

# ANNUAL REPORT 2019

AUSTRALIAN RESTRUCTURING  
INSOLVENCY & TURNAROUND  
ASSOCIATION



## **ANNUAL REPORT 2019**

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**SCOTT ATKINS**  
ARITA President

# PRESIDENT'S MESSAGE

In the face of the ongoing contraction of the profession, ARITA again delivered a resilient performance in 2019 by continuing to focus on our core member value proposition in education and advocacy. We have also, again, delivered close to a breakeven financial result for the year end, recording a slight profit to add to our reserves.

As the number of Registered Liquidators and Trustees fell by around 10%, ARITA's membership retention rate remains above 97% and we continue to represent some 80% of the registered population, who voluntarily choose to hold ARITA membership.

The number of enrolments across our suite of education products also remains strong despite the market conditions. Our core offerings of the Advanced Certification – still the only nationally accessible course to qualify for registration as a liquidator or trustee – alongside our two-day Introduction to Insolvency Program for those just starting out in the profession and our Essential Skills programs garnered nearly 1,400 enrolments across 43 programs. Our topical CPE program enjoyed nearly 4,000 registrations at 75 events.

In 2019, ARITA made 15 significant submissions on behalf of the profession to various government inquiries and public consultations. We also delivered a significant enhancement to our Code of Professional Practice with the release of the heavily restructured fourth

edition, which commenced at the end of the year. Our ARITA precedents offering is also used by some 90 insolvency accounting firms in the profession.

Also on the advocacy front, ARITA announced two major initiatives. The first was around diversity, with the creation of our Balance Taskforce which is chartered to build and advise on programs to ensure our profession is more reflective of the society that we serve. Our second major initiative was the announcement of our Financial Recovery Law Reform Commission.

ARITA wrote to all Federal members and senators advising them of our intent to conduct a 'root and branch' review of the insolvency regime as part of our commitment to public policy advocacy. We intended to commence the Commission's operations early in 2020, and we sought support from the Government to undertake this law review. It would now be well known to readers that the bushfire crisis and COVID-19 pandemic have both overtaken this initiative and also impact ARITA's ability to finance this important work.

The wisdom of the Board's strategy to ensure we maintained reasonable financial reserves to protect against future shocks has been borne out by the impact of the COVID-19 crisis which began after the end of our financial year but continues to play out as we table this annual report.

Members would be aware that ARITA moved to suspend all face-to-face events, which will have a significant impact on our revenue. However, the rapid response of ARITA's team in managing other aspects of our revenue and costs means the Board remains confident of our ability to not just ride out the crisis, but to remain ready to support a profession that will move to the vanguard of supporting the economy in the post-COVID environment as businesses move into financial distress.

ARITA stands ready to support members in training and upskilling staff coming into the profession with the resurgence of work, and meet the expected heavier demands in the advocacy space.

It's important to note that ARITA continues to achieve all of this with less than 13 fulltime equivalent staff and the support work of our volunteer Division Committee members. We are regarded as a peer to much larger professional bodies and, in the global context, ARITA is perceived as a clear leader in the restructuring, insolvency and turnaround space. ARITA members can rightly be proud of their association and their own contribution to it.

**Scott Atkins**, President

# Resilient membership despite contractions in the profession.

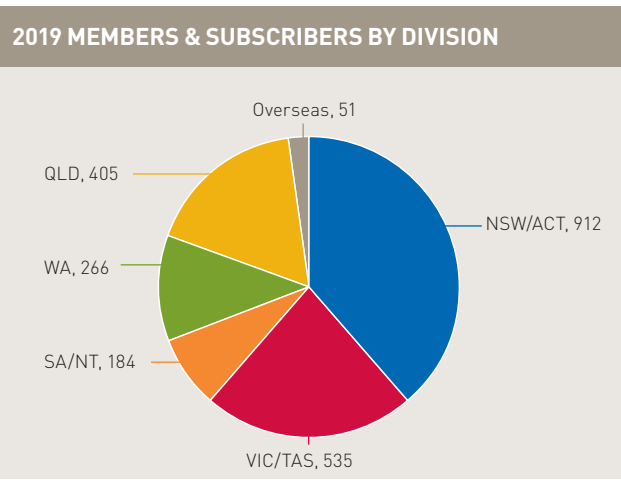
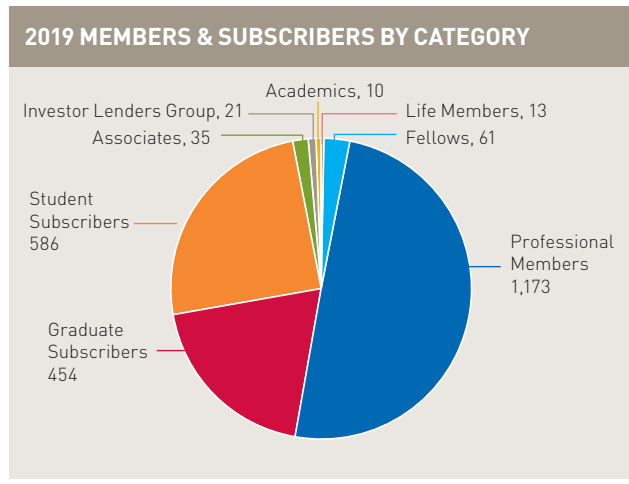
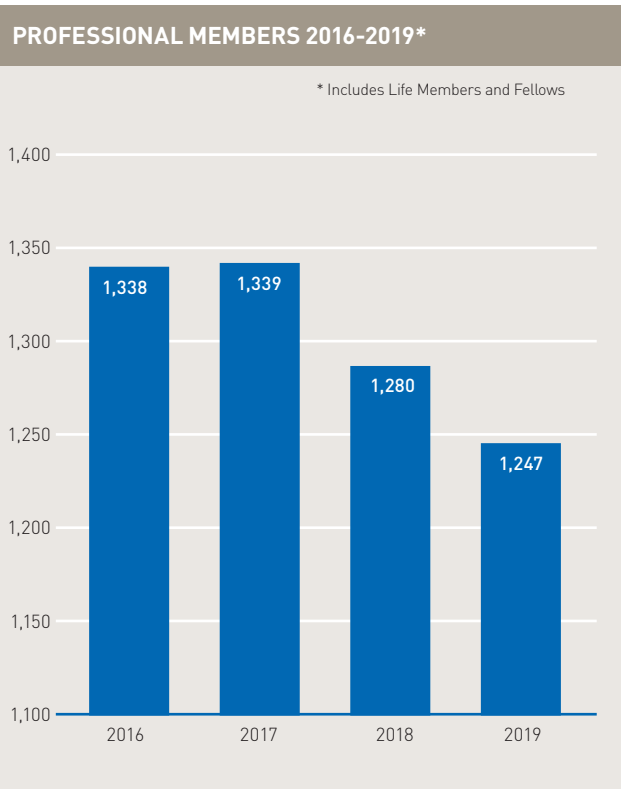
The profession has continued its decline in size in the post-GFC environment. Most firms have contracted in size and the ranks of Registered Liquidators and Trustees has fallen around 15% in the last two years. This has made for a challenging environment to retain membership.

