



**Association of Accounting Technicians  
(Australia) Ltd**

**ANNUAL REPORT 2011-2012**



ASSOCIATION OF  
ACCOUNTING TECHNICIANS



## PRESIDENT'S REPORT

The 2011/ 12 financial year has been another great year for AAT Australia. The organisation has again continued on its path to provide value to members through our educational and professional services offer, including our professional indemnity insurance offer and our Accounting Technician magazine.

We have continued to grow, and consolidate our position as the largest bookkeeping paraprofessional member body in Australia. Of course there is strength in numbers, so we will continue to strive for growth and for excellence. The more we grow as an organisation, the greater our influence will be, and the greater services we will be able to provide members.

I again acknowledge the work of the AAT Australia staff who continue to work to provide relevant education to members, and promote the brand of the AAT Australia through representation and advocacy, particularly with the Tax Practitioners Board.

The organisation continues to receive strong support from the three sponsoring accounting bodies, CPA Australia, the Institute of Chartered Accountants in Australia and the Institute of Public Accountants. The ongoing support of these bodies - unique to the AAT Australia and in the bookkeeping fraternity – helps ensure that members of AAT Australia have indirect access to the wealth of knowledge of these bodies.

Each of the supporting bodies has also maintained its representation on the Board which is much appreciated.

Our organisation has again been very active in building and maintaining strong relationships with government, educators, industry groups and other professional and paraprofessional organisations to ensure we are at the forefront of activities which relate to our members and the industry.

On behalf of the Board, I would like to acknowledge and thank all the AAT Australia staff for their dedication and ongoing efforts during the 2011 – 2012 year.

I also thank the members of the Board for their continued support in the development and oversight of the organisation during 2011 – 2012 and I look forward to working with them again in the forthcoming financial year.



**Paul Drum – PRESIDENT**

# **Association of Accounting Technicians (Australia) Limited**

**ABN: 25 085 441 934**

**Financial Report**

**For The Year Ended 30 June 2012**

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
**ABN 25 085 441 934**

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## **DIRECTORS' REPORT**

Your directors submit their report and the financial report of the Association of Accounting Technicians (Australia) Limited ("AAT") for the financial year ended 30 June 2012.

### **Board of Directors and Attendance at Board Meetings**

The names of directors in office at any time during or since the end of the year and their attendance at Board meetings are:

Director	Appointed	Ceased	Board Meetings	
			No. attended	No. eligible to attend
Paul Drum			4	4
Andrew Conway		21-05-2012	3	4
Deanne Firth			4	4
Alex Malley			1	4
Glen Mann			4	4
Anthony McCartin	21-05-2012		1	1
Graham Meyer		31-12-2011	2	2
Lee White	01-01-2012		1	2
Yvonne Wilson			3	4

The 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 activity of the company during the period was to operate as a professional association of bookkeepers and accounting technicians providing members and students with services to meet their professional needs.

### **AAT Australia's Objectives**

AAT Australia's prime objective is to position AAT Australia as the professional body of first choice for accounting paraprofessionals and BAS agents. AAT Australia's aim is to continue to be a strong, visible and respected professional body for accounting paraprofessionals and BAS agents offering membership and qualifications that are recognised and valued.

AAT Australia's focus and other business objectives are all encompassing:

- formal recognition in Australia for AAT Australia accounting paraprofessionals and BAS agents
- an enhancement of AAT Australia member's skills through education and training
- a career pathway for AAT Australia accounting paraprofessionals to progress to higher levels of the accounting profession, and
- to raise the profile of AAT Australia accounting paraprofessionals and BAS agents in Australia.

While adhering to corporate targets and governance, AAT Australia will continue to fulfil its promise of ethics and quality of education. AAT Australia is about promoting and ensuring appropriate professional standards and conduct for the benefit of industry in Australia. As a result of these increased standards, businesses in Australia will gain confidence in the services provided by AAT Australia members. AAT Australia's imperative objective is that industry can rely upon the services provided by BAS Agents.

