ARITA

AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

ANNUAL REPORT 2022

AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

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Shaping our **future**

ARITA Strategic Plan 2025

AMBITION

To lead and support appropriate and efficient means to expertly manage financial recovery.

STRATEGIC PRIORITIES

BE INVALUABLE & INDISPENSABLE

- Deliver more value
- Member service at the centre of our focus
- Expand and tailor our member offering

SHAPE THE PROFESSION

- Diversity and Inclusion
- Advocate for our profession
- Ensure our professional standards are met

THRIVE & FUTURE PROOF

- Be a sustainable organisation
- Grow our profession's capability
- Grow our sense of community

ARITA
AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

MICHAEL BRERETON
ARITA President

PRESIDENT'S MESSAGE

It has been a year of significant achievement for ARITA.

We've taken major steps forward in the areas of advocacy and the evolution of our education products.

Firstly, our membership engagement and retention remain strong. Our retention rates for professional members in 2022 sits at around 95%. Our 2023 renewals are even stronger. This is impressive for a non-compulsory membership association. Our overall membership numbers remain effectively stable when new memberships are accounted for.

Our advocacy work is our most prominent achievement. ARITA's Board made the decision to invest heavily in advocacy in 2022 and the dividends of that are obvious. Our engagement with government has never been stronger or more open. As a result, the new Federal Government is taking a strong interest in insolvency law – both corporate and personal – with an eye towards significant positive reform. Indeed, across the Parliamentary Joint Committee Inquiry into Corporate Insolvency which commenced in September 2022 and the more recent Attorney-General's roundtable on bankruptcy reform, acknowledgment of ARITA's long-made call for a 'root and branch' review of insolvency law has never been heard more strongly nor taken up by as many.

The road to reform is likely to be a long one, but as we close out this AGM year, we've never been more positive about the chance for both short-term improvements and long-term holistic review.

ARITA is, first and foremost, an education provider. It's how we support the profession in the work that we all undertake and it's what creates and lifts professional standards.

Arising from the COVID experience, ARITA has been taking major strides toward delivering the majority of our education as online and on-demand. The entirety of our Essential Skills offering is in the process of moving to this format and our professional standards education – which is free to members – is already in this format. This has required significant investment but will yield significant benefits, both operationally for ARITA but also in terms of accessibility and suitability for our members and their staff.

We've also delivered a range of free online CPE forums to our members to ensure accessibility wherever they are and value-add to their membership.

Nationally, we saw resurgent attendance at our major events – a positive sign as the profession starts to come together again after the pandemic period. Alongside that, our online Expert Series of conferences enjoyed strong support as well.

We've also been working to build solid strategies and practical ways of shifting the dial on diversity, equity and inclusion in the profession. It's simply essential for our sustainability that we move to reshape the profession so that we reflect the community that we serve. As an organisation, we will push more of our resourcing and efforts into delivering measurable outcomes in this area. Our Balance Taskforce continues to show strong thought-leadership in this critical area.

In regard to our financial performance, on income of $3.9 million, ARITA delivered a loss of $112,817 for the year ending 31 December. This was roughly in line with our budgeted loss which was planned around development investments. We were able to achieve this result despite the temporary reduction in education revenue, arising from lower enrolments in the Advanced Certification course in 2022. We achieved this with just 11 full-time equivalent staff and the enormous support of our volunteer committees and other members.

Michael Brereton, President

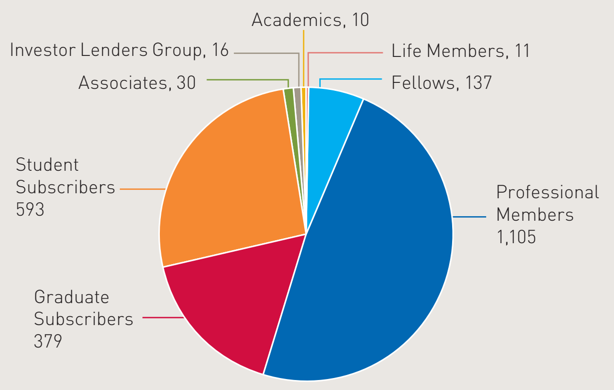
ARITA Professional Membership continues to grow.

As the insolvency profession rebuilds after the enormous disruption of the COVID-19 pandemic, ARITA continues to advocate for its members and add value to their membership experience – evidenced by a strong 2022 retention rate of 95%.

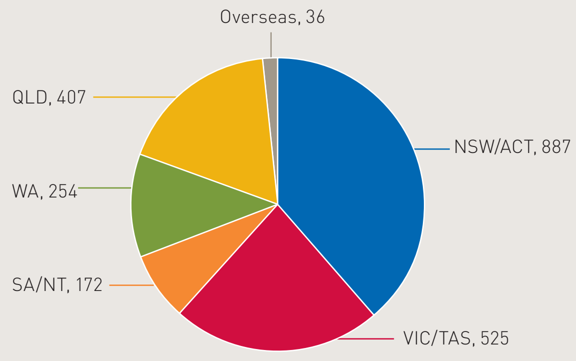
Membership numbers for 2022 were slightly higher than for 2021, with 67 new Professional Members joining ARITA through the year. The 2022 figure is the highest since 2018, prior to the market contractions caused by the pandemic from 2019 onwards.

ARITA remains the most representative professional body for insolvency practitioners, with 82% of Registered Liquidators and 86% of Registered Trustees choosing to be ARITA members.

2022 MEMBERS & SUBSCRIBERS BY CATEGORY



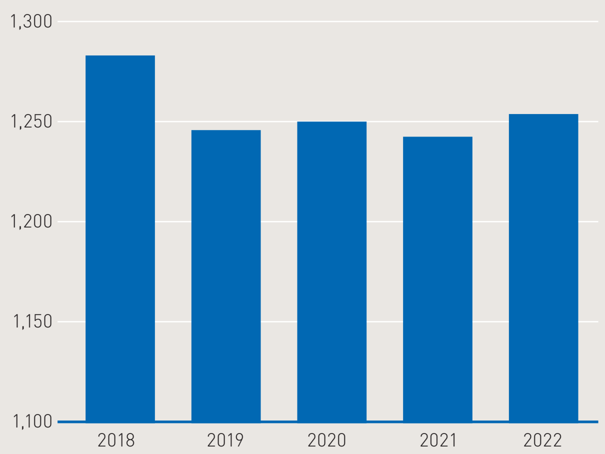
2022 MEMBERS & SUBSCRIBERS BY DIVISION



NEW MEMBERS 2022

Member category	Number of members
Academic	1
Associate	2
Lender & Investor	1
Graduate	68
Professional	67
Total	**139**

PROFESSIONAL MEMBERS 2018-2022



Returning to a full CPE schedule after COVID-19 disruptions.

