ASSOCIATION OF
ACCOUNTING TECHNICIANS

ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LTD

The Body for Professional Bookkeepers

Annual Report

2017–18

HONESTAS PERSEVERANTIA INTEGRITAS

ASSOCIATION OF ACCOUNTING TECHNICIANS

PRESIDENT'S MESSAGE

On behalf of the Board, I am pleased to present the 2017-18 Annual Report for the Association of Accounting Technicians Australia (AAT Australia). The past twelve months has been a consolidation of previous forward planning, strategic change for growth and improved member services.

The Board would like to acknowledge the efforts of Janett Egbar who stepped in as interim CEO of AAT at the beginning of this period and assisted with the smooth transition for our current CEO, Rochelle Park who, with her team, is taking the value proposition for AAT members to the next level.

We welcome new members to the Board who are Bookkeeping industry professionals, giving you the membership greater confidence that your Board understands your needs and will keep up with industry standards.

In the coming months you will see greater offerings in educational choice for CPD, Specific and Tailored Insurance options for members and an HR help line. The next twelve months will see exciting times for AAT.

Remember this is your organisation, you own it, so if you have any concerns, compliments or suggestions please let any one of our team know so we can assist.

Daryl Koch
President

Association of Accounting Technicians (Australia) Limited

ABN: 25 085 441 934

Financial Report

For The Year Ended 30 June 2018

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 2018.

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:

		Board Meetings	
	Appointed/ Ceased	No. attended	No. eligible to attend
Gregory Dennis	Ceased 17 November 2017	1	1
Daryl Koch		2	3
Reece Agland		3	3
James Pisano		3	3
Nick Chapman	Appointed 25 May 2018	1	1
Morris Kaplan	Appointed 25 May 2018	1	1

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 main ambition during the financial year ending 30 June 2018 has been to build upon the solid historical foundations and create further support and growth opportunities for bookkeepers and BAS agents in this exciting and dynamic industry.

AAT is constitutionally about education and training programs to support bookkeepers navigating their world today, growing and thriving with confidence and knowledge. Another significant focus is to assist next generation bookkeepers commence their careers and flourish in the industry.

AAT is committed to providing members with a voice to the decision makers to ensure that best practice bookkeeping and legislative requirements are as streamlined and practical as possible.

AAT Australia's imperative objective is that industry can rely upon the services provided by BAS Agents. 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.

DIRECTORS' REPORT (CONT'D)

AAT Australia's Strategies

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

- Development and delivery of quality training programs tailored for current industry needs;
- Provision of relevant and timely CPD opportunities to ensure the currency of members;
- Provision of programs to support next generation bookkeepers to build their confidence and assist them in their transition to a successful career in bookkeeping;
- Strengthening AAT Australia's presence in advocacy, sharing the voice of members with decision makers
- Creating great partnerships to provide members with support and opportunities

Key Performance Measures

AAT Australia achieved a number of key performance measures including:

- Continued delivery on member satisfaction
- Growth in non-subscription revenue
- Growth of participation in advocacy work
- Growth of the overall membership base

Information on Directors

Gregory Dennis	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 & Veterinary Medicines Authority and until recently was a teaching Professor at Chuo University (Tokyo).
Daryl Koch	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.
Reece Agland	Reece is an experienced policy advisor and superannuation expert, having worked at the ATO, the Institute of Public Accountants and Taxpayers Australia. Reece recently completed a Master of Public Policy and Management at the University of Melbourne and has undergraduate degrees in Law and Commerce, also from the University of Melbourne. Reece believes that bookkeepers are an integral part of the tax system and that the revival of the AAT is vital to this sector. He is keen to work on promoting the AAT and its members.
James Pisano	As Board member and AAT Australia Treasurer, James is a progressive thinker and entrepreneur with a diverse skill set over a range of disciplines including finance, ICT, corporate policy, risk, HR and strategic branding in both for-profit and non-profit environments. James has 20+ years' experience in senior and executive positions based in Australia and overseas with a focus on delivering outcomes reflected in the enhanced and efficient delivery of products and services to the marketplace/target audience

Information on Directors (cont'd)

Nick Chapman	Nick is the current COO of Monarch Institute having joined the group in 2015. Prior to joining the Monarch team, Nick was the General Manager of Rockwell Financial Services Group's consumer investment business having joined Rockwell after 10 years at the Bennelong Group, one of Australia's leading private equity and funds management groups. During his time at Bennelong Nick held various positions including General Manager and Director of Aurora Media in Dubai, Director of i-comm Media in London, CEO of Crown Content in Melbourne finally culminating in his appointment to Group General Manager. Nick holds a double degree in Law and Commerce and is a Member of the Australian Institute of Company Directors
Morris Kaplan	After graduating from Sydney University, Morris began his career as an engineer working in the electronics sector, moving into management after gaining an MBA from the MGSM. Later, working in stockbroking and investment banking, he built an expertise in finance including a role as non-executive director of a listed technology company. He has founded several start-ups, including a publishing company specialising in business books. He is co-founder and Executive Director of membership site the BookkeepersHub.

