

Adult Learning Australia Inc

Annual Report 2005-2006



Adult Learning
Australia Inc.

President's Report 2005

This is my final report as ALA President, a position I have been honoured to hold for three years. I hope that my three terms have had a lasting positive affect on ALA and I pay tribute to the Board for their support over the period.

The year started positively for the Board as we adjusted to a new funding relationship with the Federal Government through the Department of Education Science and Training. I pay tribute to Robyn Priddle, Katherine Gingelle and Tracey Murphy from DEST who worked very hard to achieve a new a solid relationship.

The ALA conference in Canberra was a great success with a Gala Awards Evening at the National Museum of Australia. We were fortunate to have overseas visitors form Switzerland (Andre Schäfli), the UK (Veronica McGivney) and the USA (Dr Marcie Boucouvalas) well as conference delegates from all parts of Australia. There were some memorable conference keynotes as many interesting and informative workshops.

The ALA AGM welcomed two new members to the Board, Kathleen Broderick then of WA, now Far North Queensland and Greg Peart from Tasmania. We said farewell to Dorothy Lucardie and Karen Ireland and, during the year, Jim Nicolls.

The delayed process of the ALA strategic plan was put back on the front burner once we had settled our funding relationship with DEST. John Teres from AuSAE helped the Board to develop a new mission statement and goals which were integrated into the Carver Governance Model, part of our new policy and operational system. A marketing plan followed.

Peter Lavender, Alan Tuckett from the National Institute of Adult and Continuing Education (UK) helped us celebrate Adult Learners' Week. Many meetings at senior level were secured as a result of the visit of Alan and Peter; the most memorable being with Gary Hardgraves the Minister for Vocational Training and Education.

I was again fortunate to attend the American Association of Adult and Continuing Education Conference, held last November in Pittsburgh PA. Our continuing relationship with the AAACE has meant that we have now established a contra arrangement of complimentary conference registrations to our respective conferences. This relationship helps us to draw on and disseminate the best practices from other parts of the world.

The past three years have been marked by significant change and fluidity. Funding has been far from secure and we have worked at our relationships to continue to press the case for adult learning.

Importantly, the new strategic plan concentrates or focuses ALA's attention on the Adult Learning Provider, be they an organisation or an individual. This has been a significant clarification of focus for ALA. We lobby for and represent a broad and diverse group who we must now actively alert to our presence and efforts. An overriding challenge now facing the new Board will be to maintain our relevance to

both members and the government. The new Board will I am sure press strongly to achieve this goal.

May I finally acknowledge the strong efforts of the ALA National Office as led by Ron Anderson. Over the past year the tasks undertaken by the office have been both difficult and at times, precarious.

Well done and I look forward to continuing to work with the new Board.

Garry John Traynor
President 2005-06

The Chief Executive Officer's 2005-6 AGM Report.

Ladies and Gentlemen I would like to begin my report to you for the Financial Year 2005-6 by outlining some of the key achievements for the period.

This period was the first full-year of funding for the organization from the Department of Education Science and Training (DEST).

As you would be aware in previous years the grant we received to promote adult learning in all its forms nationally, came through Australian National Training Authority (ANTA).

New relationships like this require time to clarify each organization's expectations of outcomes and to develop a strong working relationship.

This work over the year has developed into a very positive one with the Department.

The activities undertaken by ALA can be identified under six functional categories:

1. Peak Body functions;
2. Research;
3. Learning Community initiatives
4. Adult Learners' Week
5. Learn@Work Day
6. ACE-VET Linkages.

Our Peak Body activities include the delivery of services to the membership; liaison with DEST and other stakeholders around issues linked to adult learning policy; representation of the ACE sectors interests at relevant forums; the collection of data about ACE provision nationally and the facilitation of communication with stakeholders and members.

One of these activities was ALA's representation on the national Client Student Voice Action Group (CSVAG), convened by the National Senior Officer's Committee and project managed, on behalf of the Commonwealth, by DFEEST in South Australia. The work of this Committee looked at identifying pathways into accredited vocational courses for disadvantaged adult learners.

