

ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LIMITED

ABN 67 091 255 908

Financial Report

For the Year Ended 31 December 2018

ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LIMITED

ABN 67 091 255 908

Contents For the Year Ended 31 December 2018

	Page
Directors' Report	1
Auditors Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	24
Independent Audit Report	25
Additional Information for the Members	28

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Directors' Report 31 December 2018

Your directors present their report on the company for the financial year ended 31 December 2018.

Directors

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

Jacqueline Birt
David Bond
Millicent Chang
Charl de Villers
Carolyn Fowler (retired 31 July 2018)
Andrew Jackson
Baljit Sidhu
Chris van Staden (retired 31 July 2018)
Marvin Wee
Sumit Lodhia (appointed 1 August 2018)
Tom Scott (appointed 1 August 2018)

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 year was the administration of a not-for-profit accounting and finance association operated for the advancement of accounting and finance education.

No significant change in the nature of these activities occurred during the financial year.

Short-term and Long-term Objectives

The primary objectives of Accounting and Finance Association of Australia and New Zealand Limited (AFAANZ), which was established to operate as a public educational institution by supporting and advancing the character, status, teaching and research in the accounting and finance and related disciplines through educational and other activities are:

- To provide education programs and continuing professional development programs for the benefit of both members and non-members.
- To prescribe, adopt, test and recognise by way of diploma, designation or otherwise standards and classifications of attainment and qualifications in accounting and finance and related disciplines.
- To promote to the public, whether by way of publication or otherwise, information on accounting and finance and related disciplines and other subjects of interest or value to accountants, finance and related disciplines by lectures, discussions, books, journals and correspondence and other publications with the public and other bodies and individuals or otherwise.
- To encourage the study of accounting and finance and related disciplines within the general public, and, for that purpose to donate and to encourage the donation, on such terms and conditions as may from time to time be determined or prescribed, of a prize or prizes or other rewards or distinctions.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Directors' Report 31 December 2018

Strategies

To achieve these objectives, the company has adopted the following strategies:

- To provide education and professional development programs in accounting and finance related disciplines.
- To provide accounting and finance related lectures, discussions, books, journals and other publications to the public.
- To donate and encourage donations of prizes and other rewards for the study of accounting and finance related disciplines (research grants and scholarships).
- To conduct an annual conference and doctoral symposium.

Key Performance Measures

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

Company Performance

During 2018, AFAANZ continued to advance the character, status, teaching and research in the accounting and finance and related disciplines. The advancement occurred by AFAANZ initiated and coordinated activities including:

- An Annual Conference with approximately 355 delegates attending from numerous countries;
- A Doctoral Symposium attended by 37 PhD candidates drawn from a wide range of institutions with an internationally renowned faculty;
- Awarding of approximately \$174,000 in research grants to successful applicants;
- Providing Conference support to Institutional members;
- Supporting PhD students to attend the European Accounting Association's Colloquium and the American Accounting Association's Consortium; and
- Supporting and funding a PhD Coursework Program

Additionally, AFAANZ continued to build on relationships with various national and international associations including accounting professional bodies. Several co-badged events were conducted that assisted in bridging the gap between academia and practice.

AFAANZ made a surplus this year and it appears that the revenue have decreased during the financial year. The surplus for AFAANZ amounted to \$52,830 (2017 Restated: \$ 99,303) for the year.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Directors' Report 31 December 2018

Information on Directors

Jacqueline Birt

Qualifications
Experience
Special Responsibilities

BEd, BBus, MBus, PhD, CPA
Professor, University of Western Australia
AFAANZ Board Member - Educational Portfolio and Doctoral Symposium Co-Director

David Bond

Qualifications
Experience
Special Responsibilities

BBus (Hons), PhD
Senior Lecturer, University of Technology Sydney
AFAANZ Board Member - Educational and Social Media, website and IT Portfolios

Millicent Chang

Qualifications
Experience
Special Responsibilities

B.Com (Hons), MCom, PhD
Professor, The University of Wollongong
AFAANZ Board Member
Doctoral Symposium Co-Director, Sponsorships and External Relationships portfolio and President (Australia)

