

# ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LTD

*The Body for Professional Bookkeepers*

Annual Report  
**2015–16**





## PRESIDENT'S REPORT

This year AAT Australia has continued to advocate strongly for members and the BAS Agent profession as a whole to government and other regulatory bodies such as the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB). We have also worked hard to assist BAS Agents understand their obligations and to assist their clients to run profitable businesses.

Throughout the year we have again consolidated ourselves as the peak body representing BAS Agents in Australia. This was acknowledged by the Federal Government inviting AAT Australia to consult on the 'Single Touch Payroll' legislation and adopting the Association's recommendation on 'Simpler BAS'.

During the year Chief Executive Officer Stuart Norman was also invited to meet with the Federal Minister for Revenue and Financial Services, Kelly O'Dwyer to discuss a number of issues of concern to the profession. The conversations with Kelly O'Dwyer focused on the lack of BAS Agent representation on the Tax Practitioners Board, the promotion of 'Do-It-Yourself' solutions on the ATO website and the inflated savings for small business of 'Single Touch Payroll' announced by the government.

In 2015/16 the AAT Australia had members added to the ATO's BAS Agent Advisory Group (BASAAG), continued its involvement on the TPB's Consultative Forum and have been consulted as part of the *Skills for Australia* review being conducted by PwC on behalf of the Federal Government.

AAT Australia continued to keep members' professional development up-to-date by providing relevant webinars in conjunction with TaxBanter and accounting software providers. The Association once again ran two roadshow seminars in five capital cities. These received outstanding feedback from those who attended

I would also like to acknowledge appreciation of the support of CPA Australia, Chartered Accountants Australia & New Zealand and the Institute of Public Accountants by maintaining their representation on the AAT Australia Board and the provision facilities and governance. The continued support of our educational events by our major sponsors is also greatly appreciated.

On behalf of the Board, I would like to acknowledge and thank the AAT Australia staff for their hard work and dedication throughout the past year.

Lastly I'd also like to thank the Members of the Board for their continued support and oversight of the organisation during 2015/16 and I look forward to working with them again in the coming financial year.



Nicholas Diss AATF FCPA  
President

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Supported by





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

**ABN: 25 085 441 934**

## **Financial Report**

**For The Year Ended 30 June 2016**



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

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## ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED

ABN 25 085 441 934

### DIRECTORS' REPORT

Your directors present this report on the Association of Accounting Technicians (Australia) Limited ('AAT Australia') for the financial year ended 30 June 2016.

#### 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:

	Appointed/ Ceased	Board Meetings	
		No. attended	No. eligible to attend
Nicholas Diss		4	5
Gregory Dennis		5	5
Yvonne Wilson		5	5
Daryl Koch		5	5
Duncan Pittard		4	5
Jeffrey Hughes		4	5
Paul Meissner	Appointed 23 October 2015	3	3

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:

- Deliver a fourth consecutive surplus
- An improved cash position placing the organisation in a more sustainable position
- Membership retention rate of more than 90%
- Increase membership on previous year

**Information on Directors**

Nicholas Diss	<p>Nicholas Diss is the Deputy CFO of CPA Australia. He has been at CPA Australia for 16 years and has held roles as management accountant, finance manager and general manager – finance and administration.</p> <p>In his current role, Nicholas is responsible for the global finance, administration and planning functions which include management reporting, corporate planning, strategic risk management, budgeting, new market analysis and entry, risk management, business continuity planning, member transactions and corporate and sustainability reporting.</p> <p>Nicholas has been on the AAT Australia Board since 2012 and has a strong background in strategic and operational planning, large complex IT system implementations, integrated reporting and leadership of multinational finance functions.</p>
Gregory Dennis	<p>Greg Dennis FIPA, has held prominent leadership roles with the IPA, Office of the Governor General of Australia, ComSuper, Maximus Solutions (Australia), and the Tertiary Education and Quality Standards Agency. Greg is CFO of the Australian Pesticides &amp; Veterinary Medicines Authority and until recently was a teaching Professor at Chuo University (Tokyo).</p>
Yvonne Wilson	<p>Yvonne Wilson is the Manager of Performance and Review in TAFE NSW. Previously, she held various positions in TAFE NSW related to teaching and resource development in the area of Accounting and Bookkeeping. These include the role of Program Manager for Accounting and Finance Courses across TAFE NSW, as well as Manager and Head Teacher in the Business and Finance Faculty of an Institute. 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.</p>



