ARITA
AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

ANNUAL REPORT 2013

AUSTRALIAN RESTRUCTURING
INSOLVENCY & TURNAROUND
ASSOCIATION

ARITA'S MISSION STATEMENT

ARITA's mission is to support insolvency and recovery professionals in their quest to restore the economic value of underperforming businesses and to assist financially challenged individuals.

We deliver this through the provision of innovative training and education, upholding world class ethical and professional standards, influencing and partnering with government, and promoting the ideals of the profession to the public at large.

OUR STRATEGIC DRIVERS

- CO-REGULATION
- MEMBERSHIP BASE
- EDUCATION
- MEMBER SERVICES
- STRUCTURE AND GOVERNANCE
- PROFILE WITH BUSINESS AND THE PUBLIC

OUR VALUES

- PROFESSIONALISM
- LEADERSHIP
- TECHNICAL EXCELLENCE
- PROGRESSIVENESS
- TEAMWORK
- INFLUENCE

ANNUAL REPORT 2013

ABOUT OUR NAME CHANGE

On 1 January 2014 the Insolvency Practitioners Association of Australia (IPA) changed its name to the Australian Restructuring Insolvency and Turnaround Association (ARITA).

For the sake of uniformity, in this annual report we have accredited the Association's activities in 2013 to ARITA, rather than the IPA.

DAVID LOMBE
President

PRESIDENT'S MESSAGE

On behalf of the Board, I present ARITA's 2013 Annual Report.

As President, I am pleased to report that our association has enjoyed a successful year. After a period of significant internal review, in 2013 we completed a number of key strategic projects.

We have a new and stronger Constitution that improves the clarity and transparency of our member categories. After consultation with members, regulators, accounting and law bodies, and statutory authorities, we have published a revised and updated Third Edition of our Code of Professional Practice. And, most noticeably, we have adopted a new name: the Australian Restructuring Insolvency and Turnaround Association.

OUR NEW CONSTITUTION

The Board proposed the Constitution be redrafted to modernise it and bring in important membership changes. Following a period of consultation, the new Constitution was adopted with immediate effect by a member vote at the General Meeting on 19 August 2013.

The key change affects members working in insolvency or legal practice. Our highest level of membership, previously identified as Member – or more commonly Full Member – has been replaced with Professional Member.

Professional Members, along with Life Members, are the Association's voting members. To be eligible for this category, members continue to require relevant insolvency experience, appropriate foundation body membership, successful completion of the Insolvency Education Program, commitment to our Code of Professional Practice, and completion of 40 hours of continuing professional development annually.

The Professional Member designation is significant as it will help us promote the professional standing of our members to creditors, directors, regulators, policy makers and the general public.

> Our new name recognises the broad scope of our members' capabilities and aligns more closely with their core mission of restoring economic value.

CODE OF PROFESSIONAL CONDUCT – THIRD EDITION

The Board approved the Third Edition of the Code on 21 October 2013 for commencement on 1 January 2014, which was the third anniversary of the Second Edition. This update ensures the Code remains at the forefront of setting high professional standards for members. I thank everyone who took the time to review the Code and provide feedback during the rounds of consultation.

The Code is recognised and supported by regulators and policy makers and is often referred to by other bodies internationally. The improvements carried through the Third Edition ensure that we maintain our leadership in this space and gives confidence to the markets in the way that ARITA members operate.

WELCOME TO ARITA

One of the most significant outcomes of 2012's Brand and Profile Project was the decision by the Board to recommend to members that the Association change its name. Following a vote by members at the General Meeting in August 2013, the legal name of the company, and your professional association, was changed to the Australian Restructuring Insolvency and Turnaround Association (ARITA).

Changing our name was an important milestone in the evolution of the Association. While formal appointments remain the core of our members' activities, many members report an ever-increasing involvement in business rescue and restructuring advice. Thus our new name recognises the broad scope of our members' capabilities and aligns more closely with their core mission of restoring economic value.

CEO TRANSITION

After some five years in the role, our CEO, Denise North, gave the Board notice of her intention to seek other opportunities early in 2013, allowing the Board to commence a comprehensive search process for her replacement. This culminated in December with the selection of our new CEO, John Winter, and a progressive handover occurring through early 2014.

Denise has contributed enormously to the development of ARITA during her tenure as CEO. Our organisation has grown in quality and scope considerably under her leadership. On behalf of the Board, I'd like to thank Denise for her work and professionalism.

I would also like to welcome our new CEO, John Winter, as we move into this next, exciting chapter in ARITA's history.

MY AGENDA AS PRESIDENT

In my term as ARITA President, my agenda will be to:

- Pursue thought leadership on insolvency practice and law reform
- Continue our excellent relationships with our regulators, with a view to working together on important issues for the profession
- Lift our member satisfaction ratings
- Continue to drive and improve our existing education programs, and
- Explore how we, as practitioners, can use technology and innovation to better serve stakeholders.

