



# ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LTD

*The Body for Professional Bookkeepers*

**Annual Report**  
**2013–14**



## PRESIDENT'S REPORT

The 2013-14 financial year saw a number of changes at AAT Australia, with new directors, a relatively new CEO and this year being my first year as President. We are proud to now have an established Roadshow series which goes around the country twice a year. We are also very pleased to represent members' interests on a number of committees including the Australian Tax Office (ATO) and the Tax Practitioners Board (TPB).

AAT Australia is conscious of the need to increase services and value to members. In the past year we have launched an industry leading Professional Indemnity insurance policy which has added payroll consultancy cover. The organisation continues to be one of the largest BAS Agent/bookkeeping professional member bodies in Australia and our brand is becoming increasingly recognised by those within the financial services industry.

AAT Australia continues to receive strong support from the three major accounting bodies being CPA Australia, Chartered Accountants Australia & New Zealand and The Institute of Public Accountants. We are the only BAS agent/bookkeeping body to receive support from the three major accounting bodies. The ongoing support of these three provides a wealth of knowledge that assists AAT Australia members both directly and indirectly. We are very appreciative of the support the bodies provide and for their maintained representation on the AAT Australia board of directors.

Our organisation continues to build strong relationships with the education sector, government and other professional bodies to ensure we are at the forefront of activities that relate to members and the industry as a whole.

On behalf of the Board of Directors, I would like to thank the AAT Australia staff for their commitment and hard work throughout 2013 – 2014.

I would also like to thank the members of the Board for their dedication and support of the organisation over the past year.

AAT Australia remains committed to representing members' interests both individually and collectively.



Nicholas Diss AATF FCPA  
President

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

**ABN: 25 085 441 934**

**Financial Report**

**For The Year Ended 30 June 2014**

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

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## DIRECTORS' REPORT

Your directors present this report on the Association of Accounting Technicians (Australia) Limited ('AAT Australia') for the financial year ended 30 June 2014.

### Board of Directors and Attendance at Board Meetings

The names of each person who has been a director during the year and to the date of this report are:

Director		Board Meetings	
		No. attended	No. eligible to attend
Deanne Firth		4	4
Yvonne Wilson		4	4
Simon Grant		4	4
Nicholas Diss		4	4
Daryl Koch		4	4
Gregory Dennis	Appointed 25-07-13	3	3
Jeffery Hughes	Appointed 28-11-13	1	2
Paul Drum	Ceased 31-10-13	2	2

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 Australia'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

**Key Performance Measures**

AAT Australia achieved a number of key performance measures including:

- A surplus increase of more than 10% on the previous year
- A significantly improved cash position placing the organisation in a more sustainable financial position
- Reduced expenditure by more than \$100K
- Increase membership subscription revenue by 11%

**Information on Directors**

Nicholas Diss	Nicholas Diss CPA is the General Manager of Finance & Administration at CPA Australia, with over 15 years of experience in finance and accounting. Nicholas is a member of CPA Australia also holding a Masters of Business Administration and Bachelor of Commerce Economics.
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 Policy for CPA Australia, a Fellow Member of CPA Australia, a chartered tax adviser member the Tax Institute, a member of the Australian Institute of Company Directors and a registered tax agent. Paul has over 28 years of experience in business and taxation policy, law, and administration both in Australia and overseas.
Gregory Dennis	Greg Dennis FIPA, has held prominent leadership roles with the IPA, Office of the Governor General, ComSuper, Maximus Solutions (Australia), and the Tertiary Education and Quality Standards Agency. Greg is currently working on assignment with the Australian Trade Commission in Canberra and also is a teaching Professor at Chuo University (Tokyo).
Jeffery Hughes	Jeff Hughes is the Chief Operating Officer - member services for CPA Australia. He leads CPA Australia's divisions and branches in Australia, New Zealand, Europe and Asia. He is accountable for the \$20 million professional development portfolio and CPA Program. Jeff's responsibilities encompass public practice, professional conduct and member enquiries as well as the communications, content and publishing activity across the organisation.  A member of CPA Australia's executive management group, Jeff has experience in management and leadership, strategic development and implementation. Previously he was CFO and company secretary of Rio Tinto's listed uranium company Energy Resources of Australia Ltd.