Despite these headwinds, ARITA's membership remains strong with a 97% retention rate amongst Professional Members. Noting that ARITA membership is not compulsory for registration as a liquidator or trustee, we continue to have around 80% of the regulated population choosing to commit to and invest in ARITA Professional Membership.

## MEMBER SATISFACTION

Member satisfaction remained steady in 2019. Members reported that ARITA's most valued functions were 'keeping me up-to-date with issues, changes and developments in the profession' (4.21 out of 5) and 'providing access to information that will assist me in my professional activities' (3.97 out of 5).

In respect of our products and services, members reported the ARITA Journal was their most valued, with a rating of 4.32 out of 5. This was followed by formal courses (ARITA Advanced Certification, Introduction to Insolvency Program and Essential Skills) which rated 4.26 out of 5.



## Innovation & leadership in restructuring, insolvency & turnaround education.

Innovations in both content and delivery expanded our professional education options in 2019. Our flagship courses – the Introduction to Insolvency Program (IIP) and ARITA Advanced Certification – continued to be well attended.

### ESSENTIAL SKILLS SERIES DELIVERED ONLINE

After lower attendance in 2018, we trialled delivering the Essential Skills Series exclusively online in 2019. This change was well received by members who appreciated the convenience of online learning. There were 849 enrolments spread over 28 courses delivered via electronic classroom.

### ARITA CODE 4TH EDITION TRAINING VIDEOS

The ARITA Specialist Team produced a series of short training videos on key areas of the 4th edition of the ARITA Code, including:

- Introduction to the 4th edition
- Independence
- Declarations of Independence, Relevant Relationships & Indemnities

- Remuneration, disbursements & expenses
- Professional behaviour, competence & due care
- Advisory services & practice statements.

An explanatory handout accompanies each video.

### TOWN HALL MEETINGS

ARITA held our first ever town hall meetings in five locations around Australia in 2019. Exclusive and free to ARITA Professional, Fellow, Life and Associate Members. They provided updates on the association's current areas of focus, and gave members an opportunity to ask questions and raise issues with key board members and our CEO.

### CPE EVENTS

In 2019, 3,945 people attend 75 topical CPE events including Conferences, Forums and Young Professionals Seminars in 11 locations across Australia. This number included our major events: The National Conference held in Melbourne, our five Division Conferences in Perth, Adelaide, Melbourne, Sydney and Brisbane, and the fourth annual Small-Medium Practice Conference held on Hamilton Island.

### ATTENDANCE AT FORMAL COURSES

Course	Number of attendees	Number of courses held
<b>IIP</b>	246	12
<b>Essential Skills</b>	Bankruptcy	7
	Insolvency Law	7
	Insolvency	10
	Restructuring	4
<b>Advanced Certification</b>	Fundamentals of Restructuring Insolvency & Turnaround	1
	Advanced Insolvency	1
	Advanced Restructuring & Turnaround	1
<b>Total</b>	<b>1,382</b>	<b>43</b>

# Delivering policy leadership on behalf of the profession.

A great deal of ARITA's resources are focussed on representing the profession in various inquiries, hearings and policy consultations. Over the course of 2019, ARITA was engaged in the following public policy advocacy.

## ARITA SUBMISSIONS & CONSULTATIONS IN 2019

### January

- Submission to ASIC Regulator Performance Feedback for 2017–18

### February

- Submission to Treasury on draft legislation for ASIC Industry Funding Model and Registry Search Fees

### March

- Submission to the Senate Economics Legislation Committee Inquiry into Treasury Laws Amendment (Combating Illegal Phoenixing) Bill 2019
- Submission to the Senate Economics Legislation Committee Inquiry into Commonwealth Registers Bill 2019 (and 4 related bills) (Modernising Business Registers Program)
- Attendance at Senate Economics Legislation Committee public hearing into the Commonwealth Registers Bill 2019 (and 4 related bills) (Modernising Business Registers Program)

### April

- Submission to ASIC on draft Cost Recovery Implementation Statement: ASIC Industry Funding Model (2018–19)
- Submission to ATO on draft taxation determination TD 2019/D2

### May

- Submission to the Australian Law Reform Commission on terms of reference for its review of Australia's Corporate Criminal Responsibility laws

### June

- Feedback to the Australian Securities Exchange on its insolvency practitioner factsheet

### August

- Joint submission to Senate Economics Legislation Committee Inquiry in the Treasury Laws Amendment (2019 Tax Integrity and Other Measures No.1) Bill 2019

### September

- Submission to Treasury on Treasury Law Amendment (Measures for Later Sitting Bill) 2019
- Submission to AFSA Regulator Performance Feedback 2018–19

### October

- Submission to ATO on PCG 2019/D4 – Expansion of estimates regime to GST, LCT and WET

### November

- Feedback to Senator Anne Ruston, Minister for Families and Social Services, in response to the Sylvan Review of the coordination and funding for financial counselling services across Australia

### December

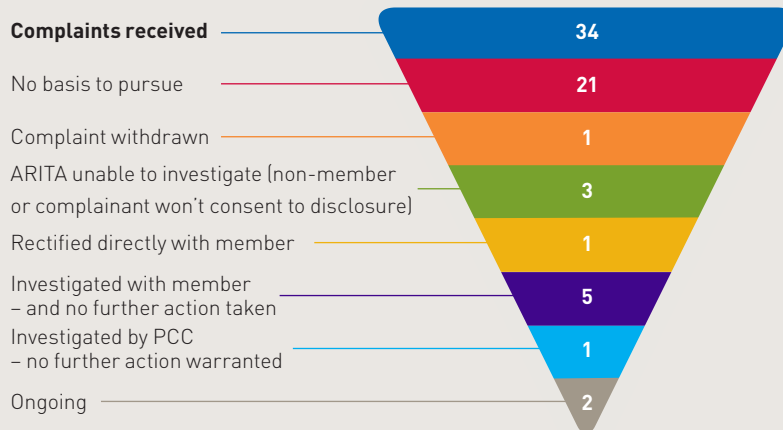
- Submission to Financial Markets Infrastructure Regulatory Reforms Consultation on Crisis Management Infrastructure

# ARITA plays a key role in maintaining high standards of professional & ethical conduct.

**A**RITA receives and investigates complaints about the professional conduct of members, and about the professional processes of ARITA members' firms. We also investigate concerns about the professional conduct of members that arise other than by way of a complaint.

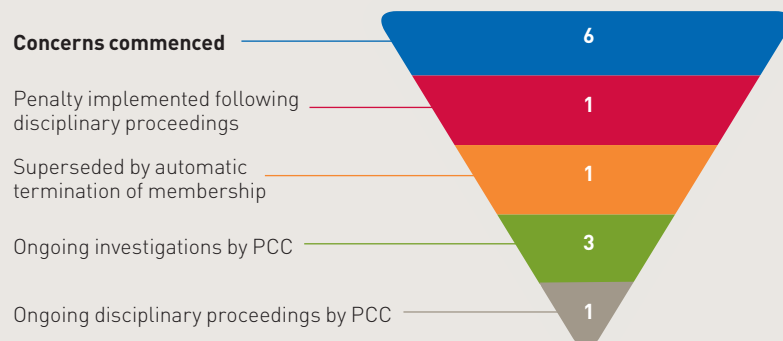
Details of ARITA's processes for investigating complaints and concerns are on our website, together with published outcomes of disciplinary proceedings.