ARITA is constantly adapting to ensure excellence in leading the professional development of restructuring and insolvency professionals. 2022 was the first year after the COVID pandemic where our members were able to enjoy a full CPE schedule, with all courses and events running including our National and Small Practice Conferences.

INTRODUCTION TO INSOLVENCY PROGRAM

To fulfil the professional development needs of new entrants to the profession and the challenges firms faced after the COVID pandemic, ARITA's entry-level Introduction to Insolvency Program was offered at least every eight weeks in 2022, either face-to-face or online.

ON-DEMAND TRAINING

ARITA introduced on-demand delivery for our Essential Skills and Professional Standards courses in 2022. This change was well received, and more subjects will be added in 2023 covering corporate insolvency, bankruptcy, restructuring and insolvency law.

ATTENDANCE AT FORMAL COURSES

Course	Number of attendees	Number of courses held
Advanced Certification	**158**	**2**
Fundamentals of Restructuring Insolvency & Turnaround	83	1
Advanced Insolvency	75	1
Introduction to Insolvency Program	**259**	**17**
Face-to-face	203	12
Online	56	5
On-demand	**248**	**6**
Essential Skills	81	5
Professional Standards	167	1
Total	**665**	**25**

ATTENDANCE AT CPE COURSES IN 2022

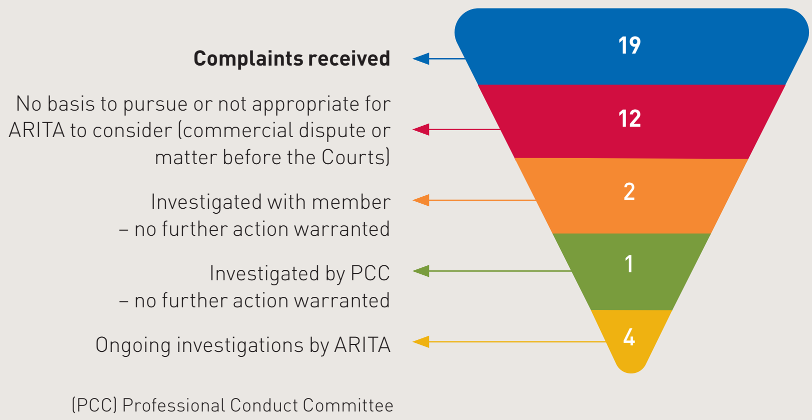
Event	Number of attendees	Number of events held
Conferences	**850**	**7**
SA/NT Conference	72	1
Vic/Tas Conference	87	1
NSW/ACT Conference	160	1
QLD Conference	140	1
WA Conference	88	1
Small Practice Conference	84	1
National Conference	219	1
Expert Series	**614**	**4**
Small Practice	149	1
Restructuring & Turnaround	112	1
Bankruptcy	184	1
Insolvency	169	1
Forums	**2,603**	**41**
Online	1,371	7
Face-to-face	1,232	34
Young Professionals Seminars	**284**	**5**
Total	**4,351**	**57**

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

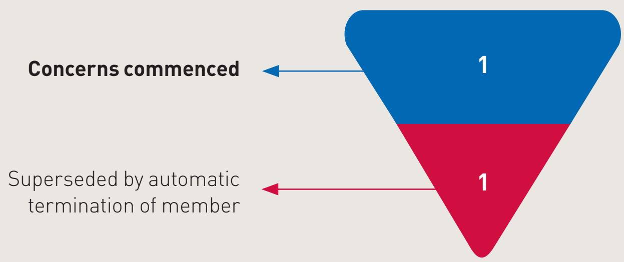
ARITA receives and investigates complaints about the professional conduct of members, and about the professional processes of ARITA members' firms. We also investigate concerns about the professional conduct of members that arise other than by way of a complaint.

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

COMPLAINTS 2022



CONCERNS 2022



Discretionary termination of membership	3
Reports to regulator pursuant to IPS 40-100	1

Providing expert policy advice and leadership on behalf of the profession.

ARITA continues to make significant investments into resourcing the role of representing the profession in various inquiries, hearings and policy consultations. In 2022, following the changing of the Federal Government, ARITA made the decision to retain former Productivity Commissioner, Dr Warren Mundy, as a special advisor to ARITA and our Board. Dr Mundy was the presiding commissioner for the Productivity Commission's 2015 Inquiry in Business Setup, Transfer and Closure – the inquiry that adopted many of ARITA's law reform recommendations which subsequently went on to become law, including safe harbour, ipso facto reforms, director identity numbers, small business restructuring and simplified liquidations.

As a result of our increased advocacy work, we were able to elevate the new government's awareness of the need for insolvency law reform to deliver a unified and simpler regime to benefit the economy. This culminated in the commencement of the wide-ranging Parliamentary Joint Committee Inquiry into Corporate Insolvency which is due to report at the time of our 2023 AGM.

The 2022 calendar year saw fewer government inquiries being run due to the hiatus of the Federal election. However, ARITA's multiple submissions to the PJC Corporate Insolvency Inquiry represent the largest body of work ever undertaken by ARITA in response to a governmental inquiry.

Submissions we responded to are listed below.

ARITA SUBMISSIONS FOR 2022*

January 2022
- Treasury Laws Amendment (Measures for Consultation) Bill 2022
- 2022-23 Pre-Budget Submission
- Modernising Registry Fees (December 2021)
- Extend the power of the AAT to pause or modify ATO debt recovery action

February 2022
- Financial Regulator Assessment Authority – Assessment of the Australian Securities and Investments Commission
- Possible reforms to the Bankruptcy system
- Financial Services Legislation: Interim Report A (ALRC Report 137)

April 2022
- APRA strengthening crisis preparedness

June 2022
- ASIC draft Cost Recovery Implementation Statement 2021–22

September 2022
- Rationalisation of Ending ASIC Instrument Measures
- Exemptions for litigation funding schemes

October 2022
- Review of the Australian Securities and Investments Commission Industry Funding Model

November 2022
- Treasury Laws Amendment (Modernising Business Communications and Other Measures) Bill 2022

December 2022
- Parliamentary Joint Committee inquiry into corporate insolvency in Australia

** In addition to the above list, ARITA was also involved in a number of confidential submissions and responses and follow up discussions in respect of the above submissions.*

Our member committees are our eyes & ears.