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**

ABN 25 085 441 934

**DIRECTORS' REPORT (CONT'D)**

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

Deanne Firth	Deanne Firth FCA 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 a Chartered Accountant also holding a Graduate Diploma, Bachelor of Commerce Accounting and a Diploma of Financial Services (Financial Planning).
Yvonne Wilson	Yvonne Wilson is a Policy Analyst in TAFE NSW. Previously Yvonne was the Teaching and Learning Manager for the Business and Finance Faculty, South Western Sydney Institute and, for a number of years, was the Program Manager for Accounting and Finance Courses for TAFE. In these roles she provided educational leadership and managed the development and delivery of high quality programs, in the Accounting/Bookkeeping disciplines. Yvonne's commercial experience consists of over 30 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 of Education.
Simon Grant	Simon Grant FCA is currently the General Manager Members responsible for Sales and Marketing functions and all member engagement activities nationally across the Institute. The previous ten years, Simon held the role of General Manager of the Queensland office, where he was responsible for the delivery of member services, engagement and training. Prior to joining the Institute, Simon had seven years as a Director in Deloitte Corporate Finance in Brisbane and prior to that worked for a niche retail bank in Sydney for seven years as their Country Head of Credit for Australia. Simon qualified as a Chartered Accountant in 1987 with an antecedent firm that is now part Deloitte.
Daryl Koch	Daryl has been involved in NFP businesses for some time including past Chair of the Victorian Chapter of the Finance and Treasury Association, Past Board Member of a Melbourne Private Member's Club, Past Deputy Chair of the Disciplinary Tribunal of the Institute of Public Accountants (IPA), Current member of the Accounting Faculty at IPA and immediate past President of the Victorian Divisional Council of the IPA. In addition Daryl is currently a Board Director of Australian SME Alliance Ltd. Daryl presently runs Canterbury Commercial Services a Governance Advisory Practice.

**DIRECTORS' REPORT (CONT'D)**

**Limitation of Members' Liability**

AAT Australia 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 towards meeting any outstanding obligations of the company. The number of voting members as at 30 June 2014 is 1,505. As at 30 June 2014 the collective liability of members was \$9,030 (2013: \$8,934).

**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.



Nicholas Diss

Signed in Melbourne, this 17 day of October 2014.



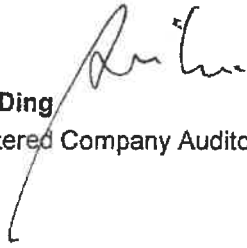
**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

*McLean Delmo Bentleys Audit Pty Ltd*

**McLean Delmo Bentleys Audit Pty Ltd**

  
**Sally Ding**  
Registered Company Auditor

Hawthorn  
17 October 2014

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
**ABN 25 085 441 934**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Revenue	2	693,026	728,463
Interest received		743	1,476
<b>Expenses</b>			
Marketing and publications expenses		(142,916)	(240,392)
Administrative expenses		(49,875)	(44,280)
Employee benefits expense		(266,683)	(292,358)
Corporate services expenses		(58,000)	(51,996)
Depreciation expense		(5,292)	(5,661)
Finance costs		(33,648)	(38,813)
Total expenses		<u>(556,414)</u>	<u>(673,500)</u>
<b>Surplus for the year</b>	3	<b>137,355</b>	<b>56,439</b>
Other Comprehensive Income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>137,355</u></b>	<b><u>56,439</u></b>

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 2014**

	Note	2014 \$	2013 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	290,552	126,376
Trade and other receivables	8	894	703
Other assets	9	38,449	6,801
Total current assets		<u>329,895</u>	<u>133,880</u>
<b>Non-Current Assets</b>			
Plant and equipment	10	3,862	5,736
Total non-current assets		<u>3,862</u>	<u>5,736</u>
<b>Total Assets</b>		<b>333,757</b>	<b>139,616</b>
<b>Current Liabilities</b>			
Trade and other payables	11	474,943	432,336
Provisions	12	12,172	1,311
Total current liabilities		<u>487,115</u>	<u>433,647</u>
<b>Non-Current Liabilities</b>			
Provisions	12	5,238	1,920
Borrowings	13	1,050,000	1,050,000
Total non-current liabilities		<u>1,055,238</u>	<u>1,051,920</u>
<b>Total Liabilities</b>		<b>1,542,353</b>	<b>1,485,567</b>
<b>Net Liabilities</b>		<b><u>(1,208,596)</u></b>	<b><u>(1,345,951)</u></b>
<b>Equity</b>			
Accumulated losses		<u>(1,208,596)</u>	<u>(1,345,951)</u>
<b>Total Equity</b>		<b><u>(1,208,596)</u></b>	<b><u>(1,345,951)</u></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 2014**

