



# ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LTD

*The Body for Professional Bookkeepers*

**Annual Report**

2018 - 19



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

ABN: 25 085 441 934

## **Financial Report**

For The Year Ended 30 June 2019

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

**CONTENTS**

	<u>Page</u>
Directors' Report	1
Auditor's Independence Declaration	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	19
Independent Auditor's Report	20

**DIRECTORS' REPORT**

Your directors present this report on the Association of Accounting Technicians (Australia) Limited ('AAT Australia') for the financial year ended 30 June 2019.

**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
Daryl Koch		4	4
Reece Agland		4	3
James Pisano	Ceased 31 July 2018	0	0
Nick Chapman		4	4
Morris Kaplan		4	4
Cassandra Scott	Appointed 16 <sup>th</sup> November 2018	4	4
Lielette Calleja	Appointed 16 <sup>th</sup> November 2018	4	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 has a strong focus on delivering quality Continuing Professional Education and bespoke training solutions to assist members progressing their practices.

**AAT Australia's Objectives**

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:

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

### Information on Directors

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	<p>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.</p> <p>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.</p>

ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED

ABN 25 085 441 934

DIRECTORS' REPORT (CONT'D)

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, GEO 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.
Cassandra Scott	Cassandra Scott is the Director of Laurus Bookkeeping, a business services consultancy specialising in cloud-based accounting and business systems based out of Brisbane, and operating for more than 10 years.  Cassandra is a Registered BAS Agent, Xero Certified Advisor, Xero Gold Partner and member of the Australian Bookkeepers Network, and partners with other cloud-based software providers to provide comprehensive bookkeeping and business solutions to SMEs throughout Australia and overseas.
Liette Calleja	Liette Calleja is an industry advocate and energetic speaker. She is the founder of All That Counts and has been assisting her clients with their bookkeeping and management accounting needs since 2004.  In 2019 Liette was the recipient of the Accountant's Daily Editor's Choice Award for her dedication to championing professionalism and progress in the Australian accounting industry.

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 2019 is 1,015. As at 30 June 2019, the collective liability of members was \$6,090 (2018: \$7,056).

**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 *11th of October* 2019.

**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 2019, 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  
11<sup>th</sup> October 2019



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 2019

	Note	2019 \$	2018 \$
<b>Revenue</b>			
Revenue from ordinary activities	2	524,365	539,362
<b>Total revenue</b>		<u>524,365</u>	<u>539,362</u>
<b>Expenses</b>			
Marketing and publications expenses		(83,626)	(76,177)
Administrative expenses		(40,334)	(41,639)
Employee benefits expense		(199,177)	(189,317)
Corporate services expenses		(216,000)	(202,800)
Depreciation expense		(5,850)	(6,308)
Finance costs		(14,604)	(14,511)
<b>Total expenses</b>		<u>(559,591)</u>	<u>(530,752)</u>
<b>Surplus/(Deficit) for the year</b>	3	<b>(35,226)</b>	<b>8,610</b>
Other Comprehensive Income		-	-
<b>Total comprehensive income/(Loss) for the year</b>		<u><b>(35,226)</b></u>	<u><b>8,610</b></u>

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 2019**

	Note	2019 \$	2018 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	149,815	178,099
Trade and other receivables	8	1,077	14,874
Other assets	9	16,051	7,955
<b>Total current assets</b>		<u>166,943</u>	<u>200,928</u>
<b>Non-Current Assets</b>			
Plant and equipment	10	8,443	12,757
<b>Total non-current assets</b>		<u>8,443</u>	<u>12,757</u>
<b>Total Assets</b>		<b>175,386</b>	<b>213,685</b>
<b>Current Liabilities</b>			
Trade and other payables	11	55,566	58,502
Income in advance		247,249	251,423
Provisions	12	7,585	4,387
Borrowings	13	-	-
<b>Total current liabilities</b>		<u>310,400</u>	<u>314,312</u>
<b>Non-Current Liabilities</b>			
Provisions	12	1,087	248
Borrowings	13	619,998	619,998
<b>Total non-current liabilities</b>		<u>621,085</u>	<u>620,246</u>
<b>Total Liabilities</b>		<u>931,485</u>	<u>934,558</u>
<b>Net Liabilities</b>		<u>(756,099)</u>	<u>(720,873)</u>
<b>Equity</b>			
Accumulated losses		(756,099)	(720,873)
<b>Total Equity</b>		<u>(756,099)</u>	<u>(720,873)</u>