## COMPLAINTS 2019



(PCC) Professional Conduct Committee

## CONCERNS 2019



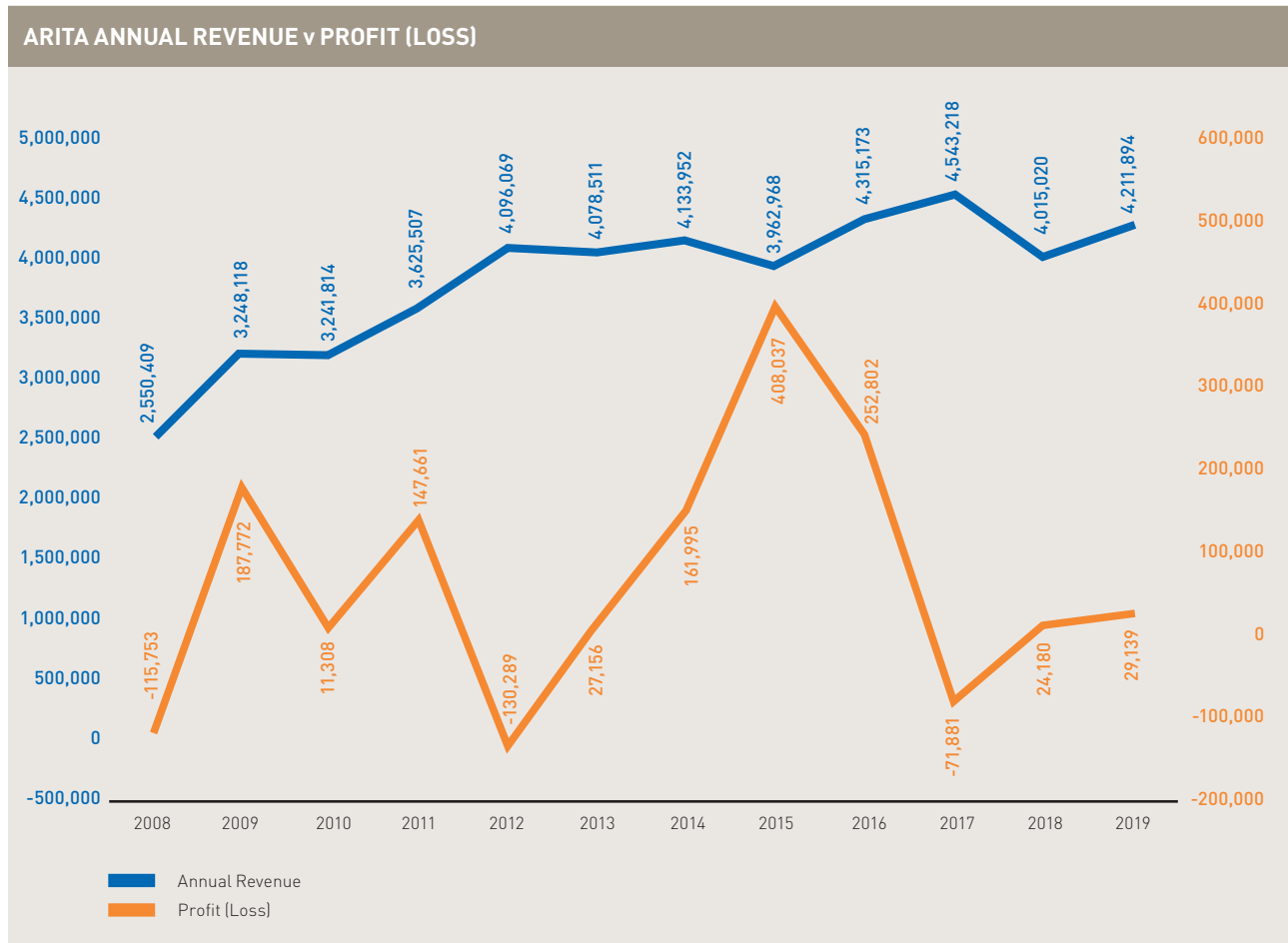
(PCC) Professional Conduct Committee

Automatic termination of membership	2
Discretionary suspension of membership	1
Reports to regulator pursuant to IPS 40-100 – no further action by regulator	2

# Balanced financial performance.

ARITA has delivered an almost break-even result, declaring a small profit of \$29,139 on approximately \$4.2 million in revenue. This compares with a profit of \$24,180 in 2018 on revenue of approximately \$4 million. To remain fit for purpose, our profits are retained for the future benefit of our members. The Board has ensured the association has accrued sufficient reserves to cover short-term downturns in operations and provision for future investments.

One such investment – a full replacement of our CRM and business management software – was commenced at the end of 2019, but work was suspended due to COVID-19 business impacts. The reserves on hand will help ensure ARITA can largely manage the expected impacts of COVID-19 on our operations.



# ARITA advocates good association governance by maintaining high standards in regulating its own affairs.

**A**RITA concluded some significant reforms to our governance model in early 2019 following member approval to amend our Constitution. Those changes are summarised as follows:

**There will be one representative on the Board from each Division**, elected by members of the relevant Division Committee (thereby reducing the NSW/ACT Division from three representatives to one, and the Vic/Tas Division from two to one).

**Removal of the CAANZ and CPA appointees to the Board**, noting that similar representation does not exist for approximately one-third of our members who are not accountants from those two bodies, and with the Board holding the strong view that our relationships with CAANZ and CPA are better maintained through cooperative agreements and arrangements.

**Setting a new maximum number of five direct appointments by the Board** to ensure that there is always an appropriate balance between appointed and directly elected Board members (noting that the ability to make direct appointments is a power that the Board already had under the existing Constitution).

**Only Board members elected by Division Committees and the President and Deputy President can vote on direct appointments to the Board** to preclude appointed members being able to vote on their own re-appointment or on replacements.

**The incoming President and Deputy President will remain on the Board for the duration of their two-year term**, meaning that they do not need to be reappointed as Board representatives by their respective Divisions, thus freeing up their previous board positions for election by the relevant Divisional Committees.

**Confirming that the Deputy President will become the President**, subject to a formal vote of confidence by the Board, at the conclusion of the President's two-year term.

### FINDING THE RIGHT BALANCE

These proposals were aimed at striking a balance between members maintaining a democratic control over the

election of Board members and delivering a Board that has a sufficiently broad set of skills and diversity to ensure the overall good governance of the association.

In this context, the use of direct appointments will be particularly focused on ensuring that the Board adequately reflects our membership base as a whole e.g. city, suburban and regional practitioners; small, medium and large firms; those practising in formal appointments and those practising in restructuring and turnaround; personal and corporate insolvency; and capturing the diversity of age and gender among practitioners.