ALA also made a contribution to the work being undertaken by the Department of Treasury in the development of their financial literacy package.

ALA's contribution to the adult learning research agenda was significant through the work commissioned by our Visiting Research Fellows. This work included a comprehensive study by Dr Sarojni Choy and her team from QUT. The project provides a structural analysis of the scope of current ACE sector provision nationally.

Peter Kearns also contributed further research around equity and community provision issues for adult learners.

ALA also provided input to research commissioned by DEST through a project undertaken by Ben Bardon that compliments the directions taken in the Choy work mentioned earlier.

In relation to ALA's contribution to the learning communities agenda the following activities are worthy of mention here.

The 'Three Local Government Learning Communities' project explored the possible synergies between three neighbouring local government areas in northern metropolitan Melbourne. These LGA's were Darebin (Active Ageing), Hume (learning opportunities for young adolescents and Yarra Ranges (learning opportunities for young children) . Each area concentrated on promoting learning within a 'phases of life approach'. This project was initiated through Peter Kearns who is also an ALA Visiting Research Fellow. He also prepared the evaluation of outcomes report.

ALA has also sponsored the community radio station PBAFM to develop a series of good news stories about adult learning journeys and other topical adult learning interest stories, to promote advancing interest about learning in the local community. It is planned that these stories will start to be delivered nationally over the community radio network during the 2006-7 financial year.

Adult Learners' Week is a national campaign managed by ALA and offered with the strong support of each of the states and territories. The campaign in 2005 delivered an awareness rate of 25% of the adult Australian population. This project continues to grow in the involvement and interest shown by ACE and other adult educators.

Linked with Adult Learners' Week is the Learn@Work Day project which seeks to encourage enterprises to actively develop workplace learning. These activities can include either formal or informal learning. Our focus for this initiative is to build a strong range of activities within the local government sector to establish the value of workplace learning before we make approaches to the business community. This is building a little slower than we would like but we have had strong interest shown by Marrickville Council and the Local Government Industry Skills body.

Finally, the ACE-VET linkage component of ALA's activities revolves around making connections across the adult learning field at the Annual Conference. The 45th Annual Conference in Canberra with the theme Learner@Work: New Directions and Connections proved to be a success drawing both international and local speakers and participants who contributed their knowledge about learning in the workplace. Judging by the engagement of participants and concluded with the Awards Dinner at the National Museum, the event was certainly memorable.

Ladies and gentlemen I conclude this report by thanking those many people who have assisted me on your behalf to complete the many activities that your peak body undertook throughout the year-the staff of ALA, the board and our Visiting Research Fellows for their contribution on many levels to operational and policy matters.

Thank-you.

Ron Anderson

Chief Executive Office

23rd November 2006

ADULT LEARNING AUSTRALIA INC
ABN 78 533 061 672

GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

ADULT LEARNING AUSTRALIA INC

STATEMENT BY THE BOARD

BOARD

The following persons are members of the Board at the date of this report or were members during the financial year:

Garry Traynor	<i>President</i>
Deidre Baker	<i>Vice-President</i>
Roger Morris	<i>Secretary</i>
Vaughan Croucher	<i>Treasurer</i>
Rita Bennink	
Karen Ireland	
Dorothy Lucardie	
James Nicholls	
Elizabeth Keyes	
Kathleen Broderick	
Greg Peart	

PRINCIPAL ACTIVITIES

The principal activities during the financial year were promotion and development of adult learning in Australia. These are outlined in the Association's Annual report

There were no significant changes in the nature of the Association's principal activities during the financial year.


RESULT FOR THE YEAR

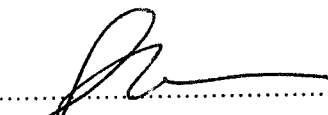
The net surplus of the Association for the year ended 30 June 2006 was \$24,158.