ARITA's strategic governance is led by a national board of 12. It is made up of a President, Deputy President, a nominee elected by each Division Committee, the CEO/Company Secretary and up to five additional members appointed by the Board.

In addition, there are two non-voting observers who participate in Board meetings: ARITA's Immediate Past President and ARITA's appointee to the INSOL International Board.

All committees play a vital role in our operations and in our ability to deliver on our member value proposition.

Membership of these committees, like our Board, are all voluntary positions and their contribution is gratefully acknowledged.

Details regarding our Directors (National Board Members) can be found in the statutory financial reports.

2022/23 NATIONAL BOARD

THE EXECUTIVE	
Michael Brereton, President	William Buck
Rachel Burdett, Deputy President	Cor Cordis
Danielle Funston, Vice President	Maddocks
Daniel Woodhouse, Vice President	FTI Consulting
John Winter, CEO and Company Secretary	ARITA
OTHER BOARD MEMBERS	
Leanne Chesser	KordaMentha
Bruce Gleeson	Jones Partners
Mathew Gollant	CJG Advisory
Mike Hayes	Piper Alderman
Jason Porter	SV Partners
Kathy Sozou	McGrathNicol
Kelly Trenfield	FTI Consulting
Scott Atkins (Non-voting)	Norton Rose Fulbright
Robyn Erskine AM, (Non-voting)	Brooke Bird

2022/23 BOARD COMMITTEES

FINANCE	
Daniel Woodhouse, Chair	FTI Consulting
Leanne Chesser, Deputy Chair	KordaMentha
Mathew Gollant	CJG Advisory
Kathy Sozou	McGrathNicol
Kelly Trenfield	FTI Consulting
MEMBERSHIP	
Danielle Funston, Chair	Maddocks
Daniel Woodhouse, Deputy Chair	FTI Consulting
Jason Porter	SV Partners
Leanne Chesser	KordaMentha
Mike Hayes	Piper Alderman
PROFESSIONAL CONDUCT	
Bruce Gleeson, Chair	Jones Partners
Mike Hayes, Deputy Chair	Piper Alderman
Anthony Elkerton	DW Advisory
Danielle Funston	Maddocks
Ross McClymont	Ashurst
Alan Scott	SV Partners
Kathy Sozou	McGrathNicol
Kelly Trenfield	FTI Consulting
SMALL-MEDIUM PRACTICE (SMP)	
Mathew Gollant, Chair	CJG Advisory
Anthony Elkerton, Deputy Chair	DW Advisory
Liam Bailey	O'Brien Palmer
Michael Brennan	Offermans
Robyn Erskine AM	Brooke Bird
Bruce Gleeson	Jones Partners
Alan Hayes	Hayes Advisory
Glen Oldham	Oldhams Advisory
Anthony Phillips	Heard Phillips Lieberenz
Chad Rapsey	Rapsey Griffiths
Anthony Warner	CRS Insolvency Services

TECHNICAL WORKING GROUP	
Michael Brereton	William Buck
Maria Duta	FTI Consulting
Lisa Filippin	Herbert Smith Freehills
Nicholas Giasoumi	Dye & Co
Mark Gibson	Cor Cordis
Paul Gidley	Shaw Gidley
Stephen Longley	PwC
Daniel Moore	BCR Advisory
Russell Morgan	Morgan Corporate Recovery
Richard Morrow	J R Morrow Pty Ltd
Hillary Orr	Hillary Orr Chartered Accountants
Leearna Plank	Deloitte
Thomas Russell	Piper Alderman
Peter Sheppard	FerrierSilvia
Trudi Shepard	KordaMentha

BALANCE TASKFORCE (DIVERSITY AND INCLUSION COMMITTEE)	
Rachel Burdett, Chair	Cor Cordis
Liam Bailey, Deputy Chair	O'Brien Palmer
Scott Atkins	Norton Rose Fulbright
Robyn Erskine AM	Brooke Bird
Mathew Gollant	CJG Advisory
Melissa Jeremiah	Maddocks
Nirupa Manoharan	Mills Oakley
Christopher Moses	Commonwealth Bank
Tianne Nagy-Jones	Grant Thornton
Kathy Sozou	McGrathNicol
Natasha Toholka	Norton Rose Fulbright

AFSA LIAISON	
Rachel Burdett, Chair	Cor Cordis
Jason Porter, Deputy Chair	SV Partners
Mathew Gollant	CJG Advisory
Bruce Gleeson	Jones Partners

ASIC LIAISON	
Michael Brereton, Chair	William Buck
Rachel Burdett, Deputy Chair	Cor Cordis
Jason Porter	SV Partners
Daniel Woodhouse	FTI Consulting

ASIC/AFSA JOINT LIAISON	
Michael Brereton, Chair	William Buck
Rachel Burdett, Deputy Chair	Cor Cordis
Mathew Gollant	CJG Advisory
Jason Porter	SV Partners

2022/23 DIVISION COMMITTEES

NSW/ACT DIVISION	
Danielle Funston, Chair	Maddocks
Kathy Sozou, Deputy Chair	McGrathNicol
Hannah Griffiths, Secretary	Gilchrist Connell
Michael Brereton	William Buck
Heather Collins	Omni Bridgeway
Kate Conneely	KordaMentha
Kirsten Farmer	Mills Oakley
Bruce Gleeson	Jones Partners
Alan Hayes	Hayes Advisory
Steven Mattiussi	Watson Mangioni Lawyers
John Melluish	PCI Partners
Jason Porter, Board Representative	SV Partners
Phil Quinlin	KPMG
David Walter	Allen & Overy

QLD DIVISION	
Kelly Trenfield, Chair, Board representative	FTI Consulting
Ian Dorey, Deputy Chair	K&L Gates
Glen Oldham, Secretary	Oldhams Advisory
Anthony Connelly	McGrathNicol
Chris Cook	Worrells
Michael Fingland	Vantage Performance
David Johnstone	KordaMentha
Matthew Joiner	Cor Cordis
Damien Lau	Bentleys
Helen Newman	BDO
David O'Farrell	McCullough Robertson Lawyers
Ben Shaw	Cowen Schwarz Marschke Lawyers
Michael Owen	PwC
Peter Smith	Johnson Winter & Slattery

