Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The company does not have any derivative instruments at 30 June 2008.

The main risks the company is exposed to through its financial instruments are liquidity risk.

#### *Interest rate risk*

The company is not exposed to interest rate risks as there are no borrowings and therefore no interest is charged. As a result, no sensitivity analysis is required.

#### *Foreign currency risk*

The company is not exposed to fluctuations in foreign currencies.

#### *Liquidity risk*

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.

#### *Credit risk*

The entity does not have any material credit risk exposure to any single receivable or group of receivables under the financial instruments entered into by the entity.

#### *Price risk*

The entity is not currently exposed to any material commodity price risk.

# Notes to the Financial Statements

for the year ended 30 June 2008

## 14. Financial instruments continued

### (ii) Interest Rate Risk

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

	Weighted Average Effective Interest Rate		2008	2007
	2008	2007	\$	\$
	%	%		
<b>Financial Assets</b>				
Cash and cash equivalents	7.15	5.0	497,083	473,027
Trade receivables	-	-	5,500	40,724
Deposits and bonds	-	-	69,746	51,617
<b>Total Financial Assets</b>			<b>572,329</b>	<b>565,368</b>

### (iii) Net fair value

For other assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

## 15. Cash flow information

	Note	2008	2007
		\$	\$
<b>a. Reconciliation of Cash</b>			
Cash at the end of the financial year as shown in the cashflow statement is reconciled to the related items in the balance sheet as follows.			
Cash at bank	6	497,083	473,027
<b>b. Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax</b>			
Profit from ordinary activities after income tax		33,174	59,166
Non-cash flows in profit from ordinary activities:			
- depreciation		549	-
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables		35,224	-40,700
- (increase)/decrease in other current assets		(12,869)	-8,425
- increase/(decrease) in trade and other payables		(24,244)	67,032
- increase/(decrease) in income taxes payable		(319)	-2,604
Cashflow from operating activities		<b>31,515</b>	<b>74,469</b>

# Notes to the Financial Statements

for the year ended 30 June 2008

## **16. Events after the balance sheet date**

No significant subsequent events have been discovered since balance sheet date which would make these financial statements for the year materially inaccurate or misleading, nor are any matters pending which might have such an effect.

The financial statements were authorised for issue by the Directors on the 28th August 2008.

## **17. Company details**

The registered office of the company is:

24 Chermside Street  
NEWSTEAD QLD 4006

The principal place of business is:

24 Chermside Street  
NEWSTEAD QLD 4006

## 18. Changes in accounting policies

The following Australian Accounting Standards which have been issued or amended and which are applicable to the company but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

		Standards Affected	Outline of Amendment	Application date of Standard	Application date for the Company
AASB 2007–3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report, as the entity does not fall within the scope of AASB 8.65	1.1.2009	1.7.2009
	AASB 6	Exploration for and Evaluation of Mineral			
	AASB 102	Inventories			
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above.	1.1.2009	1.7.2009
AASB 2007–6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
	AASB 107	Cash Flow Statements			
	AASB 111	Construction Contracts			
	AASB 116	Property, Plant and Equipment			
	AASB 138	Intangible Assets			
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above	1.1.2009	1.7.2009
AASB 2007–8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity.	1.1.2009	1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	As above	1.1.2009	1.7.2009

All other pending Standards issued between the previous financial report and the current reporting date have no application to the company.

# Directors' Declaration

The Directors' of the company declare that:

1. The financial statements and notes, as set out pages 6 to 19 are in accordance with the Corporations Act 2001:
  - (a) Comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
  - (b) Give a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

  
\_\_\_\_\_  
R Andrew  
Director

  
\_\_\_\_\_  
J Forsyth  
Director

Dated this 28th day of August 2008



# Grant Thornton

Grant Thornton Queensland Partnership  
ABN 13 131 589 059

## **AUDITOR'S INDEPENDENCE DECLARATION**

**TO THE MEMBERS OF AUSTRALIAN  
INVESTORS ASSOCIATION LIMITED  
ABN 75 052 411 999**

Ground Floor  
102 Adelaide Street  
Brisbane  
Queensland 4000  
GPO Box 1008  
Brisbane  
Queensland  
4001

T + 61 7 3222 0200  
F + 61 7 3222 0444  
E [info@gtqld.com.au](mailto:info@gtqld.com.au)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

In accordance with the requirements of section 307C of the Corporations Act 2001, as auditor of the Australian Investors Association Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditors independence requirements set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON

Leslie R Jones  
Partner

Brisbane

Dated 28<sup>th</sup> of August 2008



Grant Thornton Queensland Partnership  
ABN 13 131 589 059

## **INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF AUSTRALIAN  
INVESTORS ASSOCIATION LIMITED  
ABN 75 052 411 999**

Ground Floor  
102 Adelaide Street  
Brisbane  
Queensland 4000  
GPO Box 1008  
Brisbane  
Queensland  
4001

T + 61 7 3222 0200  
F + 61 7 3222 0444  
E [info@gtqld.com.au](mailto:info@gtqld.com.au)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

We have audited the accompanying financial report of the Australian Investors Association Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration set out on page 6 to 20.

### **Directors' responsibility for the financial report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards, which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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



# Grant Thornton

An audit also includes evaluating the appropriateness of accounting policies used and the *reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Independence**

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

## **Auditor's opinion**

In our opinion:

- a the financial report of the Australian Investors Association Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

GRANT THORNTON

A handwritten signature in cursive script, appearing to read "Leslie R Jones".

Leslie R Jones  
Partner

Brisbane



August 2008