FINANCIAL REPORT

In the opinion of the Board, the accompanying general purpose financial report is drawn up so as to give a true and fair view of the Association's financial position as at 30 June 2006 and of its performance for the year ended on that date.

In the opinion of the Board there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.


.....
Name: GARRY JOHN TRAYNOR Member of Board


.....
Name: VAUGHAN CROUCHER Member of Board
TREASURER

Dated at CANBERRA this 27th day of October 2006

ADULT LEARNING AUSTRALIA INC
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Revenue	2	2,061,946	1,341,889
Project expenses	16	(1,442,533)	(734,309)
Employee benefits expense		(271,510)	(321,693)
Depreciation expense		(8,836)	(6,772)
Other expenses from ordinary activities	3	(314,909)	(257,131)
Net profit/(loss) from ordinary activities attributable to members of the Association		<u>24,158</u>	<u>21,984</u>

The accompanying notes form part of this financial report

ADULT LEARNING AUSTRALIA INC

**BALANCE SHEET
AS AT 30 JUNE 2006**

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash and cash equivalents	4	529,621	774,930
Trade and other receivables	5	96	21,387
Other financial assets	6	46,785	45,620
Other current assets	7	<u>159,846</u>	<u>82,016</u>
TOTAL CURRENT ASSETS		<u>736,348</u>	<u>923,953</u>
NON-CURRENT ASSETS			
Other financial assets	6	1,252	417
Property, plant and equipment	8	24,285	17,366
Intangible asset	9	<u>535</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS		<u>26,072</u>	<u>17,783</u>
TOTAL ASSETS		<u>762,420</u>	<u>941,736</u>
CURRENT LIABILITIES			
Trade and other payables	10	92,306	105,478
Other current liabilities	11	<u>450,813</u>	<u>640,577</u>
TOTAL CURRENT LIABILITIES		<u>543,119</u>	<u>746,055</u>
NON-CURRENT LIABILITIES			
Employee benefits provision	12	<u>2,155</u>	<u>3,528</u>
TOTAL NON-CURRENT LIABILITIES		<u>2,155</u>	<u>3,528</u>
TOTAL LIABILITIES		<u>545,274</u>	<u>749,583</u>
NET ASSETS		<u>217,146</u>	<u>192,153</u>
EQUITY			
Retained profits		216,311	192,153
Reserve	13	<u>835</u>	<u>-</u>
		<u>217,146</u>	<u>192,153</u>

The accompanying notes form part of this financial report

ADULT LEARNING AUSTRALIA INC

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

	Note	Retained Earnings \$	Financial Assets Reserve \$	Total \$
Balance at 1 July 2004		170,169	-	170,169
Profit attributable to members of the Association		21,984	-	21,984
Balance at 30 June 2005		<u>192,153</u>	-	<u>192,153</u>
Revaluation increment on Shares	13	-	835	835
Profit attributable to members of the Association		24,158	-	24,158
Balance at 30 June 2006		<u>216,311</u>	<u>835</u>	<u>217,146</u>

The accompanying notes form part of this financial report

ADULT LEARNING AUSTRALIA INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from operations		1,975,429	1,637,348
Interest received		31,144	21,032
Dividends received		95	61
Payments to suppliers and employees		<u>(2,239,079)</u>	<u>(1,399,290)</u>
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	14	<u>(232,411)</u>	<u>259,151</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in deposits held to maturity		(1,165)	-
Purchase of motor vehicle and office equipment		(11,198)	(8,212)
Purchase of 1300 telephone number		(535)	
Proceeds from sale of office equipment		-	360
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(12,898)</u>	<u>(7,852)</u>
NET INCREASE/(DECREASE) IN CASH HELD		(245,309)	251,299
Cash at the beginning of the financial year		<u>774,930</u>	<u>523,631</u>
CASH AT THE END OF THE YEAR	4	<u>529,621</u>	<u>774,930</u>

The accompanying notes form part of this financial report

ADULT LEARNING AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *Associations Incorporation Act 1991*.