SA/NT DIVISION	
Craig Hannam, Chair	Ferguson Hannam
Natasha Riach, Deputy Chair	Mansueto Legal
Samuel Black	O'Loughlins Lawyers
David Colovic	LK Law
Mike Hayes, Board Representative	Piper Alderman
Andrew Langshaw	DuncanPowell
Anthony Phillips	Heard Phillips Lieberenz
Thomas Salleh	Clifton Hall
Alan Scott	SV Partners
Sam Sellahewa	Rodgers Reidy

VIC/TAS DIVISION	
Leanne Chesser, Chair, Board Representative	KordaMentha
Melissa Jeremiah, Deputy Chair	Maddocks
Adrian Hunter, Secretary	Brooke Bird
Travis Anderson	Deloitte
Rachel Burdett	Cor Cordis
Jim Downey	J P Downey & Co
Allan Kawalsky	TurksLegal
Paul Langdon	Vince & Associates
Michael Lhuede	Piper Alderman
Neil McLean	Rodgers Reidy
Fiona Murray-Palmer	Norton Rose Fulbright
Tianne Nagy-Jones	Grant Thornton
Katherine Payne	Hall & Wilcox
Robert Smith	McGrathNicol

WA DIVISION	
Nirupa Manoharan, Chair	Mills Oakley
Michelle Shackles, Deputy Chair	BRI Ferrier
David Blanchett, Secretary	Sheridans Chartered Accountants
Jeffery Black	Norton Rose Fulbright
Carmen Boothman	HWL Ebsworth Lawyers
David Bryant	McGrathNicol
Matthew Donnelly	Deloitte
Malcolm Field	SV Partners
James Hewer	Hogan Lovells
Daniel Woodhouse, Board Representative	FTI Consulting

2022/23 YOUNG PROFESSIONALS COMMITTEES

NSW DIVISION	
Samwise Wheeler, Chair	McGrathNicol
Casey Au, Deputy Chair	PKF
Alister Yee, Deputy Chair	Vincents
Lucinda Blue	Ashurst
Marc Bosnic	MinterEllison
Rebecca Chahoud	Gibert + Tobin
Abhi Chopra	Corrs Chambers Westgarth
Emily Cramp	Grant Thornton
Catherine Jaques	FTI Consulting
Tomas Lee	KordaMentha
Bonnie McMahon	Matthews Folbigg Lawyers
Christopher Moses	Commonwealth Bank
Scott Rogers	McGrathNicol
Alex Winston	Bridges Lawyers
ACT DIVISION	
Sarah Hendry, Chair	McInnes Wilson Lawyers
QLD DIVISION	
Declan Lane, Chair	Worrells
Matthew Rodgers, Deputy Chair	RBG Lawyers
Pravneel Chaudhary	Hamilton Locke
Brittany Marie Engeman	Cowen Schwarz Marschke Lawyers
Antoinette Fielding	BDO
Matthew Hudson	SV Partners
Kris Larosa	EY
Yana Martirosova	Robson Cotter Insolvency Group
Phoebe Noon	KPMG
Yasatama (Paris) Parasadi	FTI Consulting
Sophie Qu	MinterEllison
Patrick Quigley	KordaMentha
Bronte Shiels	Worrells
Cameron Wall	Vantage Performance

SA/NT DIVISION	
Travis Munckton, Chair	Bernardi Martin
Eddie Bastiani, Deputy Chair	Oakbridge Lawyers
Stephanie Campbell	Finlaysons Lawyers
Daniella Carling	Andreyev Lawyers
Antony Disciscio	Piper Alderman
James Duncan	KPMG
Jay Gandhi	Rodgers Reidy
Matthew Jeffery	Heard Phillips Lieberenz
Karl Johanson	DuncanPowell
VIC/TAS DIVISION	
Annalise Panagiota Andrews, Chair	MinterEllison
Alex Mendez, Deputy Chair	Rodgers Reidy
Nikita Angelakis	Mills Oakley
Natalie Shusin Chin	KordaMentha
Stephanie Elder	Grant Thornton
Mathew Gashi	Maddocks
Stefanie Krienke	Hamilton Murphy
Laura Mills	The Victorian Bar
Amelia Russell	PCI Partners Pty Ltd
Temple Saville	The Victorian Bar
Daniel Teoh	Clyde & Co
Samantha Wulff	McGrathNicol
WA DIVISION	
Roselina Kruize, Chair	Piper Alderman
Martin Fletcher, Deputy Chair	Murfett Legal
Conor Breheny	Francis Burt Chambers
Aaron Dominish	Hall Chadwick
Tegan Healey	Lavan
Michael Holmes	Vantage Performance
Amber Kirkbright	McGrathNicol
Sarah Marsegaglia	AFSA
Joanna Muir	Deloitte
Shannon O'Connor	RSM Australia
Luke Parker	KPMG
Isobel Rosenstreich	Allens
Oliver Tompkins	Cor Cordis
Ksenia Zaychuk	Lonsec

Building a diverse and inclusive restructuring, insolvency and turnaround profession.

ARITA's Balance Taskforce has created a comprehensive action plan to address the challenges of ensuring that our profession moves to better reflect the communities that we serve. The plan is publicly available on ARITA's website.

ARITA is committed to a 40/40/20 plan for gender diversity by 2025.

ARITA KEY DEI ACTIVITIES

- Parliamentary Joint Committee Primary Submission included commentary on diversity and recommended that: "The Committee should recommend that more focus be placed on diversity and inclusion initiatives by regulators and the profession."
- Journal Articles – feature article in Journal 3402 – 'Diversity & Inclusion: What is your mindset?' (Rachel Burdett); Journal 3404 – 'Young professionals and diversity and inclusion' (Alister Yee, Lucinda Blue)
- National Conference – session – Break the bias (Dr Fleur McIntyre)
- Small Practice Conference – session – Practitioner of the future: sustainability in practice (Rachel Burdett)
- NSW/ACT Divisional Conference – session – Diversity & inclusion (Alison Mirams)
- NSW Young Professionals Forum – session – Balance taskforce
- AFSA/ASIC/ARITA Liaison – survey
- International Woman's Day – #BreakTheBias online campaign (pictured below)