**DIRECTORS' REPORT (Cont'd)**

**AAT's Strategies**

In order to achieve the objectives above AAT Australia will pursue the following specific strategies:

- engagement with Industry
- meeting the educational and knowledge needs of our members
- building our brand
- higher level of advocacy and ethical standards

**Information on Directors**

Paul Drum	Paul Drum FCPA is a member of, and also the Chairman of Directors for the Association of Accounting Technicians (Australia). He is also the Head of Business and Investment Policy for CPA Australia, a Fellow Member of CPA Australia, a Fellow Member of the Tax Institute, a member of the Australian Institute of Company Directors and a registered tax agent. Paul has over 25 years experience in business and taxation policy law and administration both in Australia and overseas.
Glenn Mann	First elected to the board of directors of the Institute of Public Accountants in April 1999, Glenn was a member of the National Audit Committee (chairperson from 1999-2003 and 2006-2008). Glenn has served on the National Resources Committee as treasurer in 2003-2004, and National Membership Committee from 2004-2006 and held the position of deputy president in 2004-2006. Since 2001 Glenn has represented the Institute of Public Accountants on the board of the Association of Accounting Technicians Australia Limited and is a former president of the Association.
Graham Meyer	Graham Meyer was chief executive officer of the Institute of Chartered Accountants in Australia (ICAA). Prior to joining the ICAA, Graham was chief executive officer and managing director of AMP Sanmar Life Insurance, a joint venture by AMP Limited and Sanmar Limited in the de-regulated Indian Life Insurance and Superannuation market. Graham has 25 years of commercial experience in financial services and legal practice including executive positions with Advance Bank and AMP. Graham has a Bachelor of Arts and a Bachelor of Laws from Australian National University.
Alex Malley	Alex Malley is the CEO of CPA Australia. He concurrently serves on a number of international councils, boards and government sector committees, including the International Integrated Reporting Council (IIRC). Alex is a regular radio business commentator and hosts The Bottom Line on Australia's Channel 7 Digital where he has interviewed high-calibre leaders about their lives and insights into leadership. The in-depth interview he conducted with the first man on the moon, Neil Armstrong, was the first the Commander had given in many years. Working with the next generation of leaders is something Alex takes very seriously, reflected in his work with universities throughout Australia and on CPA Australia's online community and reality series, The Naked CEO.

DIRECTORS' REPORT (Cont'd)

Information on Directors (cont'd)

Deanne Firth	Deanne Firth is the Principal of Tactical Accounting & Super a public accounting firm specialising in audit. Prior to this Deanne managed Suntax another public accounting firm as well as working as an accountant/financial controller in industry including for IXL and Hawker de Havilland. Deanne is also on the Victorian Public Practice Panel of the Institute of Chartered Accountants. Deanne is a Chartered Accountant also holding a Graduate Diploma, Bachelor of Commerce Accounting and a Diploma of Financial Services (Financial Planning).
Andrew Conway	Andrew Conway is the chief executive officer of the Institute of Public Accountants (IPA). Between February 2007 and May 2009 Andrew was deputy CEO of the IPA (Formerly NIA). Prior to this appointment, Andrew was chief of staff and senior adviser in the Commonwealth Treasury Ministry. In June 2010, Andrew was appointed Professor of Accounting (honoris causa) of the School of Accounting at the Shanghai University of Finance and Economics. Andrew is a qualified accountant and began practice with a large insolvency firm based in Melbourne. He holds bachelor degrees in Commerce and Education and has completed Masters studies in Commercial Law. In 2001, Andrew received the Centenary of Federation Medal through the Order of Australia Honours System for service to the community.
Yvonne Wilson	Yvonne Wilson is the Teaching and Learning Manager for the Business and Finance Faculty, South Western Sydney Institute, TAFE NSW. Her role is to provide educational leadership and ensure the development and delivery of high quality programs, in the Business and Accounting/Bookkeeping disciplines. Previously Yvonne was the Program Manager for Accounting and Finance Courses for TAFE NSW. Yvonne's commercial experience consists of over 25 years of preparing statutory lodgements and taxation work for a variety of entities including companies, trusts, partnerships and superannuation funds. Other tasks included budgeting, wage analysis, management consulting/reporting and auditing. She holds a Graduate Diploma in Accounting from Flinders University, and a Bachelor Degree in Education.
Anthony McCartin	Tony McCartin is the Principal of McCartin & Associates, Public Accountants in Parramatta NSW, servicing small business clients. He has been a Director of the IPA since 2009, and is a member of the IPA Board Audit Committee. Tony was elected an IPA Councillor in 2006, and served as Deputy President, NSW Divisional Council 2007 – 2009. He has been a member of the IPA since 1984, when he commenced Public Practice as a Tax Agent. From 1972 to 1984 he worked in various positions with the ATO in Sydney and Parramatta, including Assessing, Audit and Investigations, Debt Management (Insolvency) and Personal Assistant to the Deputy Commissioner.