It was felt by the Board that a maximum of five appointees was the appropriate number to achieve this outcome, while not unduly diluting the direct, democratic representation of the membership.

Following the 2019 Annual General Meeting, the President, Deputy President and the five directors appointed by Divisions met and appointed five additional directors. Those additional directors were selected specifically to address gaps in representation that included only a single Registered Trustee and no members from small practices being put forward by the Division Committee election process.

As a result of these appointments, the 2019–2020 Board came to comprise:

- 69% accountants and 23% lawyers
- 69% Registered Liquidators and 31% Registered Trustees
- 15% small, 38% medium and 38% large practice representation
- 31% female and 69% male
- geographic representation of 5 directors from NSW/ACT, 2 from Vic/Tas, 2 from Qld, 2 from SA/NT and 1 from WA.

### ARITA BOARD IN 2019

The Board met in person on four occasions in 2019: in February, May, August and November. A number of other decisions were taken by circular in the intervening periods.

Other than the CEO, none of ARITA's Board are remunerated for their directorship.

**Board Committees active during the year were:**

<p><b>AFSA Liaison Committee</b>                  Scott Atkins (Chair), Jason Porter (Deputy Chair)                  Katherine Barnet, Bruce Gleeson</p>	<p>The AFSA Liaison Committee met with AFSA representatives twice in 2019: March and October.</p>
<p><b>ASIC Liaison Committee</b>                  Scott Atkins (Chair), Michael Brereton (Deputy Chair)                  Rachel Burdett, Jason Porter</p>	<p>The ASIC Liaison Committee met with ASIC representatives twice in 2019: May and October. The Committee discussed issues relevant to ARITA members who are Registered Liquidators.</p>
<p><b>ASIC/AFSA Joint Liaison Committee</b>                  Scott Atkins (Chair), Michael Brereton (Deputy Chair)                  Katherine Barnet</p>	<p>The ASIC/AFSA Joint Liaison Committee met with ASIC and AFSA representatives twice in 2019: June and December.</p>
<p><b>Finance Committee</b>                  Michael Brereton (Chair), Kelly-Anne Trenfield (Deputy Chair)                  Katherine Barnet, Robyn McKern, Clifford Rocke</p>	<p>Throughout the year the Finance Committee reviewed monthly and quarterly financial reports and provided advice to the CEO and Financial Controller on financial accounting and reporting.</p>
<p><b>Membership Committee</b>                  Robyn McKern (Chair), Clifford Rocke (Deputy Chair)                  Rachel Burdett, Michael Hayes, Peter Schmidt</p>	<p>During 2019 the Membership Committee approved membership applications on a regular basis via circular. The Committee also provided advice on matters involving ARITA's membership.</p>
<p><b>Nominations Committee</b>                  Scott Atkins (Chair), Michael Brereton (Deputy Chair)                  Michael McCann (until 28 May 2019), Ross McClymont</p>	<p>The Nominations Committee met once via teleconference in 2019, in May, to conduct the annual review of the CEO.</p>
<p><b>Professional Conduct Committee</b>                  Peter Schmidt (Chair), Bruce Gleeson (Deputy Chair)                  Paul Cook, Anthony Elkerton, Michael Hayes, Alan Scott,                  Kelly-Anne Trenfield</p>	<p>The Professional Conduct Committee met six times in 2019: February, May, August, October (twice) and December. The Committee considered complaints and concerns against ARITA members and provided guidance on matters involving the professional conduct of members.</p>
<p><b>Small Medium Practice (SMP) Committee</b>                  Anthony Phillips (Chair)                  Bruce Gleeson (Deputy Chair)                  Michael Brennan, Anthony Elkerton, Robyn Erskine,                  Mathew Gollant, Alan Hayes, Glen Oldham, Chad Rapsey,                  John Shanahan, Anthony Warner</p>	<p>The SMP Committee met twice in 2019: March and December. The March meeting took place prior to the commencement of the annual SMP Conference held at Hamilton Island. The Committee considers issues facing ARITA's members operating in small and medium-sized practices.</p>
<p><b>Technical Working Group</b>                  Michael Brereton, Maria Duta, Lisa Filippin,                  Nicholas Giasoumi, Mark Gibson, Paul Gidley,                  Stephen Longley, Daniel Moore, Russell Morgan,                  Richard Morrow, Hillary Orr, Leearna Plank,                  Thomas Russell, Trudi Shepard, Peter Sheppard</p>	<p>Throughout 2019 the Technical Working Group provided technical input, industry feedback and insights into ARITA's submissions and other technical work.</p>
<p><b>Balance Taskforce (Diversity &amp; Inclusion Committee)</b>                  Katherine Barnet (Chair), Liam Bailey (Deputy Chair)                  Rachel Burdett, Paul Cook, Dominique Hogan-Doran SC,                  Robyn Erskine, Mathew Gollant, Melissa Jeremiah,                  Ross McClymont, Nick McGuigan, Tianne Nagy-Jones,                  Natasha Toholka</p>	<p>Formed in December 2019, the Diversity &amp; Inclusion Committee is tasked with developing and implementing a strategy to promote and support inclusive and diverse workplaces in the restructuring, insolvency and turnaround profession.</p>

## Members of ARITA's Division Committees in 2019.

Division Committees serve a vital role in representing the views of the profession to ARITA and its Board. In addition, Divisions are key organisers of forums and events in local markets. Divisions also undertake the initial review of all Professional and Associate membership applications.

Member	Firm
<b>NSW/ACT</b>	
<b>Michael Brereton</b> RITF, Chair	William Buck
<b>Danielle Funston</b> RITP, Deputy Chair	Maddocks
<b>Kathy Sozou</b> RITP, Secretary	McGrathNicol
<b>Scott Atkins</b> RITF	Norton Rose Fulbright
<b>Andrew Bowcher</b> RITF	RSM Australia
<b>Kirsten Farmer</b> RITP	Mills Oakley
<b>Bruce Gleeson</b> RITF	Jones Partners
<b>Alan Hayes</b> RITP	Hayes Advisory
<b>Scott Hedge</b> RITF	Colin Biggers & Paisley
<b>Morgan Kelly</b> RITF	KPMG
<b>Jason Porter</b> RITF	SV Partners
<b>Chad Rapsey</b> RITP	Rapsey Griffiths
<b>Eddie Senatore</b> RITP	Eddie Senatore Advisory
<b>Stephen Vaughan</b> RITF	KPMG
<b>QLD</b>	
<b>Kelly-Anne Trenfield</b> RITF, Chair	FTI Consulting
<b>Michael Brennan</b> RITF, Deputy Chair	Offermans
<b>Glen Oldham</b> RITF, Secretary	Oldhams Advisory
<b>Anthony Connelly</b> RITF	McGrathNicol
<b>Chris Cook</b> RITF	Worrells
<b>Ian Dorey</b> RITF	K&L Gates
<b>Michael Fingland</b> RITP	Vantage Performance
<b>Matthew Joiner</b> RITF	Cor Cordis
<b>Tracy Knight</b> RITP	Bentleys
<b>Tim Michael</b> RITF	KPMG
<b>David O'Farrell</b> RITF	HWL Ebsworth
<b>Michael Owen</b> RITP	PwC
<b>Peter Schmidt</b> RITF	Norton Rose Fulbright
<b>Peter Smith</b> RITF	Johnson Winter & Slattery