ARITA DEI STATISTICS

BOARD & DIVISION REPRESENTATION	Male/Female	40/40/20 target
Board	8/6 (43%)	2021*
Board Committees		2021*
– AFSA Liaison	3/1 (25%)	
– ASIC Liaison	3/1 (25%)	
– ASIC/AFSA Joint Liaison	3/1 (25%)	
– Finance	2/3 (60%)	
– Membership	3/2 (40%)	
– Professional Conduct	6/3 (33%)	
– Small-Medium Practice (SMP)	10/1 (9%)	
– Technical Working Group	10/5 (33%)	
– Balance Taskforce (Diversity and Inclusion Committee)	3/7 (70%)	
Division Committees		2021*
– NSW/ACT Division	8/6 (43%)	
– Vic/Tas Division	8/6 (43%)	
– Qld Division	12/2 (14%)	
– SA/NT Division	9 /1 (10%)	
– WA Division	7/3 (30%)	
* Consider hard target by 2024 if guidelines unsuccessful		
Division Committee Chairs	4 out of 5 are female	
Division Committee Deputy Chairs	4 out of 5 are female	

PUBLICATIONS		
Journal feature articles	23/21 (48%)	2022
Journal profiles	2/2 (50%)	
Case updates	26/23 (47%)	

EVENTS	Male/Female	40/40/20 target
National Conference	29/16 (36%)	2023
Small Practice Conference	24/8 (25%)	2025
Division Conferences		2024
– NSW/ACT	15/6 (29%)	
– Vic/Tas	11/7 (39%)	
– Qld	16/3 (16%)	
– SA/NT	8/1 (11%)	
– WA	11/6 (35%)	
Expert Series	28/15 (35%)	2023
Online Forums	7/5 (42%)	2023
Division Forums		2024
– NSW/ACT	19/9 (32%)	
– Vic/Tas	6/6 (50%)	
– Qld	10/1 (9%)	
– SA/NT	4/1 (20%)	
– WA	9/5 (36%)	
Young Professionals Forums		2024
– NSW/ACT	1/1 (50%)	
– Vic/Tas	1/0 (0%)	
– Qld	5/2 (29%)	
– WA	1/1 (50%)	

EDUCATION		
Workshop leaders	38/15 (28%)	2025
Course presenters	3/2 (40%)	

As at the Annual General Meeting, ARITA's staffing is represented by:

Staff	12 out of 16 are female
Senior Management	6 out of 9 are female

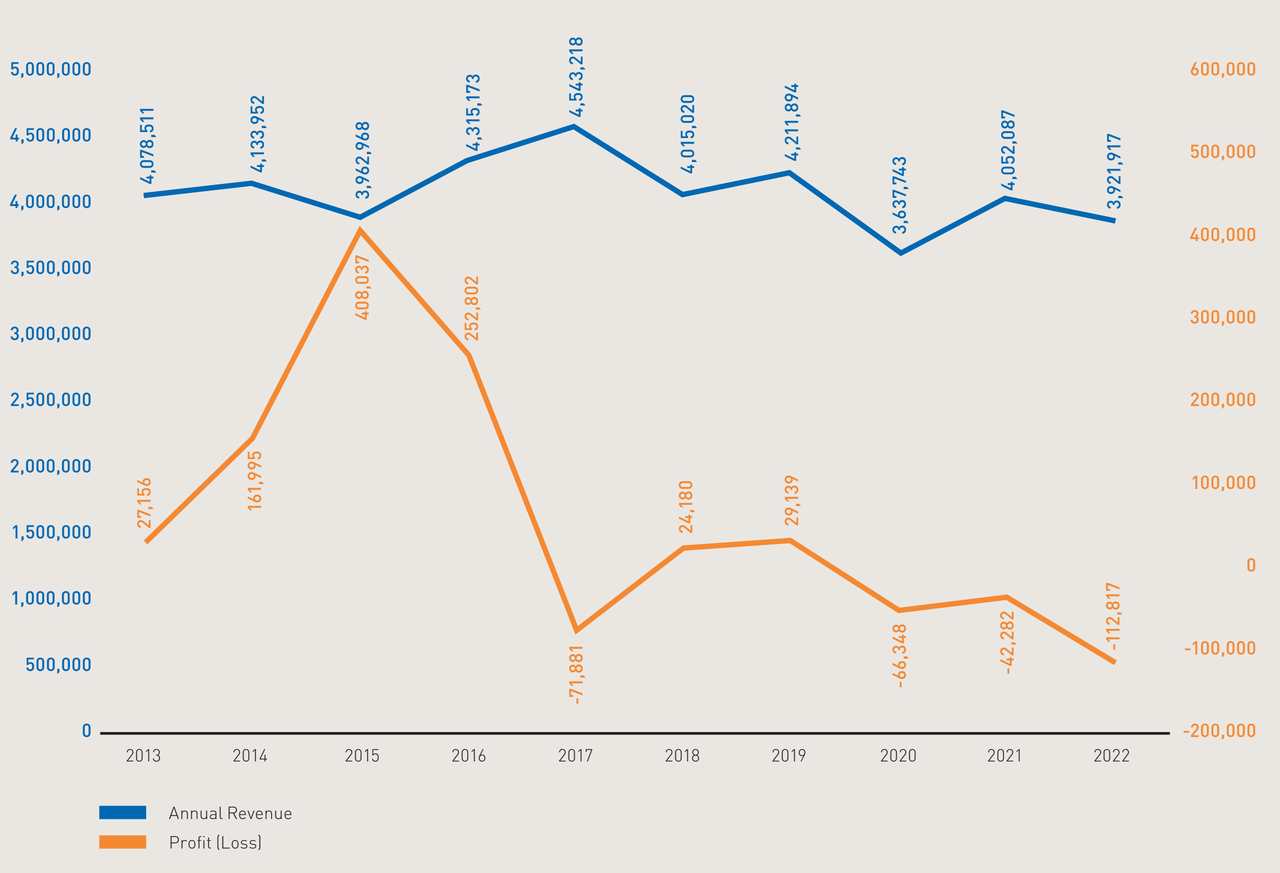
Financially resilient – investing in the future.

Reflecting the challenging period that the profession has endured, ARITA recorded lower than forecast revenue from our formal education offering. This resulted in annual revenue falling 3.2% on last year's results to $3,921,917. This result is 4.2% lower than our prior five year average income.

We recorded our largest loss since 2012, reporting negative income of $112,817. This was roughly in line with our budgeted loss which was planned around development investments which should see ARITA significantly grow its non-member education revenue in the future.