**DIRECTORS' REPORT (Cont'd)**

**Information on Directors (cont'd)**

Lee White	<p>Lee White FCA is the Chief Executive Officer, The Institute of Chartered Accountants in Australia</p> <p>Previously Lee held the role of Executive General Manager - Members, where he was responsible for leading the Institute's focus areas of financial and non-financial reporting; audit; taxation; superannuation and financial advisory services; professional standards; quality control; professional conduct; government relations and thought leadership.</p> <p>Lee also oversaw Sales and Marketing, Learning and Business Solutions and Regional Offices at the Institute.</p> <p>Lee has more than 25 years of experience in the accounting profession. Prior to joining the Institute, he was Chief Accountant for the Australian Securities and Investments Commission (ASIC), where he led policy and practice in accounting and financial reporting.</p>
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**Limitation of Members' Liability**

AAT is incorporated under the Corporations Act 2001 and is a company limited by guarantee. In accordance with the Constitution, the liability of members in the event of the company being wound up would not exceed \$6.00 per member. The number of voting members as at 30 June 2012 is 1,550. As at 30 June 2012 the collective liability of members was \$9,300.

**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 5.

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



Paul Drum



Deanne Firth

Signed in Melbourne, this 1<sup>st</sup> day of October 2012.




ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED  
ABN 25 085 441 934

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012, there have been:

- i. No contraventions of the auditor independence requirements as 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.



Ian A. Duff  
Registered Company Auditor



MDHC Audit Assurance Pty Ltd

Signed in Hawthorn, this 1st day of October 2012.

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
**ABN 25 085 441 934**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
Revenue	2	629,091	592,101
Other income	2	1,268	1,977
<b>Expenses</b>			
Marketing and publications expenses		(140,670)	(220,320)
Administrative expenses		(59,932)	(48,459)
Employee benefits expense		(317,580)	(315,212)
Corporate services expenses		(50,004)	(50,004)
Depreciation expense		(3,725)	(263)
Finance costs		(55,513)	(62,250)
Total expenses		(627,424)	(696,508)
<b>Profit /(loss) for the year</b>	3	2,935	(102,430)
Other Comprehensive Income		-	-
<b>Total comprehensive income for the year</b>		2,935	(102,430)
Total comprehensive income attributable to:			
Members of the company		2,935	(102,430)

The accompanying notes form part of these financial statements.

ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED  
 ABN 25 085 441 934

STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	60,900	26,647
Trade and other receivables	8	16,295	21,366
Other assets	9	19,931	22,261
<b>Total current assets</b>		<b>97,126</b>	<b>70,274</b>
<b>Non-Current Assets</b>			
Plant and equipment	10	7,223	8,683
<b>Total non-current assets</b>		<b>7,223</b>	<b>8,683</b>
<b>Total Assets</b>		<b>104,349</b>	<b>78,957</b>
<b>Current Liabilities</b>			
Trade and other payables	11	387,944	382,020
Provisions	12	57,747	43,395
<b>Total current liabilities</b>		<b>445,691</b>	<b>425,415</b>
<b>Non-Current Liabilities</b>			
Provisions	12	11,048	8,867
Borrowings	13	1,050,000	1,050,000
<b>Total non-current liabilities</b>		<b>1,061,048</b>	<b>1,058,867</b>
<b>Total Liabilities</b>		<b>1,506,739</b>	<b>1,484,282</b>
<b>Net Liabilities</b>		<b>(1,402,390)</b>	<b>(1,405,325)</b>
<b>Equity</b>			
Accumulated losses		(1,402,390)	(1,405,325)
<b>Total Equity</b>		<b>(1,402,390)</b>	<b>(1,405,325)</b>

The accompanying notes form part of these financial statements.

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
ABN 25 085 441 934

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Accumulated Losses</b>
Balance as at 1 July 2010	(1,302,895)
Comprehensive income for the year	<u>(102,430)</u>
Balance as at 30 June 2011	(1,405,325)
Comprehensive income for the year	<u>2,935</u>
<b>Balance as at 30 June 2012</b>	<b><u>(1,402,390)</u></b>

The accompanying notes form part of these financial statements.