Member	Firm
<b>SA/NT</b>	
<b>Alan Scott</b> RITF, Chair	SV Partners
<b>Samuel Black</b> RITP, Deputy Chair/Secretary	O'Loughlins Lawyers
<b>Nicholas Gyss</b> RITF	DuncanPowell
<b>Michael Hayes</b> RITF	Piper Alderman
<b>Natasha Riach</b> RITP	Mansueto Legal
<b>VIC/TAS</b>	
<b>Rachel Burdett</b> RITF, Chair	Cor Cordis
<b>Melissa Jeremiah</b> RITP, Deputy Chair	Maddocks
<b>Leanne Chesser</b> RITP, Secretary	KordaMentha
<b>Paul Cook</b> RITF	Paul Cook & Associates
<b>Jim Downey</b> RITF	JP Downey & Co
<b>Mathew Gollant</b> RITF	CJG Advisory
<b>Geoff Green</b> RITP	Harbourside Advisory
<b>Adrian Hunter</b> RITF	Brooke Bird
<b>Paul Langdon</b> RITP	Vince & Associates
<b>Michael Lhuede</b> RITF	Piper Alderman
<b>Ross McClymont</b> RITF	Ashurst
<b>Robyn McKern</b> RITF	McGrathNicol
<b>Tianne Nagy-Jones</b> RITP	Grant Thornton
<b>Natasha Toholka</b> RITF	Norton Rose Fulbright
<b>WA</b>	
<b>Michelle Dean</b> RITP, Chair	Corrs Chambers Westgarth
<b>Wayne Rushton</b> RITP, Deputy Chair	KPMG
<b>Malcolm Field</b> RITP, Secretary	SV Partners
<b>Jeffery Black</b> RITP	Norton Rose Fulbright
<b>David Blanchett</b> RITP	Sheridan Chartered Accountants
<b>Rebecca Collins</b>	Quayside Chambers
<b>Matthew Donnelly</b> RITP	Deloitte
<b>Nirupa Manoharan</b> RITP	Mills Oakley
<b>Clifford Roche</b> RITF	Cor Cordis
<b>Michelle Shackles</b> RITP	BRI Ferrier
<b>Daniel Woodhouse</b> RITP	FTI Consulting

# FINANCIAL STATEMENTS **2019**

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# Directors' Report

for the year ended 31 December 2019

The directors present their report on Australian Restructuring Insolvency and Turnaround Association (ARITA) for the financial year ended 31 December 2019.

## Directors

The names of the directors in office at any time during, or since the end of, the year are:

Name	Position	Appointed/Resigned
Scott Atkins	Chair/President	
Michael Brereton	Deputy Chair/President	
Robyn McKern	Vice President	
Rachel Burdett	Director	Appointed on 28/05/2019
Bruce Gleeson	Director	Appointed on 28/05/2019
Michael Hayes	Director	Appointed on 28/05/2019
Katherine Barnet	Director	Appointed on 28/05/2019
Anthony Phillips	Director	Appointed on 28/05/2019
Jason Porter	Director	
Clifford Roche	Director	
Peter Schmidt	Director	
Kelly-Anne Trenfield	Director	Appointed on 28/05/2019
John Winter	Director/Company Secretary	
Ross McClymont	President	Resigned on 28/05/2019
Robyn Erskine		Resigned on 28/05/2019
Geoff Green		Resigned on 28/05/2019
David Lombe		Resigned on 28/05/2019
Alan Scott	Director	Resigned on 28/05/2019
<b>Non-director board participant</b>		
Ross McClymont	Immediate Past President	Appointed on 28/05/2019
Michael McCann	Immediate Past President	Resigned on 28/05/2019

## Principal activities

The principal activities of the Company during the financial year were the provision of member services including education and training.

## Objectives

The Company's short-term and long-term objectives are to:

- Deliver world class education services
- Build and sustain a broader, expanded and active membership
- Maintain independent professional standards and conduct oversight
- Influence markets and communities as active industry advocates
- Manage reputation
- Improve ARITA's financial performance

## Strategies

To achieve its stated objectives, the 'ARITA 2020 Strategic Plan' was developed as a result of intensive facilitated sessions with the Board and senior ARITA staff. The Strategic Plan outlines a framework for progressive improvements that build on the already strong foundations.

# Directors' Report *continued*

for the year ended 31 December 2019

## Key Performance Measures

ARITA measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of ARITA and whether the short-term and long-term objectives are being achieved.

## Information on directors

The names of each person who has been a director during the year and to the date of this report, their qualifications and special responsibilities are as follows:

Director	Qualifications	Committee and Liaison Responsibilities
<b>Scott Atkins</b> President (2019-present)	B.Econ LLB, LLM, RITF Fellow – INSOL International Partner – Norton Rose Fulbright	AFSA Liaison (Chair) ASIC Liaison (Chair) ASIC/AFSA Joint Liaison (Chair) Nominations 2019-2020 (Chair) INSOL International Director
<b>Katherine Barnett</b> s 20.3 Appointee	B.Com (Finance), M.Com, RITF, FCA Partner – Bentleys Corporate Recovery Registered Liquidator – 2004 Registered Trustee – 2008	AFSA Liaison (Deputy Chair) ASIC/AFSA Joint Liaison (Deputy Chair) Diversity and Inclusion 2019-2020 (Chair) Finance 2019-2020
<b>Michael Brereton</b> Deputy President (2019-present)	B.Com, B.Com (Honours) H.Dip Company Law, MBA, RITF, CA Director – William Buck Registered Liquidator – 2005	ASIC Liaison (Deputy Chair) ASIC/AFSA Joint Liaison (Deputy Chair) Finance (Chair) Nominations 2019-2020 (Deputy Chair) Technical Working Group
<b>Rachel Burdett</b> VIC/TAS nominee	B.Acc, M.Arts, CA, GAICD, RITF Partner – Cor Cordis Registered Liquidator 2010	ASIC Liaison 2019-2020 Membership Committee 2019-2020 Diversity and Inclusion 2019-2020
<b>Robyn Erskine</b> CPA Nominee (until 28 May 2019)	B.Bus, RITF, FCPA, CA Partner – Brooke Bird Registered Liquidator – 1992 Registered Trustee – 1992	AFSA Liaison 2018-2019 ASIC Liaison 2018-2019 ASIC/AFSA Joint Liaison 2018-2019 Small-Medium Practice 2018-2019 (Chair)
<b>Bruce Gleeson</b> s 20.3 Appointee	B. Comm, FCA, FCPA, RITF, JP (NSW) Principal – Jones Partners Registered Liquidator – 2002 Registered Trustee – 2003	AFSA Liaison 2019-2020 Professional Conduct (Deputy Chair) Small Medium Practice (Deputy Chair)
<b>Geoff Green</b> VIC/TAS Nominee (until 28 May 2019)	B.Econ, RITP, CA Principal – Harbourside Advisory	ASIC Liaison 2018-2019 ASIC/AFSA Joint Liaison 2018-2019 Communications 2018-2019 (Chair) Professional Conduct 2018-2019
<b>Michael Hayes</b> SA/NT Nominee	B. Juris, LLB, M (Com) Law, GAICD, RITF Graduate Certificate in Insolvency and Restructuring Partner – Piper Alderman	Membership 2019-2020 Professional Conduct 2019-2020
<b>David Lombe</b> CAANZ Nominee (until 28 May 2019)	B.Com, RITF, FCA, JP Special Principal – Deloitte Registered Liquidator – 1991 Registered Trustee – 2000	Finance 2018-2019 Professional Conduct 2018-2019