Charl de Villiers

Qualifications
Experience
Special Responsibilities

MBA, DCom, CA
Professor, University of Auckland
AFAANZ Board Member - Co-chair Conference Technical Committee and Special project journal(s)
President (New Zealand)

Carolyn Fowler (retired 31 July 2018)

Qualifications
Experience
Special Responsibilities

BCom, MCom, PhD, FCA, CMA
Associate Professor, Victoria University of Wellington
AFAANZ Board Member - SIGs Portfolio (until 31 July 2018)

Andrew Jackson

Qualifications
Experience
Special Responsibilities

BCA, MCA, PhD, AMusTCL, CA
Senior lecturer, UNSW Australia
AFAANZ Board Member - Treasurer, Rookie camp and other projects

Baljit Sidhu

Qualifications
Experience
Special Responsibilities

MCom, PhD, FCPA, FCA
Professor, University of Sydney
AFAANZ Board Member – AFDEN and Research Portfolios

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Directors' Report 31 December 2018

Information on Directors (continued)

Chris van Staden (retired 31 July 2018)

Qualifications

BCom (Hons), MCom, DCom, CA

Experience

Professor of Accounting, Auckland University of Technology

Special Responsibilities

AFAANZ Board Member – Sponsorships and External Relationships portfolio and President (New Zealand) (until 31 July 2018)

Marvin Wee

Qualifications

BCom (Hons), MFin, PhD, CPA

Experience

Associate Professor, Australian National University

Special Responsibilities

AFAANZ Board Member – Co-chair Conference Technical Committee

Sumit Lodhia (appointed 1 August 2018)

Qualifications

BA, PGD A&F Management, MA, PhD

Experience

Professor, University of South Australia

Special Responsibilities

SIGs (from 1 August 2018)

Tom Scott (appointed 1 August 2018)

Qualifications

BCom, MBus, Doctor of Philosophy

Experience

Associate Professor, Auckland University of Technology

Special Responsibilities

Co-Chair Conference Technical Committee (from 1 August 2018)

Meetings of Directors

During the financial year, 3 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Jacqueline Birt	3	3
David Bond	3	3
Millicent Chang	3	3
Charl de Villers	3	3
Carolyn Fowler	3	1
Andrew Jackson	3	3
Baljit Sidhu	3	3
Chris van Staden	3	2
Marvin Wee	3	3
Sumit Lodhia	3	1
Tom Scott	3	1

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Directors' Report 31 December 2018

Meetings of Directors (continued)


The company 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 \$10 each towards meeting any outstanding obligations of the entity. At 31 December 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$6,690 (2017:\$ 6,700).

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2018 has been received and can be found on page 6 of the financial report.

The directors' report is signed in accordance with a resolution of the Board of Directors:

Director: 
Andrew Jackson

Director: 
Millicent Chang

Dated this 11 day of April 2019

Auditor's Independence Declaration under Section 60 of the *Australian Charities and Not-for-profits Commission Act 2012* to the directors of Accounting and Finance Association of Australia and New Zealand Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the *Australian Charities and not-for-profits Commission Act 2012* in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood

Hayley Underwood
Partner

Melbourne, 11 April 2019

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

		2018	Restated ⁽¹⁾ 2017
		\$	\$
Service revenue	2	769,089	801,654
Other income	2	139,403	59,175
Total Revenue		908,492	860,829
Conference expenses		(348,336)	(281,625)
Depreciation and amortisation		(783)	(1,039)
Employee benefits	3	(96,556)	(94,530)
Research Grants		(212,122)	(189,128)
PhD and AFDEN scholarships		(14,149)	(11,567)
Doctoral symposium expenses		(15,688)	(30,874)
Meeting expenses		(20,443)	(18,483)
Administration expenses		(44,856)	(54,451)
Accounting and Finance journal expenses		(32,005)	(6,558)
Award expenses		(16,040)	(23,576)
Other expenses		(54,684)	(49,695)
Total Expenses		(855,662)	(761,526)
Surplus for the year		52,830	99,303
Other comprehensive income		-	-
Total comprehensive income for the year		52,830	99,303

⁽¹⁾Certain comparatives were restated- refer to Note 1(o) for details.