	<u>Accumulated Losses</u>
Balance as at 1 July 2012	(1,402,390)
Surplus for the year	<u>56,439</u>
Balance as at 30 June 2013	(1,345,951)
Surplus for the year	<u>137,355</u>
<b>Balance as at 30 June 2014</b>	<b><u><u>(1,208,596)</u></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 2014**

	<b>Note</b>	<b>2014 \$</b>	<b>2013 \$</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from members and customers		775,554	815,332
Payments to suppliers and employees		(575,055)	(708,345)
Interest received		743	1,476
Interest paid		(33,648)	(38,813)
Net cash provided by operating activities	14	<u>167,594</u>	<u>69,650</u>
<b>Cash Flows from Investing Activities</b>			
Payment for plant and equipment		(3,418)	(4,174)
Net cash used in investing activities		<u>(3,418)</u>	<u>(4,174)</u>
<b>Net increase in cash held</b>		<b>164,176</b>	<b>65,476</b>
Cash and cash equivalents at the beginning of the year		<u>126,376</u>	<u>60,900</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b><u>290,552</u></b>	<b><u>126,376</u></b>

The accompanying notes form part of these financial statements.

# ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED

ABN 25 085 441 934

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### Note 1: Summary of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting company because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 17 October 2014 by the directors of the company.

### Accounting Policies

#### (a) Cash and Cash Equivalents

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

#### (b) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

### 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:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	12–40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 or losses are recognised in profit or loss in the period in which they arise.

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**

ABN 25 085 441 934

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1: Summary of Significant Accounting Policies (cont'd)**

**(c) 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.

**(d) Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

**(ii) Financial liabilities**

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

**Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**

ABN 25 085 441 934

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1: Summary of Significant Accounting Policies (cont'd)**

**(d) Financial Instruments (cont'd)**

**De-recognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(e) Impairment of Assets**

At the end of each reporting period, the company reviews the carrying amounts 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 amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(f) Borrowing Costs**

All borrowing costs are recognised as expenses when incurred.

**(g) Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee provisions payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee provisions.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

**(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).



**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**

ABN 25 085 441 934

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1: Summary of Significant Accounting Policies (cont'd)**

**(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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**(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 the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

**(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.

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**

ABN 25 085 441 934

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>Note 2: Revenue</b>		
Members subscriptions	546,970	492,551
Advertising and commission revenue	61,069	91,204
Seminar revenue	84,987	144,708
Total revenue	<u>693,026</u>	<u>728,463</u>

**Note 3: Surplus for the year**

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

Magazine publication	58,321	76,373
Advertising, promotion and prizes	18,890	22,465
Management fee – Institute of Public Accountants	58,000	51,996

**Note 4: Income Tax Expense**

The prima facie income tax payable at 30% on net surplus is \$41,206 (2013: \$16,932). 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 \$590,127 (2013: confirmed tax loss of \$727,482) 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 total remuneration paid to 1 (2013: 2) key management personnel of the company is as follows:

Key management personnel compensation	<u>133,469</u>	<u>236,989</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	3,580	3,000