# Directors' Report *continued*

for the year ended 31 December 2019

## Information on Directors *(continued)*

Director	Qualifications	Committee and Liaison Responsibilities
<b>Robyn McKern</b> s 20.2 Appointee Vice President (2017-present)	B.Econ, RITF, FCA, GAICD Partner – McGrathNicol Registered Liquidator – 2000	Finance Membership (Chair)
<b>Anthony Phillips</b> s 20.3 Appointee	B.Econ, CA, RITF Director – Heard Phillips Lieberenz Registered Liquidator – 2007	Small Medium Practice 2019-2020 (Chair)
<b>Jason Porter</b> NSW/ACT Nominee	B.Com, CA, RITF, JP Partner – SV Partners Registered Trustee – 2005 Registered Liquidator – 2011	AFSA Liaison (Deputy Chair) ASIC Liaison
<b>Clifford Rocke</b> WA Nominee	B.Bus, RITF, FCA Partner – Cor Cordis Registered Liquidator – 1995	Finance Membership (Deputy Chair)
<b>Peter Schmidt</b> QLD Nominee	B.Com, LLB, RITF Partner – Norton Rose Fulbright	Professional Conduct (Chair) Membership
<b>Alan Scott</b> SA/NT Nominee (until 28 May 2019)	BA (Acctg), RITF, FCA Principal – BRI Ferrier Registered Trustee – 1992 Registered Liquidator – 1992	AFSA Liaison 2018-2019 (Deputy Chair) ASIC Liaison 2018-2019 (Deputy Chair) ASIC/AFSA Joint Liaison 2018-2019 Finance 2018-2019 (Deputy Chair) Professional Conduct
<b>Kelly-Anne Trenfield</b> s 20.3 Appointee	B.Bus (Accountancy), RITF, CA, JP (Qual) Senior Managing Director – FTI Consulting Registered Trustee – 2006 Registered Liquidator – 2007	Finance 2019-2020 (Deputy Chair) Professional Conduct 2019-2020
<b>John Winter</b> Chief Executive Officer Company Secretary	B.Com (Econ & Finance), MAICD	AFSA Liaison ASIC Liaison ASIC/AFSA Joint Liaison Finance Membership Professional Conduct Small Medium Practice Diversity and Inclusion
<b>Non-director board participant</b>		
<b>Michael McCann</b> Past President (until 28 May 2019)	B.Econ, RITF, CA, GAICD Partner – Grant Thornton Australia Registered Liquidator – 1998	Finance 2018-2019 Nominations 2018-2019
<b>Ross McClymont</b> Immediate Past President	LLB, B.Com, RITF Partner – Ashurst	AFSA Liaison 2018-2019 (Chair) ASIC Liaison 2018-2019 (Chair) ASIC/AFSA Joint Liaison 2018-2019 (Chair) Nominations 2018 - 2019 (Chair) Diversity and Inclusion

# Directors' Report *continued*

for the year ended 31 December 2019

Note that Committee and Liaison appointments generally rotate at the Board meeting following the AGM (usually held in May). This table represents directors having held an appointment to one of these groups over the annual reporting period. Appointments held before the 2019 AGM have been marked as '2018-2019' and those held only after the 2019 AGM are marked '2019-2020'. Committee appointments with no years specified were held for the entire financial year (2019).

For a period of two years after his or her retirement, a President acts as an advisor to the Board and the Executive and is entitled to attend Board and Executive meetings and receive all information that Directors will receive but does not have any voting rights. Ross McClymont replaced Michael McCann as the Immediate Past President after the May 2019 AGM and will remain so until the 2021 AGM.

## Members guarantee

ARITA is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards any outstanding obligations of the company. At 31 December 2019, the total amount that members of the company are liable to contribute if the company is wound up is \$126,900 (2018: \$131,500 – noting that ARITA amended its Constitution in May 2018, removing the categories of Graduate Member and Student Member. These former categories are now offered as subscriptions).

## Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2019, and the number of meetings attended by each director were:

Directors Meetings		
	Held*	Attended
Scott Atkins	4	4
Katherine Barnet	2	2
Michael Brereton	4	4
Rachel Burdett	2	2
Robyn Erskine	2	1
Bruce Gleeson	2	2
Geoff Green	2	2
Michael Hayes	2	2
David Lombe	2	2
Ross McClymont	2	2
Robyn McKern	4	4
Anthony Phillips	2	2
Jason Porter	4	4
Clifford Roche	4	3
Peter Schmidt	4	4
Alan Scott	2	2
Kelly-Anne Trenfield	2	2
John Winter	4	4
<b>Non-director board participant</b>		
Michael McCann	2	2
Ross McClymont	2	1

\* Held: represents the number of meetings held during the time the director held office.

## Directors' Report *continued*

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*for the year ended 31 December 2019*

### **Indemnity and insurance of officers**

During the financial year, the company has paid premiums in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the company. Officers indemnified include the directors and executive officers participating in the management of the company.

Further disclosure required under s 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

### **Indemnity and insurance of auditor**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to s 298(2)(a) of the Corporations Act 2001.

On behalf of the directors.



**Scott Atkins**  
Director  
6 May 2020



**Michael Brereton**  
Director  
6 May 2020

# Auditor's Independence Declaration



## Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

### To the Directors of Australian Restructuring Insolvency and Turnaround Association

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia Sydney Audit Pty Ltd

A handwritten signature in blue ink that reads "Vishal Modi".