ARITA continues to enjoy a resilient balance sheet, with the Board having taken a long-term view over the prior decade to create sufficiently strong reserves to both cover quieter, less profitable periods and also to support future investment spend. ARITA finishes this financial year with total equity of $1,445,210 or approximately 35% of our long-term annual revenue.

ARITA ANNUAL REVENUE v PROFIT (LOSS)



ARITA
AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

FINANCIAL STATEMENTS 2022

Directors' Report

For the year ended 31 December 2022

The directors present their report on Australian Restructuring Insolvency and Turnaround Association (ARITA) for the financial year ended 31 December 2022

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

Name	Position	Appointed/Resigned as a director
Michael Brereton	President	Appointed 16 May 2012
Rachel Burdett	Deputy President	Appointed 28 May 2019
Michael Brennan	Director	Appointed 1 March 2021, Resigned 7 June 2022
Leanne Chesser	Director	Appointed 26 May 2021
Danielle Funston	Director/Vice President from 24 May 2022	Appointed 25 May 2021
Bruce Gleeson	Director	Appointed 28 May 2019
Mathew Gollant	Director	Appointed 25 May 2021
Michael Hayes	Director	Appointed 28 May 2019
Jason Porter	Director/Vice President until 24 May 2022	Appointed 30 May 2018
Kathy Sozou	Director	Appointed 26 May 2021
Kelly-Anne Trenfield	Director/Vice President until 24 May 2022	Appointed 28 May 2019
John Winter	Director/Company Secretary	Appointed 17 February 2014
Daniel Woodhouse	Director/Vice President from 24 May 2022	Appointed 26 May 2021
Non-director board participant		
Scott Atkins	Immediate Past President	

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

Objectives
ARITA's ambition is to lead and support appropriate and efficient means to expertly manage financial recovery.

The Company's short-term and long-term objectives, as outlined in the 'ARITA Strategic Plan' are to:

- BE INVALUABLE AND INDISPENSABLE
  ARITA aims to deliver more value to our members and their firms. We will ensure that member service is at the centre of our focus and we will continue to expand and tailor our member offering.

- SHAPE THE PROFESSION
  ARITA aims to shape our profession by leading the diversity and inclusion agenda. We will continue to advocate for our profession. ARITA will also ensure our professional standards are met.

- THRIVE AND FUTURE PROOF
  We will ensure that we are a sustainable organisation. We will grow our profession's capability and we will grow our sense of community. We must also contend with many other players offering competitive services to our core activities.

All of ARITA's operational activities are guided by these three pillars.

Strategies

To achieve its stated objectives, the 'ARITA 2025 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.

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
Michael Brereton President	B.Com, B.Com (Hons), H.Dip Company Law, MBA, RITF, CA Director – William Buck Registered Liquidator – 2005	ASIC Liaison (Chair) ASIC/AFSA Joint Liaison (Chair) Technical Working Group
Rachel Burdett Deputy President	B.Acc, RITF, CA, GAICD Partner – Cor Cordis Registered Liquidator – 2010	AFSA (Chair) ASIC Liaison (Deputy Chair) ASIC/AFSA Joint Liaison (Deputy Chair) Balance Taskforce (Chair)
Michael Brennan s 20.3 Appointee (resigned 7 June 2022)	LLB, MPA, Grad Cert Insol Prac, RITF Principal – Offermans Partners Registered Liquidator – 2009 Registered Trustee – 2008 Deputy President Qld Law Society (Resigned 7 June 2022)	Membership (2021/2022) Small-Medium Practice (Chair 2021/2022)
Leanne Chesser VIC/TAS nominee	B.Comm, RITP, CA Partner – KordaMentha Registered Liquidator – 2007	Finance (Deputy Chair) Membership
Danielle Funston s 20.3 Appointee	B.Law (Hons), BA (Comms), RITF Partner – Maddocks	Professional Conduct Membership (2021/2022) (Chair 2022/2023)
Bruce Gleeson s 20.3 Appointee	B. Comm, RITF, FCA, FCPA, JP Principal – Jones Partners Registered Liquidator – 2002 Registered Trustee – 2003	AFSA Liaison (2021/2022) Professional Conduct (Chair) Small-Medium Practice
Mathew Gollant s 20.3 Appointee	BA.Grad Dip Acc, RITF, FCPA Director – CJG Advisory Registered Liquidator – 2009 Registered Trustee – 2011	AFSA Liaison (2022/2023) ASIC Liaison (2022/2023) Balance Taskforce Finance (2021/2022) Small-Medium Practice (Deputy Chair 2021/2022) (Chair 2022/2023)
Michael Hayes SA/NT nominee	B. Juris, LLB, M(Com) Law, Graduate Certificate in Insolvency and Restructuring, RITF, GAICD Partner – Piper Alderman	Membership Professional Conduct (Deputy Chair)

Information on Directors *(continued)*

Director	Qualifications	Committee and Liaison Responsibilities
Jason Porter Vice President	B.Comm, RITF, FCA, JP Executive Director – SV Partners Registered Liquidator – 2011 Registered Trustee – 2005	AFSA Liaison (Deputy Chair) ASIC Liaison ASIC/AFSA Joint Liaison Membership (2022/2023)
Kathy Sozou	B.Comm, RITF, CA Partner – McGrathNicol Registered Liquidator – 2018	Balance Taskforce Finance Professional Conduct
Kelly-Anne Trenfield QLD nominee	B.Bus (Acc), RITF, CA, JP (Qld) Snr Managing Director – FTI Consulting Registered Liquidator – 2007 Registered Trustee – 2006	AFSA Liaison (2021/2022) Finance (Chair 2021/2022) (2022/2023) Professional Conduct
John Winter Company Secretary	B.Com (Econ & Finance), CAE, GAICD Chief Executive Officer, ARITA since 2014	AFSA Liaison ASIC Liaison ASIC/AFSA Joint Liaison Finance
Daniel Woodhouse WA nominee	B.Com (Acc), CA Snr Managing Director – FTI Consulting Registered Liquidator – 2018	ASIC Liaison (2022/2023) Finance (Chair 2022/2023) Membership (Deputy Chair)
Non-director board participant		
Scott Atkins Immediate Past President	B.Econ LLB, RITF Fellow – INSOL International Fellow – Australian Academy of Law Global President – INSOL International Global Chair, Global Co-Head Restructuring & Insolvency Partner – Norton Rose Fulbright	

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 2022 AGM have been marked as '21/22' and those held only after the 2022 AGM are marked '22/23'. Committee appointments with no years specified were held for the entire financial year [2022]. For a period of two years after their 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. Scott Atkins will remain the Immediate Past President until the May 2023 AGM and will then be replaced by current President Michael Brereton.