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

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 2018 is 1,176. As at 30 June 2018 the collective liability of members was $7,056 (2017: $6,966).

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.

Daryl Koch

Signed in Melbourne, this day 31st of October 2018.

McLean Delmo Bentleys
THINKING AHEAD

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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 2018, 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

Rod Hutton
Partner

Hawthorn
31st October 2018

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 2018

	Note	2018 $	2017 $
Revenue			
Revenue from ordinary activities	2	539,362	533,174
Interest received		-	637
Loan debt forgiveness	13	-	340,000
Total revenue		539,362	873,811
Expenses			
Marketing and publications expenses		(76,177)	(99,631)
Administrative expenses		(41,639)	(41,977)
Employee benefits expense		(189,317)	(249,076)
Corporate services expenses		(202,800)	(67,000)
Depreciation expense		(6,308)	(13,544)
Finance costs		(14,511)	(14,932)
Total expenses		(530,752)	(486,160)
Surplus for the year	3	**8,610**	**387,651**
Other Comprehensive Income		-	-
Total comprehensive income for the year		**8,610**	**387,651**

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 2018

	Note	2018 $	2017 $
Current Assets			
Cash and cash equivalents	7	178,099	177,862
Trade and other receivables	8	14,874	635
Other assets	9	7,955	11,950
Total current assets		200,928	190,447
Non-Current Assets			
Plant and equipment	10	12,757	5,865
Total non-current assets		12,757	5,865
Total Assets		**213,685**	**196,312**
Current Liabilities			
Trade and other payables	11	58,502	47,857
Income in advance		251,423	238,314
Provisions	12	4,387	19,624
Borrowings	13	-	-
Total current liabilities		314,312	305,795
Non-Current Liabilities			
Provisions	12	248	-
Borrowings	13	619,998	620,000
Total non-current liabilities		620,246	620,000
Total Liabilities		**934,558**	**925,795**
Net Liabilities		**(720,873)**	**(729,483)**
Equity			
Accumulated losses		(720,873)	(729,483)
Total Equity		**(720,873)**	**(729,483)**

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 2018

	Accumulated Losses
Balance as at 1 July 2016	**(1,117,134)**
Surplus for the year	387,651
Balance as at 30 June 2017	**(729,483)**
Surplus for the year	8,610
Balance as at 30 June 2018	**720,873**

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 2018

	Note	2018 $	2017 $
Cash Flows from Operating Activities			
Receipts from members and customers		579,059	591,629
Payments to suppliers and employees		(551,111)	(602,596)
Interest received			
Interest paid		(14,511)	(14,932)
Net cash provided by/ (used in) operating activities	14	13,437	(25,262)
Cash Flows from Investing Activities			
Payment for plant and equipment		13,200	-
Net cash used in investing activities		13,200	-
Cash Flows from Financing Activities			
Payment of borrowings		-	(90,000)
Net cash used in financing activities		-	(90,000)
Net increase/ (decrease) in cash held		**237**	**(115,262)**
Cash and cash equivalents at the beginning of the year		177,862	293,124
Cash and cash equivalents at the end of the year	7	**178,099**	**177,862**

The accompanying notes form part of these financial statements.

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 by the directors on the date of the directors' report.

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.

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).

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.

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 2018.

(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.

	2018 $	2017 $
Note 2: Revenue from ordinary activites		
Members subscriptions	435,211	469,494
Advertising and commission revenue	39,758	29,612
Seminar revenue	64,393	34,068
Total revenue from ordinary activities	539,362	533,174

Note 3: Surplus for the year

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

	2018 $	2017 $
Magazine publication	45,154	45,000
Advertising, promotion and prizes	1,246	6,479
Service fee – Institute of Public Accountants	202,800	67,000

A new service level agreement was signed between Association of Accounting Technicians (Australia) and Institute of Public Accountants on 19th June 2017. This service level agreement is subject to 6 monthly review.