Vishal Modi  
Director

Dated this 6<sup>th</sup> day of May 2020

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# Statement of Comprehensive Income

for the year ended 31 December 2019

	Note	2019 \$	2018 \$
<b>Income</b>			
Advertising and marketing .....		13,793	26,153
Education and training .....		1,395,414	1,335,898
Events management .....		1,088,515	1,023,994
Interest .....		16,599	19,375
Membership .....		1,348,850	1,257,664
Sale of precedents .....		171,406	179,400
Sponsorship .....		177,317	172,536
		<b>4,211,894</b>	<b>4,015,020</b>
<b>Expenditure</b>			
Accounting and auditing fees .....		(27,633)	(25,073)
Advertising and marketing expenses .....		(136,050)	(207,358)
Employee expenses .....		(1,564,333)	(1,517,830)
Education and training expenses .....		(707,708)	(703,187)
Depreciation and amortisation expense .....		(128,117)	(85,763)
Depreciation and amortisation expense - Right of Use .....		(152,871)	-
Events management expenses .....		(648,290)	(644,197)
Information technology expenses .....		(78,225)	(53,432)
Membership expenses .....		(301,926)	(155,244)
Occupancy expenses .....		(24,248)	(169,880)
Office and administration expenses .....		(171,804)	(156,898)
Precedent development .....		(16,749)	(62,431)
Superannuation .....		(140,545)	(148,270)
Travel and accommodation .....		(84,746)	(93,246)
Finance costs .....		(17,799)	-
Total expenses .....		<b>(4,201,044)</b>	<b>(4,022,809)</b>
<b>Surplus/(deficit) before income tax benefit .....</b>		<b>10,850</b>	<b>(7,789)</b>
Income tax benefit .....	4	18,289	31,969
<b>Surplus after income tax benefit for the year attributable to the members of Australian Restructuring Insolvency &amp; Turnaround Association .....</b>		<b>29,139</b>	<b>24,180</b>
Other comprehensive income for the year, net of tax .....		-	-
<b>Total comprehensive income for the year attributable to the members of Australian Restructuring Insolvency &amp; Turnaround Association .....</b>		<b>29,139</b>	<b>24,180</b>

The accompanying notes form part of these financial statements.

# Statement of Financial Position

as at 31 December 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents .....	5	2,521,056	2,489,728
Trade and other receivables .....	6	68,643	79,724
Other assets .....	8	105,883	264,857
<b>Total current assets</b> .....		<b>2,695,582</b>	<b>2,834,309</b>
<b>Non-current assets</b>			
Property, plant and equipment .....	9	170,281	265,901
Right-of-use assets .....	7	305,741	–
Deferred tax assets .....	4	170,320	152,031
<b>Total non-current assets</b> .....		<b>646,342</b>	<b>417,932</b>
<b>Total assets</b> .....		<b>3,341,924</b>	<b>3,252,241</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables .....	10	228,669	417,086
Borrowings .....	11	152,560	–
Provisions .....	12	76,828	134,598
Unearned revenue .....	13	900,025	963,039
<b>Total current liabilities</b> .....		<b>1,358,082</b>	<b>1,514,723</b>
<b>Non-current liabilities</b>			
Borrowings .....	11	167,289	–
Provisions .....	12	149,896	100,000
<b>Total non-current liabilities</b> .....		<b>317,185</b>	<b>100,000</b>
<b>Total liabilities</b> .....		<b>1,675,267</b>	<b>1,614,723</b>
<b>Net assets</b> .....		<b>1,666,657</b>	<b>1,637,518</b>
<b>EQUITY</b>			
Accumulated funds .....		1,666,657	1,637,518
<b>Total equity</b> .....		<b>1,666,657</b>	<b>1,637,518</b>

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

for the year ended 31 December 2019

	<b>Accumulated Funds \$</b>	<b>Total \$</b>
Balance at 1 January 2018 .....	1,613,338	1,613,338
Surplus after income tax benefit for the year .....	24,180	24,180
Other comprehensive income for the year, net of tax .....	-	-
Total comprehensive income for the year .....	24,180	24,180
<b>Balance at 31 December 2018</b> .....	<b>1,637,518</b>	<b>1,637,518</b>
Balance at 1 January 2019 .....	1,637,518	1,637,518
Surplus after income tax benefit for the year .....	29,139	29,139
Other comprehensive income for the year, net of tax .....	-	-
Total comprehensive income for the year .....	29,139	29,139
<b>Balance at 31 December 2019</b> .....	<b>1,666,657</b>	<b>1,666,657</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

for the year ended 31 December 2019

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from operations .....		4,474,636	4,538,274
Payments to suppliers and others.....		(2,697,809)	(2,715,075)
Payments for employees.....		(1,572,207)	(1,654,746)
Finance costs .....		(17,799)	-
<b>Net cash from operating activities</b> .....		<b>186,821</b>	<b>168,453</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment .....	9	(32,497)	(10,132)
Decrease/(Increase) in term deposit investments .....		-	(1,436)
Interest received .....		15,767	19,375
<b>Net cash from/(used in) investing activities</b> .....		<b>(16,730)</b>	<b>7,807</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities.....		(138,763)	-
<b>Net cash used in financing activities</b> .....		<b>(138,763)</b>	<b>-</b>
Net increase in cash and cash equivalents .....		31,328	176,260
Cash and cash equivalents at the beginning of the financial year .....		2,489,728	2,313,468
<b>Cash and cash equivalents at the end of the financial year</b> .....	5	<b>2,521,056</b>	<b>2,489,728</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

for the period ended 31 December 2019

## NOTE 1. GENERAL INFORMATION

The financial statements are for Australian Restructuring Insolvency and Turnaround Association (the Company) as an individual entity, incorporated and domiciled in Australia. The Company is a not-for-profit company limited by guarantee, incorporated under the Corporations Act 2001.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Statement of compliance

Australian Restructuring Insolvency and Turnaround Association applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 6 May 2020 by the directors of the company.

### Basis of measurement

The financial statements have been prepared on the historical cost basis.

### Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

### Use of estimates and judgements

In preparing the financial statements in conformity with Australian Accounting Standards – Reduce Disclosure

Requirements judgements, estimates and assumptions are made that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the result of which forms the basis of carrying values and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or financial position reported in future periods.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

### AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

for the period ended 31 December 2019

## **NOTE 2. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

### **AASB 16 Leases**

The company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

### **AASB 1058 Income of Not-for-Profit Entities**

The company has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset

to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

### **Historical cost convention**

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

### **Revenue recognition**

#### **Revenue from contracts with customers**

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

#### **Sale of goods**

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

#### **Membership revenue**

Revenue from membership subscriptions is recognised on an accrual basis in accordance with the substance of the relevant agreement.

# Notes to the Financial Statements *continued*

for the period ended 31 December 2019

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

Revenue in relation to rendering of services is recognised upon delivery of the service to customers.

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

### **Income tax**

The principle of mutuality applies to the Company's income tax liability, whereby income derived from members is not assessable for income tax. The income tax liability arises in respect of income derived from non-members, less certain allowable deductions.

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or non-allowable items. It is calculated using tax rates that have been enacted or are substantively enacted by reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### **Financial Instruments**

#### ***Non-derivative financial assets***

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company's non-derivative financial assets are cash and cash equivalents and patient, trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost, less any impairment losses.

#### ***Non-derivative financial liabilities***

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial liabilities are trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

#### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

for the period ended 31 December 2019

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Given the non-for-profit nature of the Company, to the extent that future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Company would, if deprived of the asset, replace its remaining future economic benefits, value-in-use is assessed as the depreciated replace cost of the asset.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

### Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

### Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

# Notes to the Financial Statements *continued*

for the period ended 31 December 2019

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

### Property, plant and equipment

#### **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset, including capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss.

#### **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Fixed asset class	Depreciation rate
Furniture and equipment	13.33%-40%
Leasehold improvements	20.87%
Computer equipment	33.33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

#### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the

for the period ended 31 December 2019

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### 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 and salaries are recognised as part of current trade and other payables in the statement of financial position.