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 2022, the total amount that members of the company are liable to contribute if the company is wound up is $125,300 (2021: $126,000 – 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).

For the year ended 31 December 2022

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2022, and the number of meetings attended by each director, were:

	Directors Meetings	
	Held	Attended
Michael Brereton	4	4
Rachel Burdett	4	4
Michael Brennan	2	1
Leanne Chesser	4	4
Danielle Funston	4	4
Bruce Gleeson	4	4
Mathew Gollant	4	4
Michael Hayes	4	4
Jason Porter	4	4
Kathy Sozou	4	4
Kelly-Anne Trenfield	4	4
John Winter	4	4
Daniel Woodhouse	4	4
Non-director board participant		
Scott Atkins	4	3

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.

Michael Brereton
Director
6 April 2023

Rachel Burdett
Director
6 April 2023

Auditor's Independence Declaration

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

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

As lead audit director for the audit of the financial statements of Australian Restructuring Insolvency and Turnaround Association for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely
Nexia Sydney Audit Pty Ltd

Vishal Modi

Vishal Modi
Director

Dated: 6 April 2023

Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 $	2021 $
Income			
Advertising and marketing		8,776	11,577
Education and training		931,649	1,578,739
Events management		1,200,484	608,581
Interest		7,594	614
Membership		1,352,912	1,397,668
Sale of precedents		210,275	240,100
Sponsorship		185,474	96,073
Government stimulus grants		–	118,735
Other income		24,753	–
		3,921,917	4,052,087
Expenditure			
Accounting and auditing fees		(27,285)	(28,506)
Advertising and marketing expenses		(135,174)	(147,203)
Employee expenses		(1,854,787)	(1,726,339)
Education and training expenses		(407,463)	(792,515)
Depreciation and amortisation expense		(8,822)	(115,008)
Depreciation and amortisation expense – right-of-use		(191,425)	(168,819)
Events management expenses		(663,622)	(399,410)
Information technology expenses		(82,298)	(137,978)
Membership expenses		(318,683)	(250,226)
Occupancy expenses		(15,387)	(23,595)
Office and administration expenses		(88,233)	(163,615)
Superannuation		(163,103)	(140,395)
Travel and accommodation		(83,214)	(10,004)
Finance costs	5	(29,229)	(6,581)
Total expenses		(4,068,725)	(4,110,194)
Deficit before income tax benefit		(146,808)	(58,107)
Income tax benefit	6	33,991	15,825
Deficit after income tax benefit for the year		(112,817)	(42,282)
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		**(112,817)**	**(42,282)**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the year ended 31 December 2022

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	7	2,545,964	2,567,481
Trade and other receivables	8	179,893	30,904
Other assets	9	457,297	507,834
Total current assets		3,183,154	3,106,219
Non-current assets			
Property, plant and equipment	10	20,475	2,748
Right-of-use assets	11	749,529	912,334
Deferred tax assets	6	174,982	140,991
Total non-current assets		944,986	1,056,073
Total assets		4,128,140	4,162,292
LIABILITIES			
Current liabilities			
Trade and other payables	12	683,549	463,858
Lease liabilities	13	172,238	158,995
Provisions	14	207,405	141,019
Unearned revenue	15	909,925	872,063
Total current liabilities		1,973,117	1,635,935
Non-current liabilities			
Lease liabilities	13	592,809	756,320
Provisions	14	117,004	212,010
Total non-current liabilities		709,813	968,330
Total liabilities		2,682,930	2,604,265
Net assets		**1,445,210**	**1,558,027**
EQUITY			
Accumulated funds		1,445,210	1,558,027
Total equity		**1,445,210**	**1,558,027**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2022

	Accumulated Funds $	Total Equity $
Balance at 1 January 2021	1,600,309	1,600,309
Deficit after income tax benefit for the year	(42,282)	(42,282)
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income for the year	(42,282)	(42,282)
Balance at 31 December 2021	**1,558,027**	**1,558,027**
Balance at 1 January 2022	1,558,027	1,558,027
Deficit after income tax benefit for the year	(112,817)	(112,817)
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income for the year	(112,817)	(112,817)
Balance at 31 December 2022	**1,445,210**	**1,445,210**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from operations		4,183,516	4,342,557
Government stimulus grants		–	147,535
Payments to suppliers and others		(2,169,554)	(2,998,406)
Payments for employees		(1,808,407)	(1,659,984)
Finance costs		(29,229)	(6,581)
Net cash (used in)/from operating activities	21	176,326	(174,879)
Cash flows from investing activities			
Payments for property, plant and equipment	10	(26,549)	(29,639)
Interest received		7,594	614
Net cash used in investing activities		(18,955)	(29,025)
Cash flows from financing activities			
Repayment of lease liabilities		(178,888)	(180,257)
Net cash used in financing activities		(178,888)	(180,257)
Net decrease in cash and cash equivalents		(21,517)	(384,161)
Cash and cash equivalents at the beginning of the financial year		2,567,481	2,951,642
Cash and cash equivalents at the end of the financial year	7	2,545,964	2,567,481

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 31 December 2022

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.

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:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The company has adopted the revised Conceptual Framework from 1 January 2022. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the company's financial statements.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The company has adopted AASB 1060 from 1 January 2022. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel and related parties.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures 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.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Membership revenue

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

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 reflect 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.

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 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.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

NOTE 3. CRITICAL ACCOUNTING JUDGMENTS, 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.

