

8th April 2026

Accounting and Finance Association of Australia and New Zealand Limited
Level 8, 198 Berkeley St
Carlton, VIC, 3053, Australia

Dear Board Members,

RESULTS OF AUDIT – MANAGEMENT LETTER

The financial statement audit for the year ended 31 December 2025 has been completed in accordance with Auditing Standards ASA 260 and ASA 265.

We take this opportunity to inform you that no material or significant matters were discovered during the audit.

The MYOB accounting records have been kept in a manner that enabled effective audit processing as well as providing management with necessary financial information.

Overview

Accounting and Finance Association of Australia and New Zealand Limited (AFAANZ) continues to remain in a strong financial position, with excellent liquidity, no debt, positive operating cash flows, and substantial reserves to support its core activities and future conferences.

Financial Result

From a financial performance standpoint, AFAANZ ended the FY25 year with a surplus result totalling \$2,515, compared to FY24 of \$12,984, reflecting a near break-even outcome for the year.

While the surplus is modest, the result is consistent with a not-for-profit operating model, with funds intentionally reinvested into conferences, research grants, doctoral support, and member services.

A 5.31% increase in revenue from \$962k in FY24 to \$1.01mil in FY25 contributed to the surplus, driven mainly by conference income, membership fees, sponsorships, and journal revenue.

The largest contributors were the increase in membership subscriptions by circa 18%.

Expenses grew faster than income (6.5% vs income growth of 5.3%), which largely explains the reduction in surplus compared to FY24.

The increase in expenses is primarily attributable to the higher conference costs associated with the 2025 Brisbane conference, and the increase in employee benefit expenses. The higher expenses are mission-aligned, rather than uncontrolled overhead growth.

Key Financial Ratios & Net Asset Position

Current Ratio (Liquidity)

- Current Assets ÷ Current Liabilities
- Current Assets: \$1.27m
- Current Liabilities: \$337k
- Current Ratio: 4 : 1
- This comfortably suggests short-term obligations can be easily met as they fall due.

Quick Ratio (Cash & Term Deposits focus)

- (Cash + Term Deposits) ÷ Current Liabilities
- Quick Ratio: Circa 3.2 : 1
- Liquid funds (cash \$231k plus term deposits \$862k) total over \$1.09m.
- A significant liquidity buffer even after excluding prepayments and accrued income.
- Supports going concern assessment.

Net Assets Ratio

- Net Assets: \$932k
- Total Assets: \$1.27m
- Ratio: 73%
- Strong equity base.

Cash Flow Sustainability

- Net operating cash inflows of \$43,358 demonstrate that day-to-day activities are cash-generative, despite a modest accounting surplus.
- There is no reliance on borrowing, and all operating outflows (conference costs, employee costs, grants, and administration) were funded from operating receipts.

Expense Structure

- Conference expenses remain the single largest cost category (\$445k), broadly aligned with conference income levels and expected for AFAANZ's core activities.
- Research grants of \$208k awarded in 2025 continue to represent a significant but strategic use of funds consistent with organisational objectives.
- Employee benefit expenses increased year-on-year; however, overall staffing costs remain proportionate to revenue size and reserves.

Provisions and Forward Commitments

- Research grant provisions of \$234,000 have been recognised for awards expected during 2026 and are fully funded by existing reserves.
- Although classified as current under accounting standards, historically not all grants are settled within 12 months, reducing near-term liquidity pressure.
- No contingent liabilities or post-balance-date events were identified that would affect solvency or operations.

Summary of Adjustments made

All adjustments made to the accounts have been discussed and agreed throughout the audit.

General Comment

We would like to take this opportunity to thank Tim Jones for the courtesy and assistance given to us during the audit.

We appreciate the comprehensive supporting documentation and assistance in all our queries promptly to assist with our work.

If you would like to discuss the contents of this letter, please don't hesitate to contact Muqet Bilwani (muqet.bilwani@fieldgroup.com.au) on (03) 9727 6700.

Thank you again for your assistance during our audit.

Yours faithfully,



Muqet Bilwani, CPA
Audit Director
THE FIELD GROUP - AUDIT