#### Other 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.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### Comparative Figures

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

## NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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.

The directors do not believe that there were any key estimates or key judgments used in the development of the financial statements that give rise to a significant risk of material adjustment in the future.

# Notes to the Financial Statements *continued*

for the period ended 31 December 2019

	2019 \$	2018 \$
<b>NOTE 4. INCOME TAX</b>		
<b>Numerical reconciliation of income tax benefit and tax at the statutory rate</b>		
Surplus/(deficit) before income tax benefit .....	10,850	(7,789)
Tax at the statutory tax rate of 27.5% .....	2,984	(2,142)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income: .....		
– expenses attributable to members .....	915,501	858,409
– income attributable to members .....	(956,492)	(890,386)
	(38,007)	(34,119)
Non-deductible expenses and temporary differences .....	19,718	2,150
Income tax benefit .....	<b>(18,289)</b>	<b>(31,969)</b>
<b>Deferred tax asset</b>		
Deferred tax asset comprises temporary differences attributable to: .....		
Amounts recognised in profit or loss: .....		
– Provisions and accruals .....	9,942	13,362
– Tax losses .....	160,378	138,669
Deferred tax asset .....	<b>170,320</b>	<b>152,031</b>
<b>NOTE 5. CASH AND CASH EQUIVALENTS</b>		
<b>Current</b>		
Cash on hand .....	300	300
Cash at bank .....	2,520,756	2,489,428
	<b>2,521,056</b>	<b>2,489,728</b>
Cash at bank includes \$140,226 (2018: \$139,113) relating to the Terry Taylor Scholarship Fund which is earmarked for specific purposes.		
<b>NOTE 6. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables .....	12,180	29,496
Other receivables .....	56,463	50,228
	<b>68,643</b>	<b>79,724</b>
<b>NOTE 7. RIGHT-OF-USE ASSETS</b>		
<b>Non-current assets</b>		
Land and buildings - right-of-use .....	458,612	–
Less: Accumulated depreciation .....	(152,871)	–
	<b>305,741</b>	<b>–</b>
<b>NOTE 8. OTHER ASSETS</b>		
<b>Current</b>		
Prepayments .....	41,175	200,981
Term deposit – bank guarantee .....	64,708	63,876
	<b>105,883</b>	<b>264,857</b>

# Notes to the Financial Statements *continued*

for the period ended 31 December 2019

## NOTE 9. PROPERTY, PLANT AND EQUIPMENT

### Non-current

	2019 \$	2018 \$
Leasehold improvements – at cost .....	401,781	401,781
Less: Accumulated depreciation .....	(231,500)	(148,521)
	170,281	253,260
Fixtures and equipment – at cost .....	71,925	49,708
Less: Accumulated depreciation .....	(71,925)	(37,067)
	–	12,641
Computer equipment – at cost .....	70,606	60,575
Less: Accumulated depreciation .....	(70,606)	(60,575)
	–	–
	<b>170,281</b>	<b>265,901</b>

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold improvements \$	Furniture and equipment \$	Total \$
Balance at the beginning of year .....	253,260	12,641	265,901
Additions .....	–	32,497	32,497
Depreciation expense .....	(82,979)	(45,138)	(128,117)
Balance at the end of the year .....	<b>170,281</b>	<b>–</b>	<b>170,281</b>

## NOTE 10. TRADE AND OTHER PAYABLES

### Current

	2019 \$	2018 \$
Trade payables .....	29,759	205,221
GST payable/(receivable) .....	72,652	84,705
Accrued expenses and other payables .....	126,258	127,160
	<b>228,669</b>	<b>417,086</b>

## NOTE 11. BORROWINGS

### Current liabilities

Lease liability .....	152,560	–
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### Non-current liabilities

Lease liability .....	167,289	–
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# Notes to the Financial Statements *continued*

for the period ended 31 December 2019

	2019 \$	2018 \$
<b>NOTE 12. PROVISIONS</b>		
<b>Current</b>		
Annual leave . . . . .	62,914	63,135
Long service leave . . . . .	13,914	71,463
	<b>76,828</b>	<b>134,598</b>
<b>Non-current</b>		
Long service leave . . . . .	49,896	–
Lease make good . . . . .	100,000	100,000
	<b>149,896</b>	<b>100,000</b>
<b>NOTE 13. UNEARNED REVENUE</b>		
<b>Current</b>		
Membership subscriptions . . . . .	878,151	900,382
Education, events and other income in advance . . . . .	21,874	62,657
	<b>900,025</b>	<b>963,039</b>
<b>NOTE 14. KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
Key management personnel is defined by AASB 124 'Related Party Disclosures' as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the entity.		
The totals of remuneration paid to six (2018: six) key management personnel during the year are as follows:		
– Total key management personnel compensation . . . . .	<b>940,712</b>	<b>896,892</b>
<b>NOTE 15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS</b>		
There were no contingent liabilities or contingent assets at the end of the financial year.		
<b>NOTE 16. COMMITMENTS</b>		
<b>Lease commitments - operating</b>		
Committed at the reporting date but not recognised as liabilities, payable:		
– Within one year . . . . .	–	156,564
– One to five years . . . . .	–	335,232
	<b>–</b>	<b>491,796</b>

# Notes to the Financial Statements *continued*

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*for the period ended 31 December 2019*

## **NOTE 17. RELATED PARTY DISCLOSURE**

Other than the compensation of key management personnel, which is separately disclosed in these statements, there were no related party transactions during the financial year.

## **NOTE 18. EVENTS AFTER THE REPORTING PERIOD**

The financial statements were authorised for issue by the directors on the date of signing the attached Directors' Declaration. The directors have the power to amend and reissue the financial statements after they are issued.

At the date of authorisation of the financial report the company is continuing to monitor and respond to the effects of the COVID-19 virus. Any potential financial effect of the virus is unknown. No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

## **NOTE 19. COMPANY DETAILS**

The registered office and principal place of business of the company is:  
Australian Restructuring Insolvency and Turnaround Association  
Level 5,  
191 Clarence Street,  
Sydney NSW 2000

# Directors' Declaration

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*for the period ended 31 December 2019*

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to s 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Scott Atkins**

Director

6 May 2020



**Michael Brereton**

Director

6 May 2020



## Independent Auditor's Report to the Members of Australian Restructuring Insolvency and Turnaround Association

### Report on the Audit of the Financial Statement

#### Opinion

We have audited the accompanying financial report of Australian Restructuring Insolvency and Turnaround Association (the Company), which comprises the statement of financial position as at 31 December 2019, the 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 other explanatory notes, and the directors' declaration.

In our opinion, the accompanying financial report of Australian Restructuring Insolvency and Turnaround Association is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements 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 statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other information

The directors are responsible for the other information. The other information comprises the information in the Company's directors' report and annual report for the year ended 31 December 2019 but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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## **Directors' responsibility for the financial statements**

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related 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.

## **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 the 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.

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We communicate with the directors 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.

Nexia Sydney Audit Pty Ltd

A handwritten signature in blue ink, appearing to read 'Vishal Modi', with a horizontal line underneath.

Vishal Modi  
Director

Dated this 6<sup>th</sup> day of May 2020

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