The accompanying notes form part of these financial statements.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Statement of Financial Position As At 31 December 2018

		Restated ⁽¹⁾	
	2018	2017	
Note	\$	\$	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	204,629	294,358
Financial assets	6	1,051,941	1,039,143
Trade and other receivables	7	11,832	123,754
Other assets	8	33,894	16,631
TOTAL CURRENT ASSETS		<u>1,302,296</u>	<u>1,473,886</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,567	2,350
Other assets	8	-	33,894
TOTAL NON-CURRENT ASSETS		<u>1,567</u>	<u>36,244</u>
TOTAL ASSETS		<u><u>1,303,863</u></u>	<u><u>1,510,130</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	53,948	356,472
Provisions	11	270,954	222,545
TOTAL CURRENT LIABILITIES		<u>324,902</u>	<u>579,017</u>
NON-CURRENT LIABILITIES			
Trade and other payables	10	-	6,000
Provisions	11	1,663	645
TOTAL NON-CURRENT LIABILITIES		<u>1,663</u>	<u>6,645</u>
TOTAL LIABILITIES		<u>326,565</u>	<u>585,662</u>
NET ASSETS		<u><u>977,298</u></u>	<u><u>924,468</u></u>
EQUITY			
Accumulated Surplus		<u>977,298</u>	924,468
TOTAL EQUITY		<u><u>977,298</u></u>	<u><u>924,468</u></u>

⁽¹⁾Certain comparatives were restated- refer to Note 1(o) for details.

The accompanying notes form part of these financial statements.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Statement of Changes in Equity For the Year Ended 31 December 2018

	Accumulated Surplus	Total Equity
	\$	\$
Balance at 1 January 2017, as previously reported	825,165	825,165
Surplus for the year (restated)	99,303	99,303
Other comprehensive income for the year	-	-
Balance at 31 December 2017 – Restated⁽¹⁾	<u>924,468</u>	<u>924,468</u>
Balance at 1 January 2018- Restated⁽¹⁾	924,468	924,468
Surplus for the year	52,830	52,830
Other comprehensive income for the year	-	-
Balance at 31 December 2018	<u>977,298</u>	<u>977,298</u>

⁽¹⁾Certain comparatives were restated- refer to Note 1(o) for details.

The accompanying notes form part of these financial statements.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Statement of Cash Flows For the Year Ended 31 December 2018

		Restated ⁽¹⁾
	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts in the course of operations	626,937	650,843
Sponsorship by professional accounting bodies	132,000	104,000
Interest received	11,822	25,670
Cash payments in the course of operations	<u>(847,690)</u>	<u>(829,425)</u>
Net cash used in operating activities	15 <u>(76,931)</u>	<u>(48,913)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	-	(541)
Purchase of investments	<u>(12,798)</u>	<u>(8,185)</u>
Net cash used in investing activities	<u>(12,798)</u>	<u>(8,726)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash (used in)/ provided by financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents held	(89,729)	(57,639)
Cash and cash equivalents at beginning of financial year	<u>294,358</u>	<u>351,997</u>
Cash and cash equivalents at end of financial year	5 <u><u>204,629</u></u>	<u>294,358</u>

⁽¹⁾Certain comparatives were restated- refer to Note 1(o) for details.

The accompanying notes form part of these financial statements.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

The financial report covers Accounting and Finance Association of Australia and New Zealand Limited as an individual entity. Accounting and Finance Association of Australia and New Zealand Limited is a limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 11 April 2019 by the directors of the company.

1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals 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 and are presented in Australian dollars.

(a) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the statement of comprehensive income in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to accumulated surplus.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the assets' useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Class of Fixed Asset	Depreciation rate
Plant and Equipment	20% to 35%

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies (continued)

(c) Financial Instruments

Financial Assets at Amortised Cost

Financial assets are classified and measured at amortised cost when both of the following criteria are met:

- the business model's objective is hold the financial asset to collect contractual cash flows; and
- the contractual cash flows consist solely of payments of principal and interest.