THANK YOU FOR YOUR SUPPORT

ARITA's considerable achievements in 2013 would not have been possible without the selfless contribution of many of our members. The high standards that we achieve rely heavily on members who volunteer as conference and forum presenters, IEP workshop leaders, article writers, Divisional and Board Committee members, and Directors, and provide feedback on the broad range of professional and technical insolvency matters that we routinely address.

It's been an honour to work with our Board of Directors in 2013. I greatly appreciate their dedication and guidance. I would also like to acknowledge the national office team for their support and hard work throughout the year.

David JF Lombe
President

The Professional Member designation is significant as it will help us promote the professional standing of our members to creditors, directors, regulators, policy makers and the general public.

JOHN WINTER
Chief Executive

CEO'S REPORT

2013 was an important year of transformation and renewal for ARITA that has set a solid foundation for our future growth and development.

STRENGTHENED FINANCIAL PERFORMANCE

In 2013 we moved to secure our financial position after recording a $130,289 loss for 2012. This involved a significant review of our trading activities, a greater focus on our financial controls and reporting, recruiting a new Financial Controller, and working in close concert with the Board's Finance Committee.

As a result, the Association delivered a profit for 2013 of $27,156 on income of $4,078,511 (down from $4,096,069 in 2012). We believe the work undertaken in reviewing our operations, processes and staffing has created a strong foundation for improved financial performance in the future.

Revenue across our major operations showed upward trends in Events and Membership. Downward trends were evident in Education and Advertising and Sponsorship.

The fall in Education revenue is generally attributed to a reduction in course offerings other than our Insolvency Education Program and Introduction to Insolvency Program. Falls in Advertising and Sponsorship revenue are generally attributable to market changes (in which most beneficiaries of advertising and sponsorship are seeing falls in revenue sources) and changes in internal resourcing.

MEMBER SATISFACTION

ARITA again participated in the *Beaton Benchmarks – Association's Report* in 2013. While our results remain very strong and within reasonable reach of our peer industry bodies, they do show slippage in our overall performance from a peak in 2011.

The 2013 survey shows a mean score of 6.97 out of 10 for overall performance, compared to a mean of 7.11 for all 21 participating associations. This result compares to 7.12 for ARITA in 2012 and the peak result of 7.31 in 2011.

There was also a small drop in member engagement in 2013. Even so, 86 percent of members who responded to the survey are either engaged or extremely engaged with ARITA.

Our primary drivers of member engagement are shown to be 'providing leadership in the field' (15.7 percent), 'building the standing of (its) members' (15.7 percent) and 'giving ... a sense of belonging to a professional community' (10.0 percent).

BRINGING THE NEW ARITA BRAND TO LIFE

As already outlined by the President, significant internal resources were focussed on ARITA's rebranding in the second half of 2013. This included planning and strategy, development and design of ARITA's new logo and 'look and feel', legal and technical logistics, and refreshing all our publications (on and offline), marketing and events collateral and physical resources.

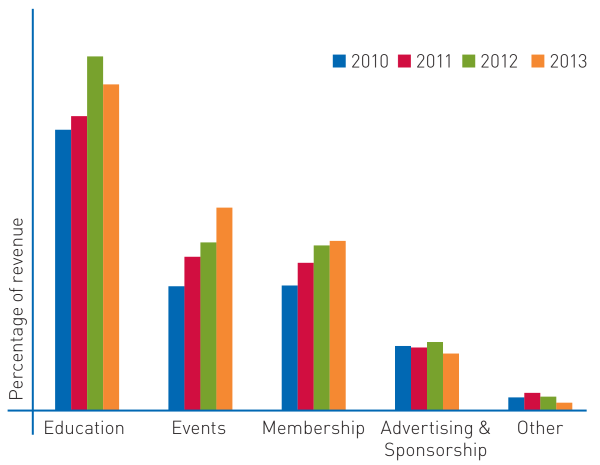
THE ARITA BRAND WAS LAUNCHED ON 1 JANUARY 2014

ARITA
AUSTRALIAN RESTRUCTURING
INSOLVENCY & TURNAROUND
ASSOCIATION

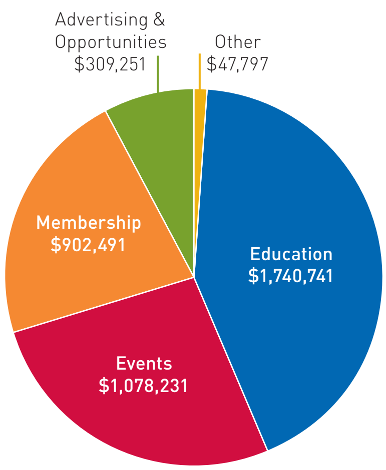
TRADING ACTIVITIES

Major Operations	2013	2012	Change
Education	$1,740,741	$1,878,022	($137,281)
Events	$1,078,231	$891,825	$186,406
Membership	$902,491	$877,598	$24,893
Advertising	$309,251	$369,242	($59,991)

ARITA REVENUE STREAMS 2010-2013



ARITA REVENUE STREAMS 2013



The Association delivered a profit for 2013 of $27,156 on income of $4,078,511.