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

ABN 25 085 441 934

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

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

<p>Daryl Koch</p>	<p>Daryl had a long career in corporate life before building his own Risk and Governance business. All of his corporate life was spent working in banks, both international and Australian. For 25 years he had various senior roles in Financial Markets (including Foreign Exchange, Interest Rate Risk and Derivatives). In 2006 Daryl made the switch to managing operational risk and compliance governance around Financial Markets.</p> <p>Nowadays, Daryl is Principal of Canterbury Commercial Services which sees him contract in an advisory role to various firms spanning board governance, company secretariat, AFSL compliance and financial and operational risk management.</p>
<p>Duncan Pittard</p>	<p>Duncan is the Regional Manager - Victoria &amp; Tasmania and Segment Lead (Corporate) at Chartered Accountants Australia and New Zealand. He joined the Chartered Accountants ANZ (formerly the Institute of Chartered Accountants) in March 2004 and has more than 25 years' experience in the accounting and finance profession.</p> <p>Duncan is responsible for planning, leading, directing and managing the performance of the Victorian &amp; Tasmanian Regions for Chartered Accountants ANZ to ensure the organisation effectively represents and supports all key stakeholders and promotes the importance of the profession, as well as leading the organisation's engagement strategy for the Corporate Sector.</p>
<p>Jeffery Hughes</p>	<p>Jeff Hughes is the Chief Operating Officer - member services for CPA Australia and Chief Operating Officer Advice for CPA Australia's financial services subsidiary CPA Australia Advice. He leads CPA Australia's divisions and branches in Australia, New Zealand, Europe and Asia and is accountable for the education portfolio which encompasses professional development and CPA Program. Jeff's other responsibilities encompass public practice, professional conduct and member admission / enquiries as well as the communications, content and publishing activity across the organisation.</p> <p>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.</p>
<p>Paul Meissner</p>	<p>Paul Meissner is the next generation of accountant. His firm, 5ways Group, operate 100% in the cloud. Paul has a passion for the small-medium business market and using technology to streamline how businesses operate. He and his firm are active on social media, networking and sharing ideas with Accountants and bookkeepers around the world. Paul and 5ways know technology, being 2014 Xero Award winners (100% Cloud)".</p>



**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 2016 is 1,304. As at 30 June 2016 the collective liability of members was \$7,824 (2015: \$9,030).

**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 2016.





**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 2016, 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**



**Adam Roberts**  
Partner

Hawthorn  
17 October 2016



**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 2016**

	Note	2016 \$	2015 \$
Revenue	2	622,937	663,098
Interest received		1,932	2,297
<b>Expenses</b>			
Marketing and publications expenses		(145,038)	(163,294)
Administrative expenses		(62,192)	(47,698)
Employee benefits expense		(306,377)	(267,439)
Corporate services expenses		(67,000)	(62,000)
Depreciation expense		(13,289)	(4,914)
Finance costs		(28,171)	(31,385)
Total expenses		(622,067)	(576,730)
<b>Surplus for the year</b>	3	<b>2,802</b>	<b>88,665</b>
Other Comprehensive Income		-	-
<b>Total comprehensive income for the year</b>		<b>2,802</b>	<b>88,665</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 2016**