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
**ABN 25 085 441 934**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from members and customers		724,842	671,399
Payments to suppliers and employees		(634,079)	(656,430)
Interest received		1,268	1,977
Interest paid		(55,513)	(62,250)
Net cash provided by/ (used in) operating activities	14	<u>36,518</u>	<u>(45,304)</u>
<b>Cash Flows from Investing Activities</b>			
Payment for acquisition of plant and equipment		(2,265)	(8,549)
Net cash used in investing activities		<u>(2,265)</u>	<u>(8,549)</u>
<b>Net increase/ (decrease) in cash held</b>		<b>34,253</b>	<b>(53,853)</b>
Cash and cash equivalents at the beginning of the year		<u>26,647</u>	<u>80,500</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b><u>60,900</u></b>	<b><u>26,647</u></b>

The accompanying notes form part of these financial statements.

**Note 1: Statement of Significant Accounting Policies**

The financial statements are for Association of Accounting Technicians (Australia) Limited ("the company") as an individual entity, incorporated and domiciled in Australia. Association of Accounting Technicians (Australia) Limited is a company limited by guarantee.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. The accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial report, except for cash flow information, has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**a. Income Tax**

The company is a non profit organisation to which the principle of mutuality applies. The principle of mutuality is a common law principle arising from the premise that a person cannot profit from himself. The effect of this is that the company only pays income tax on net income, which is not derived from members. Income that is derived from members is exempt from income tax.

**b. Cash and cash equivalents**

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

**c. Plant and Equipment**

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

The carrying value of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. Except where stated, recoverable amounts are not determined using discounted cash flows. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	12-40%

**Note 1: Statement of Significant Accounting Policies (Cont'd)**

**d. Financial Instruments**

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Held-to-maturity investments**

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

**Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Impairment**

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired.

**e. Impairment of Assets**

At each reporting date, the company 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 asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

**f. Borrowing Costs**

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

**g. Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to employees' superannuation funds and are charged as expenses when incurred.

**Note 1: Statement of Significant Accounting Policies (Cont'd)**

**h. Revenue**

Revenue from membership subscriptions and receipts attributable to the current financial year are recognised as revenue. Members' subscriptions and receipts relating to periods beyond the current financial year are shown in the statement of financial position as members' subscriptions in advance under the heading of payables in current liabilities.

Revenue from the sale of goods is recognised upon delivery of goods to customers.

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

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

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

**i. 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.

**j. Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**k. Critical Accounting Estimates and Judgments**

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

**Key Estimates — Impairment**

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**l. New Accounting Standards for Application in Future Periods**

The AASB has issued new, revised and amended Standards and Interpretations that have mandatory applicable dates for future reporting periods and which the company has decided not to early adopt. Due to the nature of the company's activities, it does not expect them to have any material effect on the company's financial statements.

The financial report was authorised for issue on October 2012 by the board of directors.



**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
**ABN 25 085 441 934**

**Note 2: Revenue**

	2012 \$	2011 \$
Members subscriptions		
Advertising revenue	450,907	396,214
Seminar revenue	141,441	95,850
Total revenue	36,743	100,037
	<u>629,091</u>	<u>592,101</u>

**Other Income**

Interest income - bank	1,268	1,977
Total other income	<u>1,268</u>	<u>1,977</u>

**Note 3: Profit/ (loss) for the year**

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

Magazine publication	58,870	57,321
Advertising, promotion and prizes	13,743	29,462
Management fee – Institute of Public Accountants	50,004	50,004

**Note 4: Income Tax Expense**

The prima facie income tax payable at 30% on net profit /(loss) is \$881 (2011: \$Nil). This is offset by a permanent difference arising from mutual activities with members and unconfirmed accumulated tax losses.

As at balance date, unconfirmed accumulated tax losses of \$599,116 (2011: \$667,193) existed, giving rise to a potential future tax benefit. The potential future tax benefit attributable to the tax losses is not recognised, as realisation is not certain.

**Note 5: Key Management Personnel Compensation**

The compensation of the two (2011: 2) key management personnel of the company is as follows:

Total benefits	<u>195,894</u>	<u>218,713</u>
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**Note 6: Auditor's Remuneration**

Remuneration of the auditor for:

- auditing the financial statements	6,000	6,000
- taxation services	3,000	3,500
	<u>3,000</u>	<u>3,500</u>