The financial report covers Adult Learning Australia Inc. as an individual entity. Adult Learning Aust Inc. is an association incorporated in the Australian Capital Territory under the *Associations Incorporation Act 1991*.

Australian Accounting Standards includes Australian Equivalents to International Financial Reporting Standards (AEIFRS). Compliance with AEIFRS ensures that the financial statements and notes of Adult Learning Australia Inc. comply with International Financial Reporting Standards (IFRS).

This financial report is prepared on an accruals basis and is based on historical costs, with the exception where stated, of the application of fair value basis of accounting for selected non-current assets.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) *Taxation*

Income Tax

The Association is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*.

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 Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an expense.

Receivables and payables, other than accrued expenses, are stated with the amount of the GST included.

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

ADULT LEARNING AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation or amortisation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from those assets. Recoverable amount is the higher of an asset's fair value, less costs to sell and its value in use. As a not-for-profit entity, value in use is depreciated replacement cost.

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

(c) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated or amortised on a straight line basis over their useful lives to the Association commencing from the time the asset is held ready for use.

The depreciation rates used for each class of asset are as follows:

Office equipment and furniture	33.3% and 20%
Motor vehicles	25%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(d) Operating Leases

The Association has entered into operating leases under which the lessor effectively retains substantially all the risks and benefits of ownership.

Operating lease payments are charged to the income statement in the periods in which they are incurred, as this represents the pattern of benefits from the leased assets.

ADULT LEARNING AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

(e) *Financial Instruments*

Recognition

Financial instruments are initially measured at cost, including transaction costs, on the date contracted. Subsequent to initial recognition these instruments are measured as set out below.

Impairment

At each reporting date the Association assesses whether there is objective evidence that a financial instrument has been impaired and adjusts the value of the instrument accordingly.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and includes accrued interest income. They are stated at the amount due and are normally settled within 30 days. The collectibility of debts is assessed and specific allowance is made for impairment of receivables.

Financial liabilities

Non-derivative financial liabilities are recognised at original debt less any payments of principal.

Available for sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

(f) *Impairment*

At each reporting date the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

(g) *Employee benefits*

Salaries and annual leave

Liability for salaries and annual leave is recognised up to the reporting date and is measured at the amounts expected to be paid when the liability is settled. The amount expected to be paid within one year includes fringe benefits and superannuation and is included in the balance sheet under trade and other payables. Payments expected to be paid later than one year have been measured at the present value of the estimated future cash outflows and are included in the balance sheet under employee benefits provision (non-current liability).

ADULT LEARNING AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) *Employee benefits (continued)*

Long service leave

Provision is made for the Association's liability for long service leave arising from services rendered by employees to balance date. Consideration is given to estimated future salary experience of employee departures and period of service. Payments expected to be paid later than one year have been measured at the present value of the estimated future cash outflows and are included in the balance sheet under employee benefits provision (non-current liability).

Superannuation contributions

Contributions to all superannuation plans for the benefit of employees of the Association are charged to the income statement during the financial period in which they are incurred. Amounts due at balance date but not yet paid are included with employee benefits in the balance sheet under trade and other payables.

(h) *Cash*

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. Bank overdrafts are shown with short-term borrowings in current liabilities on the balance sheet.

(i) *Revenue recognition*

Members' subscriptions are recognised in the year in which invoices are raised and any amounts relating to future periods are recognised as a liability.

Grant income is recognised to the extent of expenditure of the grant. Grant monies that have been received or are receivable but not expended at balance date, are carried forward as unexpended grants.

Dividends are recognised when the right to receive them has been established.