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 2019**

	<u>Accumulated Losses</u>
Balance as at 1 July 2017	(729,483)
Surplus for the year	<u>8,610</u>
Balance as at 30 June 2018	(720,873)
Deficit for the year	<u>(35,226)</u>
<b>Balance as at 30 June 2019</b>	<b><u>(756,099)</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 2019**

	Note	2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from members and customers		590,599	579,059
Payments to suppliers and employees		(602,836)	(551,111)
Interest received		-	-
Interest paid		(14,511)	(14,511)
Net cash provided by/ (used in) operating activities	14	<u>(26,748)</u>	<u>13,437</u>
<b>Cash Flows from Investing Activities</b>			
Payment for plant and equipment		(1,536)	13,200
Net cash used in investing activities		<u>(1,536)</u>	<u>13,200</u>
<b>Cash Flows from Financing Activities</b>			
Payment of borrowings		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
<b>Net increase/ (decrease) in cash held</b>		<b>(28,284)</b>	<b>237</b>
Cash and cash equivalents at the beginning of the year		<u>178,099</u>	<u>177,862</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b><u>149,815</u></b>	<b><u>178,099</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 2019**

**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.

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

ABN 25 085 441 934

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**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 2019**

**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 2019**

**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 2019.



ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED  
ABN 25 085 441 934  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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

**(l) Application of new and revised Australian Accounting Standards**

The Company has adopted all of the new or revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the accounting period that begins on or after 1 July 2018. These include:

**AASB9 Financial Instruments**

AASB9 introduced new requirements for:

- The classification and measurement of financial assets and liabilities,
- Impairment of financial assets; and
- General hedge accounting

The directors of the company reviewed and assessed these new requirements and determined that the initial and subsequent application of AASB9 had no impact on the classification, measurement and disclosures of the company.

**(m) 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. These include:

**AASB15 Revenue from Contracts with Customers**

AASB15 will come into effect for not-for-profit entities for reporting periods that begin on or after 1 January 2019. The company intends to adopt the standard in the 2019/20 financial year when it becomes effective. AASB15 introduced a 5 step approach to account for revenue recognition with the requirement for an entity to only recognise revenue upon the fulfilment of the performance obligation.

An impact assessment of AASB15 was undertaken and it was determined that there will not be a material impact on the disclosure of revenue by the company in the initial year of application.

**AASB16 Leases**

AASB16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements. The standard is effective for accounting periods beginning on or after 1 January 2019. The date of initial application for the company will be 1 July 2019.

The company has performed an impact assessment of AASB16 and has determined that the requirements of the standard are not expected to impact the company.

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
**ABN 25 085 441 934**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	2019 \$	2018 \$
<b>Note 2: Revenue from ordinary activities</b>		
Members subscriptions	407,025	435,211
Advertising and commission revenue	17,702	39,758
Seminar revenue	99,368	64,393
Total revenue from ordinary activities	<u>524,365</u>	<u>539,362</u>

**Note 3: Surplus for the year**

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

Magazine publication	25,146	45,154
Advertising, promotion and prizes	2,072	1,246
Service fee – Institute of Public Accountants	216,000	202,800

A new service level agreement was signed between Association of Accounting Association (Australia) and Institute of Public Accountants on 1 July 2019. The new service level agreement reduces the service fee to an amount of \$66,000 per annum from 1 July 2019.