	2012 \$	2011 \$
<b>Note 7: Cash and Cash Equivalents</b>		
Cash at bank	60,900	26,647
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the items in the statement of financial position as follows:		
Cash and cash equivalents	60,900	26,647
<b>Note 8: Trade and Other Receivables</b>		
Trade debtors, net	16,295	21,366
<b>Note 9: Other Assets</b>		
Prepayments	6,517	7,345
Accrued income	13,414	14,916
Total other assets	19,931	22,261
<b>Note 10: Plant and Equipment</b>		
Plant and equipment – at cost	28,493	26,228
Less accumulated depreciation	(21,270)	(17,545)
Total plant and equipment	7,223	8,683
<b>Movements in Carrying Amounts</b>		
Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year are as follows:		
Balance at the beginning of the year	8,683	397
Additions	2,265	8,550
Depreciation expense	(3,725)	(263)
Carrying amount at the end of the year	7,223	8,683

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
**ABN 25 085 441 934**

	2012 \$	2011 \$
<b>Note 11: Trade and Other Payables</b>		
Trade creditors	9,156	10,748
Members subscriptions in advance	262,674	210,329
Revenue in advance	50,980	75,554
Accrued expenses	26,153	57,002
GST payable	38,981	28,387
<b>Total trade and other payables</b>	<b>387,944</b>	<b>382,020</b>

**Note 12: Provisions**

**Current**

Provision for employee entitlements	57,747	43,395
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**Non-Current**

Provision for employee entitlements	11,048	8,867
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**Total provisions**

	68,795	52,262
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**Movements in Provisions**

	Annual Leave \$	Long Service Leave \$	Total \$
Opening balance as at 1 July 2011	37,702	14,560	52,262
Additional provisions	18,177	2,740	20,917
Amounts used	(4,384)	-	(4,384)
<b>Closing balance as at 30 June 2012</b>	<b>51,495</b>	<b>17,300</b>	<b>68,795</b>

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to the financial statements.

<b>Note 13: Borrowings</b>	<b>2012</b>	<b>2011</b>
<b>Non-Current</b>	<b>\$</b>	<b>\$</b>
Loan – secured	1,050,000	1,050,000
<b>Total Borrowings</b>	<u>1,050,000</u>	<u>1,050,000</u>

During 2007/2008 the directors negotiated a loan of \$350,000 each, fully paid, from the Institute of Public Accountants, CPA Australia and the Institute of Chartered Accountants in Australia. The principal sum repayment was deferred by a Deed of Variation of Loan Agreement dated 19 March 2012 and repayments will commence from 30 June 2016. The above loan is subject to interest at a rate of 0.5% above the 90 day bank bill rate, per annum.

**Repayments**

Interest is calculated from the date at which the principal sum was advanced and payable on the corresponding day of each successive month. The total sum is repayable in full by 30 June 2021 and the company has the option to repay the amount earlier.

**Security**

The Institute of Public Accountants, CPA Australia and the Institute of Chartered Accountants in Australia have a charge over the assets of the company registered with the Personal Properties Securities Act (PPSA) - registration number 201112151158563.

The carrying amount of assets available under registered charge	<u>104,349</u>	<u>78,957</u>
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**Note 14: Cash Flow Information**

Reconciliation of cash flow from operations with net profit/ (loss)

Profit / (loss) for the year

2012  
\$

2011  
\$

2,935 (102,430)

Non-cash flows items:

Depreciation

3,725 263

Changes in assets and liabilities:

(Increase)/Decrease in trade and other receivables

5,071 (11,251)

(Increase)/Decrease in other assets

2,330 (12,266)

Increase/(Decrease) in trade and other payables

5,924 66,594

Increase/(Decrease) in provisions

16,533 13,786

Cash flows from operations

36,518 (45,304)

**Note 15: Related Party Transactions**

Directors' related entities:

Payments to CPA Australia, a company where Mr Alex Malley, a director, is CEO and Mr. Paul Drum, a director, is Head of Business and Investment Policy:

- Interest

17,532 18,911

Payments to the Institute of Chartered Accountants in Australia, a company where Mr Lee White, a director, is CEO:

- Interest

17,532 18,911

- Exhibitors

- 2,512

Payments to the Institute of Public Accountants, a company where Mr Andrew Conway, a recent director of the AAT Australia, is CEO:

- Interest

17,532 24,658

- Tenancy / other services

56,080 52,024

**Note 16: Financial Instruments**

**(a) Financial Risk Management Policies**

The company's financial instruments consist mainly of cash at bank and term deposits with banks. The main purpose of these financial instruments is to invest surplus member funds in order to maximise returns while not exposing the organisation to a high level of risk.