(j) *Comparative Figures*

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

ADULT LEARNING AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)**

	2006	2005
	\$	\$
2. REVENUE		
Operating activities		
Grants received		
Operating grant	305,000	300,000
Project grants	1,442,533	734,309
Membership subscriptions	16,545	49,755
Project expenses recovered	239,166	214,959
Publication sales	10,942	13,374
Other	8,286	8,399
Non-operating activities		
Profit on sale of office equipment	4,557	-
Interest received	34,822	21,032
Dividends received	95	61
	<u>2,061,946</u>	<u>1,341,889</u>
3. PROFIT FROM ORDINARY ACTIVITIES		
Other expenses from ordinary activities:		
Administration expenses	206,252	148,548
Publication expenses	51,436	53,073
Remuneration paid to the auditor for audit or review of the financial report	1,400	1,800
Rental expense on operating leases		
Minimum lease rentals	55,821	52,288
Loss on sale of office equipment	-	1,422
	<u>314,909</u>	<u>257,131</u>
4. CASH AND CASH EQUIVALENTS		
Cash on hand	200	200
Cash at bank	252,817	7,615
Deposits at call	276,604	767,115
	<u>529,621</u>	<u>774,930</u>
5. RECEIVABLES		
Trade debtors	-	18,680
Sundry debtors	96	2,707
	<u>96</u>	<u>21,387</u>
6. OTHER FINANCIAL ASSETS		
<i>Current:</i>		
Held to maturity assets:		
Fixed deposits maturing later than 3 months after balance date	46,785	45,620
<i>Non-current:</i>		
Available for sale financial assets		
Listed investment, at fair value (2005: at cost)		
Shares in Insurance Australia Group	1,252	417

Fair value of listed investments is the published bid-price current at reporting date.

ADULT LEARNING AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)**

	2006	2005	
	\$	\$	
7. OTHER CURRENT ASSETS			
Prepayments	10,168	9,941	
Accrued Income	<u>149,678</u>	<u>72,075</u>	
	<u>159,846</u>	<u>82,016</u>	
8. PROPERTY PLANT AND EQUIPMENT			
Motor vehicle - at cost	21,092	19,442	
Less: Accumulated depreciation	<u>(2,846)</u>	<u>(10,839)</u>	
	<u>18,246</u>	<u>8,603</u>	
Office equipment and furniture - at cost	15,402	14,387	
Less: Accumulated depreciation	<u>(9,363)</u>	<u>(5,624)</u>	
	<u>6,039</u>	<u>8,763</u>	
TOTAL	<u><u>24,285</u></u>	<u><u>17,366</u></u>	
<i>Movements in Carrying Amounts:</i>	Total	Motor vehicle	Office equipment and furniture
	\$	\$	\$
Balance at beginning of year	17,366	8,603	8,763
Additions	22,108	21,092	1,016
Disposals	(6,353)	(6,353)	-
Depreciation	<u>(8,836)</u>	<u>(5,097)</u>	<u>(3,739)</u>
Carrying amount at end of year	<u>24,285</u>	<u>18,245</u>	<u>6,040</u>
	2006	2005	
	\$	\$	
9. INTANGIBLE ASSETS			
1300 Telephone number - at cost	<u>535</u>	<u>-</u>	
10. PAYABLES			
Trade and other creditors and accruals	57,436	55,265	
GST liabilities	4,024	9,026	
Employee benefits - current	<u>30,846</u>	<u>41,187</u>	
	<u>92,306</u>	<u>105,478</u>	
11. OTHER CURRENT LIABILITIES			
Subscriptions in Advance	20,157	16,546	
Unexpended grants - Note 18	<u>430,656</u>	<u>624,031</u>	
	<u>450,813</u>	<u>640,577</u>	
12. PROVISIONS			
Non-current			
Employee benefits	<u>2,155</u>	<u>3,528</u>	