Trade and other receivables with maturities of less than 12 months are initially recognised at their transaction price less lifetime expected losses and subsequently measured at amortised cost.

Impairment of Financial Assets

Impairment of financial assets is recognised based on the lifetime expected credit loss which is determined when the credit risk on a financial asset has increased significantly since initial recognition. In order to determine whether there has been a significant increase in credit risk since initial recognition, the entity compares the risk of default as at the reporting date with risk of default as at initial recognition using reasonable and supportable data, unless the financial asset is determined to have a low credit risk at the reporting date.

For trade and other receivables, the simplified approach is used, which requires recognition of a loss allowance based on the lifetime expected credit losses. As a practical expedient, the Group uses a provision matrix based on historical information and adjusted for forward looking estimates in order to determine the lifetime expected credit losses.

Any change in expected credit losses between the previous reporting period and the current reporting period is recognised as an impairment gain or loss in profit or loss.

Financial Liabilities at Amortised Cost

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30-45 days of recognition. Other payables not due within a year are measured less cumulative amortisation calculated using the effective interest method.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity 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 expired. The difference between the carrying value of the financial liability 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.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies (continued)

(d) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(e) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Revenue from the rendering of services is recognised upon delivery of the service to members.

Grant Income is recognised when control of the contribution or right to receive the contribution is received.

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

(h) Trade and Other Payables

Trade and other payables represent the liability for goods or services received by the company during the reporting period that remain unpaid at the end of the reporting period.

(i) Trade and Other Receivables

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(c) for further discussion on the determination of impairment losses.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies (continued)

(j) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable 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 as part of 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 and financing activities which are recoverable from, or payable to, ATO are presented as operating cash flows in receipts from customers or payment suppliers.

(k) Comparative Figures

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

(l) Critical Accounting Estimates and Adjustments

The directors evaluate estimates and judgements 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.

(m) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(n) Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. "Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at reporting date (i.e. the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies (continued)

(n) Fair Value of Assets and Liabilities (continued)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(o) Prior Period Restatement

During the year the Company identified that accrued expenses for 2016 and 2017 financial years had not been correctly accounted for in the statement of financial position at 31 December 2017, and the statement of profit or loss and other comprehensive income and the statement of cash flows for the year ended 31 December 2018 and . The correction of this error has been applied to the prior period affected comparative amounts. The aggregate effect of these corrections on the financial statements is as follows.

	Impact of correction of error		
	As previously reported	Adjustments	As Restated
	\$	\$	\$
Statement of Financial Position			
31 December 2017			
Total Assets	1,510,130	-	1,510,130
Total Liabilities	550,298	35,364	585,662
Net Assets	959,832	35,364	924,468
Retained Surplus	959,832	35,364	924,468
Total Equity	959,832	35,364	924,468
Statement of Profit or Loss and Other Comprehensive Income			
Revenue	862,039	(1,210)	860,829
Employee benefits	(102,716)	8,186	(94,530)
Accounting and Finance Journal Expenses	35,782	(42,340)	(6,558)
Surplus for the year	134,667	(35,364)	99,303
Total comprehensive income	134,667	(35,364)	99,303
Statement of Cash Flows			
Cash receipts in the course of operations	572,228	78,615	650,843
Cash payments in the course of operations	(750,811)	(78,615)	(829,426)
Net cash used in operating activities	(48,913)	-	(48,913)
Net decrease in cash and cash equivalents held	(57,639)	-	(57,639)

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies (continued)

(p) Adoption of new and revised accounting standards

AASB 9 *Financial Instruments* became effective for periods beginning on or after 1 January 2018. Accordingly, the Company applied AASB 9 for the first time to the year ended 31 December 2018. Changes to the Company's accounting policies arising from this standard are summarised below:

(i) Impact of adoption of AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139's *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