Other financial assets and liabilities are accounts receivable, accounts payable and a long term loan from the Institute of Public Accountants, CPA Australia and the Institute of Chartered Accountants in Australia, which are directly related to the entity's activities. The company does not enter into or trade financial instruments for speculative purposes.

Policies for managing the financial risks are summarised below:

**Financial Risk Exposures and Management**

The main risks the company is exposed to through its financial instruments are liquidity risk, interest rate risk and credit risk.

**Liquidity risk**

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

**Interest rate risk**

The company's exposure to interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates.

Interest rate risk is managed with a mixture of fixed and floating rate investments.

**Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

The company has no significant concentration of credit risk exposure to any single counterparty or group of counterparties.

**(b) Financial Instruments**

**(i) Financial instrument composition and maturity analysis**

The 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:

Note 16: Financial Instruments (Cont'd)

(b) Financial Instruments (Cont'd)

(i) Financial instrument composition and maturity analysis (cont'd)

	Weighted Average Effective Interest Rate	Floating Rate Interest Rate	Fixed Interest Rate Maturing < 1 year	Non Interest Bearing	Total
	%	\$	\$	\$	\$
<b>2012</b>					
<b>Financial Assets:</b>					
Cash and cash equivalents	-	60,900	-	-	60,900
Receivables	-	-	-	16,295	16,295
<b>Total financial assets</b>		<b>60,900</b>	<b>-</b>	<b>16,295</b>	<b>77,195</b>
<b>Financial Liabilities:</b>					
Creditors and accruals	-	-	-	387,944	387,944
Borrowings	4.46	1,050,000	-	-	1,050,000
<b>Total financial liabilities</b>		<b>1,050,000</b>	<b>-</b>	<b>387,944</b>	<b>1,437,944</b>
<b>2011</b>					
<b>Financial Assets:</b>					
Cash at bank and on hand	-	26,647	-	-	26,647
Receivables	-	-	-	21,366	21,366
<b>Total financial assets</b>		<b>26,647</b>	<b>-</b>	<b>21,366</b>	<b>48,013</b>
<b>Financial Liabilities:</b>					
Creditors and accruals	-	-	-	382,020	382,020
Borrowings	4.96	1,050,000	-	-	1,050,000
<b>Total financial liabilities</b>		<b>1,050,000</b>	<b>-</b>	<b>382,020</b>	<b>1,432,020</b>

**Note 16: Financial Instruments (Cont'd)**

**(b) Financial Instruments (Cont'd)**

**(ii) Net Fair Values**

The fair values of financial assets and financial liabilities are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated.

The company's fair values are as follows:

Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to the net fair value.

Trade and other payables exclude amounts provided for employee entitlements, which is not considered a financial instrument.

For other assets, the net fair value approximates their carrying value.

**(iii) Sensitivity analysis**

The following table illustrates sensitivities to the company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit (\$)	Equity (\$)
<b>Year ended 30 June 2012</b>		
+/-2% in interest rates	+/- 19,782	+/- 19,782
<b>Year ended 30 June 2011</b>		
+/-2% in interest rates	+/- 20,467	+/- 20,467

**Note 17: Capital Management**

Management controls the capital of the company to ensure that adequate cash flows are generated to fund its principal activities and that returns from investments are maximised. The board ensures that the overall risk management strategy is in line with this objective.

Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's equity consists of financial liabilities, supported by financial assets.

Management effectively manages the company's capital by assessing the company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

**Note 18: Company Details**

The registered office and principal place of business of the company is:


Level 6, 555 Lonsdale Street, Melbourne, Victoria, 3000



**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Association of Accounting Technicians (Australia) Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 20 are in accordance with the Corporations Act 2001:
  - i comply with Australian Accounting Standards; and
  - ii give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company;
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



Paul Drum



Deanne Firth

Signed in Melbourne, this 1<sup>st</sup> day of October 2012.

**Independent Auditor's Report**

**To the Members of Association of Accounting Technicians (Australia) Limited**

We have audited the accompanying financial report of Association of Accounting Technicians (Australia) Limited (the company), which comprises the statement of financial position as at 30 June 2012, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

**The Responsibility of the Directors for the Financial Statements**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 reports in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 have complied with the independence requirements of the Corporations Act 2001.

**Auditor's Opinion**

In our opinion, the financial report of Association of Accounting Technicians (Australia) 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 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

  
Ian A. Duff  
Registered Company Auditor

  
MDHC Audit Assurance Pty Ltd

Signed in Hawthorn, this 1st day of October 2012.