Coronavirus (COVID-19) pandemic

Judgment has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimate of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The Company has determined that it expects most employee benefits to be taken within 24 months of the reporting period in which they were earned and that this change did not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements. The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

For the year ended 31 December 2022

	2022 $	2021 $
NOTE 4. REVENUE		
Revenue		
Revenue from contracts with customers	3,889,570	3,932,738
Other income	32,347	119,349
	3,921,917	**4,052,087**
NOTE 5. EXPENSES		
Deficit before income tax includes the following specific expenses:		
Finance costs		
– Interest and finance charges paid/payable on lease liabilities	29,229	6,581
NOTE 6. INCOME TAX		
Amount recognised in profit or loss		
Income tax expenses		
– Current tax	–	–
Deferred tax expenses		
– Origination and reversal of timing differences and tax losses	(33,991)	(15,825)
Tax benefit for the year	**(33,991)**	**(15,825)**
Numerical reconciliation between total tax expense and the product of accounting profit multiplied by the applicable tax rate		
Deficit before income tax benefit	(146,808)	(58,107)
Tax at the statutory tax rate of 25%	(36,702)	(14,527)
Tax effect of:		
– Non-deductible expenses and assessable income	2,711	25,161
– Non-assessable income and deductible expense	–	(26,459)
Income tax benefit	**(33,991)**	**(15,825)**
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
– Provisions and accruals	18,253	13,526
– Tax losses	156,729	127,465
Deferred tax asset	**174,982**	**140,991**
NOTE 7. CASH AND CASH EQUIVALENTS		
Current		
Cash on hand	300	300
Cash at bank	2,545,664	2,567,181
	2,545,964	**2,567,481**

For the year ended 31 December 2022

	2022 $	2021 $
NOTE 8. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	17,931	6,350
Other receivables	161,962	24,554
	179,893	**30,904**
NOTE 9. OTHER ASSETS		
Current		
Prepayments	294,536	279,159
Term deposit – bank guarantee	162,761	228,675
	457,297	**507,834**
NOTE 10. PROPERTY, PLANT AND EQUIPMENT		
Non-current		
Leasehold improvements – at cost	61,424	401,781
Less: Accumulated depreciation	(61,424)	(399,033)
	–	2,748
Fixtures and equipment – at cost	69,506	90,149
Less: Accumulated depreciation	(57,646)	(90,149)
	11,860	–
Computer equipment – at cost	76,132	110,742
Less: Accumulated depreciation	(67,517)	(110,742)
	8,615	–
	20,475	**2,748**

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 $	Computer equipment $	Total $
Balance at 1 January 2022	2,748	–	–	2,748
Additions	–	14,952	11,597	26,549
Depreciation expense	(2,748)	(3,092)	(2,982)	(8,822)
Balance at 31 December 2022	**–**	**11,860**	**8,615**	**20,475**

For the year ended 31 December 2022

NOTE 11. RIGHT-OF-USE ASSETS

	2022 $	2021 $
Non-current assets		
Land and buildings – right-of-use	956,903	928,283
Less: Accumulated depreciation	(207,374)	(15,949)
	749,529	**912,33**

Reconciliations

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

	Land and building $	Total $
Balance at 1 January 2022	912,334	912,334
Additions to right-of-use assets	28,620	28,620
Depreciation charge for the year	(191,425)	(191,425)
Balance at 31 December 2022	**749,529**	**749,529**

NOTE 12. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Current		
Trade payables	283,235	76,338
GST payable	52,865	43,733
Accrued expenses and other payables	347,449	343,787
	683,549	**463,858**

NOTE 13. LEASE LIABILITIES

	2022 $	2021 $
Current liabilities		
Lease liability	**172,238**	**158,995**
Non-current liabilities		
Lease liability	**592,809**	**756,320**
Future lease payments		
Future lease payments are due as follows:		
– Within one year	172,238	158,995
– One to five years	592,809	756,320
– More than five years	–	–
	765,047	**915,315**

NOTE 14. PROVISIONS

	2022 $	2021 $
Current		
Annual leave	160,287	120,406
Long service leave	47,118	20,613
	207,405	**141,019**
Non-current		
Long service leave	92,004	112,010
Lease make good	25,000	100,000
	117,004	**212,010**

For the year ended 31 December 2022

	2022 $	2021 $
NOTE 15. UNEARNED REVENUE		
Current		
Membership subscriptions	897,919	829,587
Education, events and other income in advance	12,006	42,476
	909,925	**872,063**

NOTE 16. KEY MANAGEMENT PERSONNEL COMPENSATION

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 aggregate of remuneration made to five (2021: five) key management personnel of the company are as follows:

	2022 $	2021 $
– Total key management personnel compensation	**970,259**	**968,942**

NOTE 17. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd, the auditor of the company:

	2022 $	2021 $
Audit services		
Audit of the financial statements	**19,500**	**19,000**

NOTE 18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets at the end of the financial year.

NOTE 19. RELATED PARTY DISCLOSURE

Key management personnel
Disclosures relating to key management personnel are set out in note 16.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

NOTE 20. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2022 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.

For the year ended 31 December 2022

NOTE 21. RECONCILIATION OF DEFICIT AFTER INCOME TAX TO NET CASH (USED IN)/FROM OPERATING ACTIVITIES

	2022 $	2021 $
Deficit after income tax benefit for the year	(112,817)	(42,282)
Adjustments for:		
– Depreciation and amortisation	200,247	283,827
– Interest income recognised as investing activity	(7,594)	(614)
Change in operating assets and liabilities:		
– Decrease/(increase) in trade and other receivables	(148,989)	116,912
– Increase in deferred tax assets	(33,991)	(15,825)
– Decrease/(increase) in prepayments and other assets	50,537	(380,789)
– Increase/(decrease) in trade and other payables	219,691	(45,013)
– Increase in employee benefits	46,380	66,355
– Decrease in other provisions	(75,000)	–
– Increase/(decrease) in deferred income	37,862	(157,450)
Net cash (used in)/from operating activities	**176,326**	**(174,879)**

NOTE 22. COMPANY DETAILS

The registered office and principal place of business of the company is:
Australian Restructuring Insolvency and Turnaround Association
Suite 2, Level 5,
66 Clarence Street,
Sydney NSW 2000

Directors' Declaration

For the year ended 31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards – Simplified Disclosures, 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 2022 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 section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Michael Brereton
Director
6 April 2023

Rachel Burdett
Director
6 April 2023

Nexia Australia

Nexia Sydney Audit Pty Ltd
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Restructuring Insolvency and Turnaround Association (the Company), which comprises the statement of financial position as at 31 December 2022, 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 the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2022 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards - Simplified Disclosures 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 responsibilities for the audit of the financial report' section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 Australian Restructuring Insolvency and Turnaround Association's annual report for the year ended 31 December 2022, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report 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 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 the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

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

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Nexia Sydney Audit Pty Ltd

Vishal Modi

Vishal Modi
Director

Dated: 6 April 2023

www.arita.com.au

Suite 2, Level 5
66 Clarence Street
Sydney NSW 2000

T +61 2 8004 4344
E admin@arita.com.au