**Note 4: Income Tax Expense**

The prima facie income tax payable at 30% on net surplus is NIL (2018: \$2,583). 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 \$745,823 (2018: confirmed tax loss of \$735,255) 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 (2018: 2) key management personnel of the company is as follows:

Key management personnel compensation	<u>146,647</u>	<u>90,375</u>
---------------------------------------	----------------	---------------

**Note 6: Auditor's Remuneration**

Remuneration of the auditor for:

- auditing the financial statements	6,235	6,900
- taxation and FBT services	4,620	4,515

**Note 7: Cash and Cash Equivalents**

Cash at bank	<u>149,815</u>	<u>178,099</u>
--------------	----------------	----------------

ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED  
 ABN 25 085 441 934  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
<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	149,815	178,099
<b>Note 8: Trade and Other Receivables</b>		
Trade receivables, net	1,077	14,874
<b>Note 9: Other Assets</b>		
Prepayments	15,895	7,955
Accrued income	156	-
Total other assets	16,051	7,955
<b>Note 10: Plant and Equipment</b>		
Plant and equipment – at cost	65,639	64,102
Less accumulated depreciation	(57,196)	(51,345)
Total plant and equipment	8,443	12,757
<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	12,757	5,865
Additions	1,536	13,200
Depreciation expense	(5,850)	(6,308)
Carrying amount at the end of the year	8,443	12,757
<b>Note 11: Trade and Other Payables</b>		
Trade creditors	25,072	23,626
Accrued expenses	14,787	12,647
GST payable	15,707	22,229
Total trade and other payables	55,566	58,502

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
**ABN 25 085 441 934**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	2019 \$	2018 \$
<b>Note 12: Provisions</b>		
<b>Current</b>		
Employee entitlements	7,585	4,387
<b>Non-Current</b>		
Employee entitlements	1,087	248
<b>Total provisions</b>	<b>8,672</b>	<b>4,635</b>
<b>Note 13: Borrowings</b>		
<b>Current</b>		
Loan – secured	-	-
<b>Non-Current</b>		
Loan – secured	619,998	619,998

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 2018 the directors executed a Deed of Variation of Loan Agreement where CPA Australia and the Chartered Accountants Australia and New Zealand 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 \$619,998 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 7 July 2024 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 7 July 2021 to 7 July 2024.

**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 the registered charge

175,386	213,685
---------	---------

ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED  
 ABN 25 085 441 934  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
<b>Note 14: Cash Flow Information</b>		
Reconciliation of cash flow from operations with surplus		
Surplus/ (Deficit) for the year	(35,226)	8,610
Non-cash flows items:		
Depreciation	5,850	6,308
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	13,797	(14,239)
(Increase)/Decrease in other assets	(8,096)	3,995
Increase/(Decrease) in trade and other payables	(7,110)	23,754
Increase/(Decrease) in provisions	4,037	(14,989)
Increase/(Decrease) in other liabilities	-	(2)
Cash flows from operations	<u>(26,748)</u>	<u>13,437</u>

**Note 15: Related Party Transactions**

Directors of the entity are members of AAT and during the year have been entitled to member benefits on the same terms and conditions as those of other members of the entity.

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

As at 30 June 2019, AAT had working capital deficiency of \$143,457 (2018: \$113,384) and recorded a cash outflow from operating activities of \$26,748 (2018: cash inflow of \$13,437). Included within current liabilities is an amount of \$247,249 disclosed as income in advance, which is represented by the unexpired renewal of membership subscriptions. 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 \$756,099 at 30 June 2019 (2018 Net Deficiency : \$720,873).

The directors after considering cash flow forecasts for the 2019-2020 year, the available overdraft facility of \$100,000, the reduction in service fee paid to IPA from \$216,000 to \$66,000 effective from 1 July 2019 and the confirmation of an extension by IPA not to recall the loan of \$619,998 for a further period of 60 months to the 7 July 2024, are satisfied that AAT Australia is a going concern.

**ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LIMITED**  
**ABN 25 085 441 934**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**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: 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 2019 is 1,015. As at 30 June 2019, the collective liability of members was \$6,090 (2018: \$7,056).

**Note 19: Company Details**

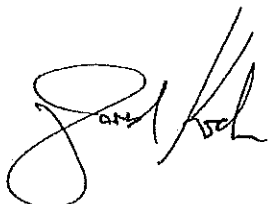
The registered office and principal place of business of the company is:

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 19, 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 2019 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 1<sup>st</sup> of October . 2019.

## 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 2019, 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 2019 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  
11<sup>th</sup> October 2019