On 1 January 2018 (the date of initial application of AASB 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate AASB 9 categories. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The main effects resulting from this reclassification are as follows:

Table 1: Changes in classification and measurement on transition to AASB 9

Financial instrument as at 30/6/18	AASB 139 classification and measurement	AASB 9 classification and measurement	Carrying amount as at 31/12/17 under AASB 139 ⁽¹⁾	Carrying amount as at 1/1/18 under AASB 9 ⁽¹⁾
Term deposits	Financial asset at amortised cost	Financial asset at amortised cost	1,039,143	1,039,143
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	643,794	643,794
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost	(358,484)	(358,484)

The accounting for the Company's financial liabilities remains largely the same as it was under AASB 139.

There is no impact on retained profits from the transition to AASB 9 since there has been no change in the measurement basis of the Company's financial instruments. There is no reconciliation of loss allowance since there was no material change to this account.

The Company's adoption of AASB 9 has not had a material effect on the Company.

⁽¹⁾Certain comparatives were restated- refer to note 1(o) for details.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies (continued)

(q) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases and related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors have made a detailed assessment of the impact of AASB 16. Based on the directors' assessment, the directors expect that the adoption of AASB 16 will result in lease assets and liabilities being recognised on balance sheet and a change in how related expenses are incurred. As at 31 December 2018, the Company have no operating or finance leases, resulting in no material impact on transition to AASB 16.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies (continued)

(p) New Accounting Standards for Application in Future Periods (continued)

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

The directors have made a detailed assessment of the impact of AASB 15. Based on the director's assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2019.

- AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies (continued)

(p) New Accounting Standards for Application in Future Periods (continued)

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 Contributions.

The directors have made a detailed assessment of the impact of AASB 1058. Based on the director's assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2019.

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

2 Revenue and Other Income

	2018	2017
	\$	\$
Service revenue		
Membership and institutional fees	332,093	317,455
Sponsorship by professional bodies	132,000	104,000
Conference income	255,903	330,475
Doctoral symposium	41,053	36,508
SIG fees	8,039	13,216
Total service revenue	<u>769,088</u>	<u>801,654</u>

Other income

Interest income	11,822	25,670
Other revenue	127,581	33,505
Total other income	<u>139,403</u>	<u>59,175</u>

3 Key Management Personnel Compensation

Short-term benefits	95,538	93,885
Other long-term benefits	1,018	645
Total compensation	<u>96,556</u>	<u>94,530</u>

4 Auditors' Remuneration

Auditor's remuneration	18,000	13,300
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5 Cash and Cash Equivalents

Cash at bank	204,629	294,358
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6 Other Financial Assets

CURRENT

Term deposits	1,051,941	1,039,143
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7 Trade and Other Receivables

CURRENT

Security deposits	2,220	2,220
GST receivable	5,838	-
Other receivables	3,774	121,534
	<u>11,832</u>	<u>123,754</u>

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

8 Other Assets

	2018	2017
	\$	\$
CURRENT		
Accrued income	-	1,623
Prepayments	33,894	15,008
	33,894	16,631
NON-CURRENT		
Prepayments	-	33,894

9 Property, Plant and Equipment

Plant and equipment		
At cost	48,109	48,109
Less: accumulated depreciation	(46,542)	(45,759)
Total plant and equipment	1,567	2,350

Movements in carrying amounts of property, plant and equipment

	Plant and equipment	Total
	\$	\$
Balance at 1 January 2017	2,848	2,848
Additions	541	541
Depreciation expense	(1,039)	(1,039)
Carrying amount at 31 December 2017	2,350	2,350
Depreciation expense	(783)	(783)
Carrying amount at 31 December 2018	1,567	1,567

10 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Goods and services tax	-	3,176
Trade creditors	-	16,600
Income in Advance	18,570	269,435
Accrued expense	35,378	67,261
	53,948	356,472
Non-Current		
Income in advance	-	6,000