	Note	2016 \$	2015 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	293,124	309,218
Trade and other receivables	8	5,773	1,200
Other assets	9	7,126	14,755
Total current assets		<u>306,023</u>	<u>325,173</u>
<b>Non-Current Assets</b>			
Plant and equipment	10	19,409	27,298
Total non-current assets		<u>19,409</u>	<u>27,298</u>
<b>Total Assets</b>		<b>325,432</b>	<b>352,471</b>
<b>Current Liabilities</b>			
Trade and other payables	11	66,967	84,178
Income in advance		294,749	317,304
Provisions	12	19,277	14,250
Borrowings	13	140,000	90,000
Total current liabilities		<u>520,993</u>	<u>505,732</u>
<b>Non-Current Liabilities</b>			
Provisions	12	11,573	6,670
Borrowings	13	910,000	960,000
Total non-current liabilities		<u>921,573</u>	<u>966,670</u>
<b>Total Liabilities</b>		<b>1,442,566</b>	<b>1,472,402</b>
<b>Net Liabilities</b>		<b><u>(1,117,134)</u></b>	<b><u>(1,119,931)</u></b>
<b>Equity</b>			
Accumulated losses		<u>(1,117,134)</u>	<u>(1,119,931)</u>
<b>Total Equity</b>		<b><u>(1,117,134)</u></b>	<b><u>(1,119,931)</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 2016**

	<b>Accumulated Losses</b>
Balance as at 1 July 2014	(1,208,596)
Surplus for the year	88,665
Balance as at 30 June 2015	<b>(1,119,931)</b>
Surplus for the year	2,802
<b>Balance as at 30 June 2016</b>	<b><u>(1,117,134)</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 2016**

	Note	2016 \$	2015 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from members and customers		682,622	701,591
Payments to suppliers and employees		(647,077)	(625,487)
Interest received		1,932	2,297
Interest paid		(28,171)	(31,385)
Net cash provided by/ (used in) operating activities	14	(10,694)	47,016
<b>Cash Flows from Investing Activities</b>			
Payment for plant and equipment		(5,400)	(28,350)
Net cash used in investing activities		(5,400)	(28,350)
<b>Net increase/ (decrease) in cash held</b>		<b>(16,094)</b>	<b>18,666</b>
Cash and cash equivalents at the beginning of the year		309,218	290,552
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>293,124</b>	<b>309,218</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 2016**

**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 14th October 2016 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 2016**

**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 2016**

**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**

**Short-term employee benefits**

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

**Long-term employee benefits**

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.





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

ABN 25 085 441 934

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**Note 1: Summary 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 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.

No impairment has been recognised for the year ended 30 June 2016.

**(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 2016

	2016 \$	2015 \$
<b>Note 2: Revenue</b>		
Members subscriptions	484,661	543,860
Advertising and commission revenue	88,325	68,441
Seminar revenue	49,951	50,797
Total revenue	<u>622,937</u>	<u>663,098</u>

**Note 3: Surplus for the year**

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

Magazine publication	48,815	51,834
Advertising, promotion and prizes	23,312	15,279
Service fee – Institute of Public Accountants	67,000	62,000

**Note 4: Income Tax Expense**

The prima facie income tax payable at 30% on net surplus is \$841 (2015: \$26,599). 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 \$634,285 (2015: confirmed tax loss of \$637,087) 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 (2015: 1) key management personnel of the company is as follows:

Key management personnel compensation	<u>156,621</u>	<u>138,034</u>
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**Note 6: Auditor's Remuneration**

Remuneration of the auditor for:

- auditing the financial statements	6,250	6,000
- taxation and FBT services	3,800	3,970

**Note 7: Cash and Cash Equivalents**

Cash at bank	<u>293,124</u>	<u>309,218</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 2016**