Note 4: Income Tax Expense

The prima facie income tax payable at 30% on net surplus is $2,583 (2017: $116,295). 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 $501,170 (2017: confirmed tax loss of $489,508) 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 2 (2017: 1) key management personnel of the company is as follows:

	2018 $	2017 $
Key management personnel compensation	90,375	152,759

Note 6: Auditor's Remuneration

Remuneration of the auditor for:

	2018 $	2017 $
- auditing the financial statements	6,900	6,250
- taxation and FBT services	4,515	4,380

Note 7: Cash and Cash Equivalents

	2018 $	2017 $
Cash at bank	178,099	177,862

	2018 $	2017 $
Note 7: Cash and Cash Equivalents (cont'd)		
Reconciliation of cash		
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	178,099	177,862
Note 8: Trade and Other Receivables		
Trade receivables, net	14,874	635
Note 9: Other Assets		
Prepayments	7,955	11,950
Accrued income	-	-
Total other assets	7,955	11,950
Note 10: Plant and Equipment		
Plant and equipment – at cost	64,102	52,792
Less accumulated depreciation	(51,345)	(46,927)
Total plant and equipment	12,757	5,865
Movements in Carrying Amounts		
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	5,865	19,409
Additions	13,200	-
Depreciation expense	(6,308)	(13,544)
Carrying amount at the end of the year	12,757	5,865
Note 11: Trade and Other Payables		
Trade creditors	23,626	8,745
Accrued expenses	12,647	15,966
GST payable	22,229	23,146
Total trade and other payables	58,502	47,857

	2018 $	2017 $
Note 12: Provisions		
Current		
Employee entitlements	4,387	19,624
Non-Current		
Employee entitlements	248	-
Total provisions	4,635	19,624
Note 13: Borrowings		
Current		
Loan – secured	-	-
Non-Current		
Loan – secured	619,998	620,000

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. On 30th June 2017 the directors executed a Deed of Variation of Loan Agreement where CPA Australia and the Chartered Accountants Australia and New Zealand has agreed to a write down of $170,000 each on the principal sum. The Institute of Public Accountants agrees to lend an additional principal amount of $299,998 for AAT to use towards principal repayments of the loan with the other two sponsoring bodies. The loan of $620,000 is subject to variable 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 the Institute of Public Accountants has been deferred from 1 July 2018 to 7 July 2019.

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.

	2018 $	2017 $
The carrying amount of assets available under registered charge	213,685	196,312

	2018 $	2017 $
Note 14: Cash Flow Information		
Reconciliation of cash flow from operations with surplus		
Surplus for the year	8,610	387,651
Non-cash flows items:		
Depreciation	6,308	13,544
Loan forgiveness	-	(340,000)
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(14,239)	5,138
(Increase)/Decrease in other assets	3,995	(4,824)
Increase/(Decrease) in trade and other payables	23,754	(75,545)
Increase/(Decrease) in provisions	(14,989)	(11,226)
Increase/(Decrease) in other liabilities	(2)	-
Cash flows from operations	13,437	(25,262)

Note 15: Related Party Transactions

Directors' related entities:

Payments to CPA Australia, a company where Mr. Nicholas Diss, a past director, is Deputy CFO and Mr. Jeffrey Hughes, a past director, is COO of Member Services.		
- Interest	-	-
- Principal	-	30,000
Payments to Chartered Accountants Australia New Zealand, a company Mr. Duncan Pittard, a past director, is General Manager Victoria and Tasmania.		
- Interest	-	7,243
- Principal	-	30,000

Note 16: Working Capital Deficiency and Going Concern

As at 30 June 2018, AAT had working capital deficiency of $113,384 (2017: $115,348) and recorded a cash inflow from operating activities of $13,437 (2017: cash outflow of $25,262). Included within current liabilities is an amount of $251,423 disclosed as 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 $720,873 at 30 June 2018.

The directors after considering cash flow forecasts for the 2018-2019 year, the available overdraft facility of $100,000 and the confirmation of an extension by IPA not to recall the loan of $619,998 for a further period of 12 months to the 7 July 2020, 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

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

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 2018 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.

Daryl Koch

Signed in Melbourne, this day 31st of October. 2018.

McLean Delmo Bentleys
THINKING AHEAD

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

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Association of Accounting Technicians (Australia) Limited, which comprises the statement of financial position as at 30 June 2018, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the financial report of Association of Accounting Technicians (Australia) Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of the company.

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

Emphasis of Matter – Basis of Accounting

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. Our opinion is not modified in respect of this matter.

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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes 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.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd

Rod Hutton
Partner

Hawthorn
31st October 2018