ADULT LEARNING AUSTRALIA INC

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)**

	2006	2005
	\$	\$
13. RESERVES		
Financial assets revaluation reserve	835	-
Nature and purpose of reserve:		
The financial assets revaluation reserve records the changes in the fair value of listed investments. This reserve is not able to be distributed as a dividend. Amounts are recognised in the income statement when the listed investment is sold or impaired.		
14. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) <i>Reconciliation of net cash from operating activities to operating surplus</i>		
Operating surplus	24,158	21,984
Non-cash flows in operating profit:		
Depreciation	8,836	6,772
(Profit)/Loss on disposal of office equipment	(4,557)	1,422
Movements, arising from operating activities, in assets and liabilities:		
Receivables	21,291	(21,217)
Prepayment	(227)	(6,906)
Accrued income	(77,603)	(72,075)
Investments	-	-
Payables	(2,831)	62,651
Employee benefits	(11,714)	1,879
Subscriptions in advance	3,611	(10,083)
Unexpended grants	(193,375)	274,724
Net cash flows from operating activities	(232,411)	259,151
(b) <i>Non-Cash Financing and Investing Activities</i>		
Consideration for motor vehicle traded-in	10,909	-
(c) <i>Credit Standby Arrangements with Banks</i>		
Credit card facility having a variable interest rate:	10,000	10,000
Amount utilised	2,507	4,885
Unused credit facility	7,493	5,115

ADULT LEARNING AUSTRALIA INC

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)**

15. FINANCIAL INSTRUMENTS

Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main risks to which the Association is exposed through its financial instruments are interest rate risk, liquidity risk and credit risk.

Credit risk exposure: The Association's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet.

Liquidity risk: The Association manages liquidity risk by monitoring forecast cash flows.

Interest rate risk: The Association'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 classes of financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate	Variable interest rate	Non- Interest bearing	Fixed interest maturing 1-5 years	Total carrying amount
2006	%	\$	\$	\$	\$
Financial Assets					
Cash	4.52	529,421	200	-	529,621
Fixed deposits	2.96	-	-	46,785	46,785
Receivables		-	96	-	96
Investments		-	1,252	-	1,252
Accrued interest income		-	3,678	-	3,678
Total financial assets		529,421	5,226	46,785	581,432
Financial liabilities					
Payables		-	61,460	-	61,460
Subscriptions in advance		-	20,157	-	20,157
Unexpended grants		-	430,656	-	430,656
Total financial liabilities		-	512,273	-	512,273
Net financial assets		529,421	(507,047)	46,785	69,159

ADULT LEARNING AUSTRALIA INC

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)**

15. FINANCIAL INSTRUMENTS (continued)

	Weighted average effective interest rate	Variable Interest rate	Non- Interest bearing	Fixed interest maturing 1-5 years	Total carrying amount
2005					
Financial Assets	%	\$	\$	\$	\$
Cash	3.76	774,730	200	-	774,930
Fixed deposits		-	-	45,620	45,620
Receivables		-	21,387	-	21,387
Investment			417	-	417
Total financial assets		774,730	22,004	45,620	842,354
Financial liabilities					
Payables		-	64,291	-	64,291
Subscriptions in advance		-	16,546	-	16,546
Unexpended grants		-	624,031	-	624,031
Total financial liabilities		-	704,868	-	704,868
Net financial assets		774,730	(682,864)	45,620	137,486

16. PROJECTS FOR THE YEAR ENDED 30 JUNE 2006

	Unexpended Grants at beginning of the year	INCOME	EXPENDITURE	Unexpended Grants at end of the year
	\$	\$	\$	\$
Research	-	60,000	20,000	40,000
Scoping Business Needs	-	25,000	15,020	9,980
Learning Communities	-	50,000	20,751	29,249
Portal Project	-	30,900	30,900	-
E-Learning Creative Community Partnerships 2006	-	360,000	150,439	209,561
Flag 2006 Ace Member Support	-	-	3,006	(3,006)
Adult Learning Week 2006	-	250,000	119,074	130,926
Learn @ Work Day 2006	-	20,000	6,054	13,946
E-Learning Creative Community Partnerships 2005	155,168	220,375	375,543	-
Research Grant 2004/2005	54,086	-	54,086	-
LC Broker Pilot Grant Received	11,234	-	11,234	-
Learn @ Work Day 2005	20,993	-	20,993	-
ALW 2004 Lotteries Grant	412	-	412	-
WA Lotteries reimbursement	-	1,905	1,905	-
ALA Communication 2005	(615)	-	(615)	-
ALA Conference 2005	(1,591)	55,356	53,765	-
Adult Learning Week 2005	158,845	-	158,845	-
Flag 2005 Ace Member Support	31,621	-	31,621	-
LCA WA Disability Project	5,140	-	5,140	-
ALW 2005 Post Box	179,683	187,500	367,183	-
DEST Awards	4,734	-	4,734	-
DEST learning Catalyst Project	4,321	-	4,321	-
	624,031	1,261,036	1,454,411	430,656