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

11 Provisions

	2018	2017
	\$	\$
CURRENT		
Research Grants Provision	264,000	220,000
Provision for Annual leave	6,954	2,545
	<u>270,954</u>	<u>222,545</u>
NON-CURRENT		
Provision for Long Service Leave	<u>1,663</u>	645

	Annual Leave	Long Service Leave	Research Grants	Total
	\$	\$	\$	\$
Current				
Opening balance at 1 January 2018	2,545	645	220,000	223,190
Additional provisions	6,228	1,018	212,122	219,428
Amounts used	(1,879)	-	(168,122)	(170,001)
Balance at 31 December 2018	<u>6,954</u>	<u>1,663</u>	<u>264,000</u>	<u>272,617</u>

Provision for Research Grants

A provision of \$264,000 at 31 December 2018 has been recognised by the Company for estimated research grants to be awarded during 2019. The provision for research grants has been based upon the amount approved by the board of directors.

Based on past experience, the Company does not expect the full balance of the provision for research grants to be settled within 12 months. However, as the Company does not have an unconditional right to defer settlement if a claim is made, the full amount is presented as current.

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(d).

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Notes to the Financial Statements For the Year Ended 31 December 2018

12 Events after the Reporting Period

There has been no matter or circumstance, which has arisen since 31 December 2018 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 December 2018, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 December 2018, of the company.

13 Contingent Liabilities

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2018 (31 December 2017: None).

14 Related Party Transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

15 Cash Flow Information

Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus

	2018	2017
	\$	\$
Net current year surplus	52,830	99,304
Adjustment for:		
- Depreciation	783	1,039
Changes in assets and liabilities:		
Increase in trade and other receivables	111,922	(120,834)
(Increase)/decrease in other assets	16,631	(49,547)
Decrease in trade and other payables	(308,524)	(6,110)
Increase in provisions	49,427	27,236
	<u>(76,931)</u>	<u>(48,913)</u>

16 Company Details

The registered office of the company is:

Accounting and Finance Association of Australia and New Zealand Limited
Level 7, 198 Berkeley Street
Carlton VIC 3053
Australia

Accounting and Finance Association of Australia and New Zealand Limited

ABN 67 091 255 908

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 23, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position of the company as at 31 December 2018 and of the performance for the year ended on that date.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Director
Andrew Jackson



Director
Millicent Chang

Dated this 11 day of April 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACCOUNTING AND FINANCE ASSOCIATION OF AUSTRALIA AND NEW ZEALAND LIMITED

Opinion

We have audited the financial report of Accounting and Finance Association of Australia and New Zealand Limited ("the Company") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 this financial report.

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

We 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.

We 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.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

We conclude on the appropriateness of the management's 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.

We 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

ShineWing Australia

ShineWing Australia
Chartered Accountants



Hayley Underwood
Partner

Melbourne, 11 April 2019

**Accounting and Finance Association of Australia and New Zealand
ABN 67 091 255 908**

**Additional information for the members on the 2018 Financial Statements
Trading and Surplus and Deficit account for the year ended 31 December 2018**

	2018 \$	Restated ⁽¹⁾ 2017 \$
INCOME		
Member and Institutional fees	332,093	317,455
Sponsorship by professional bodies	132,000	104,000
Interest received	11,822	25,670
Other revenue including royalties and rent	127,582	33,505
Conference income	255,903	330,475
Doctoral Symposium	41,053	36,508
SIG fees	8,039	13,216
TOTAL INCOME	908,492	860,829
LESS: EXPENDITURE		
Administrative Expenses	44,856	54,451
Award expenses	30,188	35,143
Conference expenses	348,336	281,625
Depreciation	783	1,039
Doctoral Symposium expenses	15,688	30,874
Employee benefits	96,556	94,530
Journal expenses	32,005	6,558
Meeting expenses	20,443	18,483
Research Grants	212,122	189,128
SIG expenses	10,725	14,885
Other expenses	43,960	34,810
TOTAL EXPENDITURE	855,662	761,526
NET OPERATING SURPLUS	52,830	99,303

⁽¹⁾Certain comparatives were restated- refer to Note 1(o) for details.