**Note 7: Cash and Cash Equivalents**

Cash at bank	<u>290,552</u>	<u>126,376</u>
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**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
**ABN 25 085 441 934**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>Note 7: Cash and Cash Equivalents (cont'd)</b>		
<b>Reconciliation of cash</b>		
Cash 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	290,552	126,376
<b>Note 8: Trade and Other Receivables</b>		
Trade receivables, net	894	703
<b>Note 9: Other Assets</b>		
Prepayments		
Accrued income	34,984	6,801
	3,465	-
Total other assets	38,449	6,801
<b>Note 10: Plant and Equipment</b>		
Plant and equipment – at cost	19,042	32,667
Less accumulated depreciation	(15,180)	(26,931)
Total plant and equipment	3,862	5,736
<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	5,736	7,223
Additions	3,418	4,174
Depreciation expense	(5,292)	(5,661)
Carrying amount at the end of the year	3,862	5,736
<b>Note 11: Trade and Other Payables</b>		
Trade creditors	31,308	6,834
Members subscriptions in advance	327,921	312,085
Other income in advance	40,443	37,537
Accrued expenses	30,351	28,791
GST payable	44,920	47,089
Total trade and other payables	474,943	432,336

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
**ABN 25 085 441 934**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>Note 12: Provisions</b>		
<b>Current</b>		
Employee entitlements	12,172	1,311
<b>Non-Current</b>		
Employee entitlements	5,238	1,920
<b>Total provisions</b>	<u>17,410</u>	<u>3,231</u>

**Movements in Provisions**

	Annual Leave \$	Long Service Leave \$	Total \$
Opening balance as at 1 July 2013	1,311	1,920	3,231
Additional provisions	17,122	3,320	20,442
Amounts used	(6,263)	-	(6,263)
<b>Closing balance as at 30 June 2014</b>	<u>12,170</u>	<u>5,240</u>	<u>17,410</u>

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.

	2014 \$	2013 \$
<b>Note 13: Borrowings</b>		
<b>Non-Current</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.

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**

ABN 25 085 441 934

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>Note 13: Borrowings (cont'd)</b>		
<b>Security</b>		
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	333,757	139,616
<b>Note 14: Cash Flow Information</b>		
Reconciliation of cash flow from operations with surplus		
Surplus for the year	137,355	56,439
Non-cash flows items:		
Depreciation	5,292	5,661
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(191)	15,592
(Increase)/Decrease in other assets	(31,648)	13,130
Increase/(Decrease) in trade and other payables	42,607	44,392
Increase/(Decrease) in provisions	14,179	(65,564)
Cash flows from operations	167,594	69,650
<b>Note 15: Related Party Transactions</b>		
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 Policy and Mr. Nicholas Diss, a director, is General Manager of Finance and Administration:		
- Interest	11,216	12,937
Payments to the Institute of Chartered Accountants in Australia, a company where Mr Lee White, a director, is CEO and Mr. Simon Grant, a director, is General Manager of Membership:		
- Interest	11,216	12,937

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**

ABN 25 085 441 934

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 16: Going Concern**

The financial statements have been prepared on a going concern basis notwithstanding the company has a net deficiency of \$1,208,596 at 30 June 2014.

The directors are satisfied that AAT Australia has demonstrated that it is a going concern by delivering a considerably larger profit for the 2013/14 financial year (\$137,355) compared to the previous year (\$56,439). Further evidence of the future of the organisation has been the increase of cash at the end of the financial year.

In 2014/15 AAT Australia anticipates an increase in total membership subscriptions due to a fee increase. With increased revenue and a prudent expenditure plan AAT Australia has a business plan that will ensure it is able to meet its financial obligations for the coming financial year.

**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 company'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 declare that:

1. The financial statements and notes, as set out on pages 6 to 18, are in accordance with the Corporations Act 2001 and:
  - i comply with Australian Accounting Standards applicable to the company; and
  - ii give a true and fair view of the financial position of the company as at 30 June 2014 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. Having regard to the matters disclosed in Note 16 to the financial statements, 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.



Nicholas Diss

Signed in Melbourne, this 17 day of October 2014.

## **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), being a special purpose financial report, which comprises the statement of financial position as at 30 June 2014 and the statement comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### **Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from 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 of the financial report that gives a true and fair view 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Association of Accounting Technicians (Australia) Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**

**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 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 16 in the financial report which indicates that the company has a net deficiency of \$1,208,596 at 30 June 2014. This condition, along with the other matters as set forth in Note 16, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

*McLean Delmo Bentleys Audit Pty Ltd*

**McLean Delmo Bentleys Audit Pty Ltd**

  
**Sally Ding**  
Registered Company Auditor

Hawthorn  
23 October 2014

## Association of Accounting Technicians (Australia) Ltd

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