ADULT LEARNING AUSTRALIA INC

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006 (Continued)**

17. OPERATING LEASE COMMITMENTS

	2006	2005
	\$	\$
(i) Rent of office space		
Due and payable:		
- not later than 1 year	41,718	40,503
- later than 1 year but not later than 5 years	<u>39,290</u>	<u>81,008</u>
	<u>81,008</u>	<u>121,511</u>
(ii) Rent of computer equipment		
Due and payable:		
- not later than 1 year	2,965	11,858
- later than 1 year but not later than 5 years	<u>-</u>	<u>13,834</u>
	<u>2,965</u>	<u>25,692</u>
(iii) Rent of photocopier		
Due and payable:		
- not later than 1 year	1,055	3,164
- later than 1 year but not later than 5 years	<u>-</u>	<u>1,055</u>
	<u>1,055</u>	<u>4,219</u>

All commitments are shown net of goods and services tax.

18. ASSOCIATION DETAILS

The principal place of business of the Association is:

Level 1, 32 Northbourne Avenue,
CANBERRA ACT

19. BRANCH ACCOUNTS

Up to balance date, certain state branches have operated independently of the Association. Where those states have accounted for their own activities, they have not been included in the Association's accounts.

The Board continues in its endeavours to place all state assets and financial recording procedures under the direct control of the Association which is the legal entity responsible for all activities operating under its name.

The following assets have been identified by the state branches as existing at balance date. The assets have not been recorded in the Association's Statement of Financial Position:

		2006	2005
		\$	\$
NSW Branch	cash held	30,924	30,924
SA Branch	cash held		8,314
WA Branch	cash held	<u>5,738</u>	<u>9,493</u>
		<u>36,662</u>	<u>48,731</u>

Funds held by branches in ACT, NT, QLD, TAS and VIC have been received and accounted for in the records of the Association.

HOUSTON & HANNA
CHARTERED ACCOUNTANT

K D Hanna FCA (Principal)

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(02) 6248 8175

Facsimile: (02) 6249 6792

**Suite 15, George Turner Offices
11 McKay Gardens, Turner ACT
GPO Box 810, Canberra ACT 2601**

email: kim@khanna.com.au

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
ADULT LEARNING AUSTRALIA INCORPORATED
FOR THE YEAR ENDED 30TH JUNE, 2006**

Scope.

I have audited the attached financial statements of Adult Learning Australia Incorporated (The Association) for the year ended 30th June 2006. The Committee is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Association.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. The procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and Statutory requirements so as to present a view which is consistent with our understanding of the Association's position and the results of its operations.

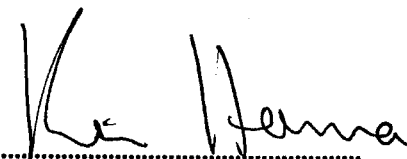
The audit opinion in this report has been formed on the above basis.

Audit Opinion.

In my opinion,

- (a) The financial statements of the Association are properly drawn up:
 - (i) So as to give a true and fair view of matters required by subsection 72(2) of the Associations Incorporation Act 1991 to be dealt with in the financial statements
 - (ii) in accordance with the provisions of the Associations Incorporation Act 1991; and
 - (iii) in accordance with proper accounting standards, being Applicable Accounting Standards;
- (b) I have obtained all the information and explanations required;
- (c) Proper accounting records have been kept by the Association as required by the Act; and
- (d) The audit was conducted in accordance with the rules of

Adult Learning Australia Incorporated.



.....
Kim Hanna FCA
Registered Company Auditor

Date... 30/10/06