	2016 \$	2015 \$
<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	293,124	309,218
<b>Note 8: Trade and Other Receivables</b>		
Trade receivables, net	5,773	1,200
<b>Note 9: Other Assets</b>		
Prepayments	4,467	11,735
Accrued income	2,659	3,020
Total other assets	7,126	14,755
<b>Note 10: Plant and Equipment</b>		
Plant and equipment – at cost	52,792	47,392
Less accumulated depreciation	(33,383)	(20,094)
Total plant and equipment	19,409	27,298
<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	27,298	3,862
Additions	5,400	28,350
Depreciation expense	(13,289)	(4,914)
Carrying amount at the end of the year	19,409	27,298
<b>Note 11: Trade and Other Payables</b>		
Trade creditors	8,304	25,103
Accrued expenses	24,272	32,263
GST payable	34,391	26,812
Total trade and other payables	66,967	84,178



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

ABN 25 085 441 934

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
<b>Note 12: Provisions</b>		
<b>Current</b>		
Employee entitlements	19,277	14,250
<b>Non-Current</b>		
Employee entitlements	11,573	6,670
<b>Total provisions</b>	<u>30,850</u>	<u>20,920</u>
<b>Note 13: Borrowings</b>		
<b>Current</b>		
Loan – secured	140,000	90,000
<b>Non-Current</b>		
Loan – secured	<u>910,000</u>	<u>960,000</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 Chartered Accountants Australia and New Zealand. The principal sum repayment was deferred by a Deed of Variation of Loan Agreement dated 19 March 2012 and repayments commenced from July 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.

The repayment terms of the loan, in an agreement with CPA Australia on 11 May 2016 and the Chartered Accountants Australia and New Zealand on 29 June 2016, have been deferred from 1 July 2017 to 1 July 2018.

**Security**

The Institute of Public Accountants, CPA Australia and the Chartered Accountants Australia and New Zealand 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>325,432</u>	<u>352,471</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 2016**

	2016 \$	2015 \$
<b>Note 14: Cash Flow Information</b>		
Reconciliation of cash flow from operations with surplus		
Surplus for the year	2,802	88,665
Non-cash flows items:		
Depreciation	13,289	4,914
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(4,573)	(306)
(Increase)/Decrease in other assets	7,629	23,694
Increase/(Decrease) in trade and other payables	(39,765)	(73,461)
Increase/(Decrease) in provisions	9,924	3,510
Cash flows from operations	<u>(10,694)</u>	<u>47,016</u>
<b>Note 15: Related Party Transactions</b>		
Directors' related entities:		
Payments to CPA Australia, a company where Mr. Nicholas Diss, a director, is Deputy CFO and Mr. Jeffrey Hughes, a director, is COO of Member Services.		
- Interest	9,390	10,453
Payments to Chartered Accountants Australia New Zealand, a company Mr. Duncan Pittard, a director, is General Manager Victoria and Tasmania.		
- Interest	9,390	10,453



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

ABN 25 085 441 934

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**Note 16: Working Capital Deficiency and Going Concern**

As at 30 June 2016, AAT had working capital deficiency of \$214,970 (2015: \$180,559) and record a cash outflow from operating activities of \$10,694 (2015: cash inflow of \$47,016). Included within current liabilities is an amount of \$282,374, disclosed in income in advance, which is represented by unexpired renewal of membership subscription. This amount is amortised on an annual basis over the expected life of the membership and therefore does not require a cash outflow to settle.

The financial statements have been prepared on a going concern basis notwithstanding the company has a net deficiency of \$1,117,134 at 30 June 2016.

The directors after considering cash flow forecasts for the 2016-2017 year, available business lending overdraft facility of \$100,000 and the recent re-negotiation with two of the sponsoring bodies to defer the principal repayment of \$100,000 of the loan balance from 30 June 2017 to 1 July 2018, are satisfied that AAT Australia is a going concern.

**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 2016 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 2016.



## 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 2016 and the statement of profit or loss and 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 2016 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 \$1,117,134 at 30 June 2016. 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**



**Adam Roberts**  
Partner

Hawthorn  
17 October 2016





Supported by



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

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