IMPROVED TEAM STRUCTURE

Beyond the CEO transition mentioned by the President, 2013 also saw significant changes in internal staffing structures. We recruited an entirely new Marketing and Events team and a new Financial Controller to work alongside our experienced and talented Insolvency Specialists and Education team. We believe we now have a more robust ARITA team structure and composition to meet future challenges and maintain high professional standards.

The quality of the team's output remained at a high level throughout 2013, and was instrumental in delivering a seamless transition from the IPA to ARITA. I thank everyone at ARITA for their commitment, dedication and professionalism.

LOOKING AHEAD

I'm excited about taking over as CEO at this pivotal time for ARITA. Our new name – acknowledging the breadth of our members' strengths and abilities – creates significant opportunities for us.

As we continue our journey, I am committed to promoting the insolvency and restructuring profession, improving our relationship with the media, and driving our thought leadership agenda. I am particularly keen to improve the public's perception of the industry and their understanding of the value we deliver.

John Winter
Chief Executive

01

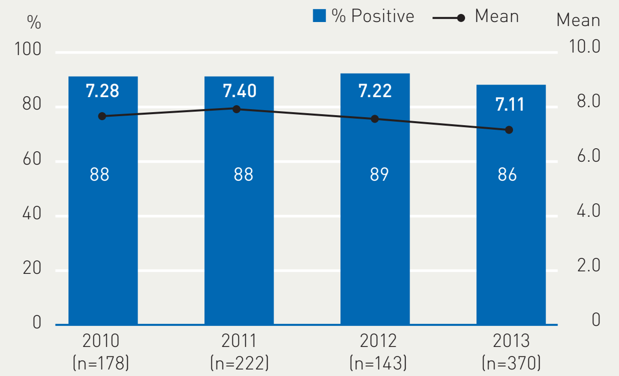
MEMBERSHIP

We have a broad membership base that comprises professionals advising and working with financially troubled individuals and organisations throughout Australia.

MEMBER FEEDBACK

The associations benchmarking survey conducted by Beaton Research + Consulting showed a small drop in member engagement in 2013, after three years of steady results. The survey reported 86 percent of members are positively engaged with ARITA, with 46 percent 'extremely engaged' and 40 percent 'engaged'.

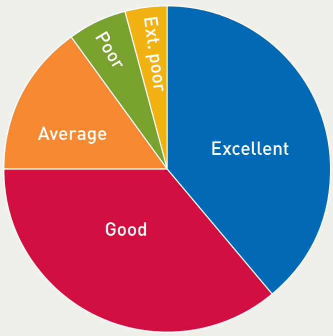
MEMBER ENGAGEMENT – TRACKING



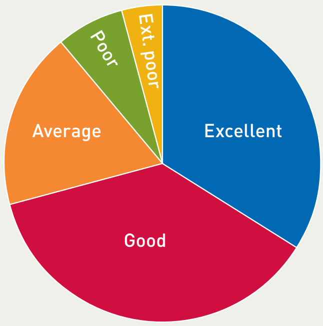
Our top three drivers of member engagement were:

- Providing leadership in the field
- Building the standing of its members
- Giving me a sense of belonging to a professional community.

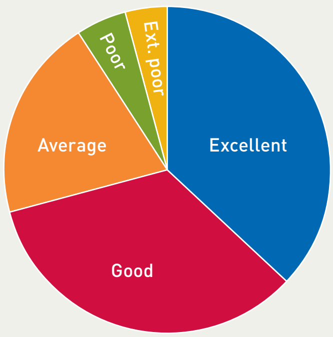
TOP THREE DRIVERS OF ENGAGEMENT



Providing leadership in the field



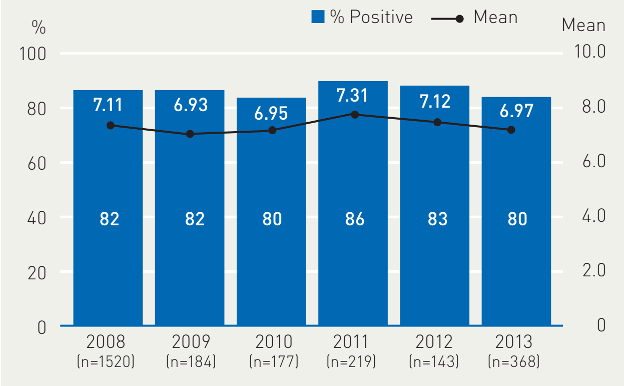
Building the standing of its members



Giving me a sense of belonging to a professional community

The survey showed our overall performance was also slightly down in 2013. Eighty percent of members surveyed rated our overall performance as positive (either excellent or good), down from 83 percent in 2012.

PERFORMANCE TRACKING – OVERALL PERFORMANCE



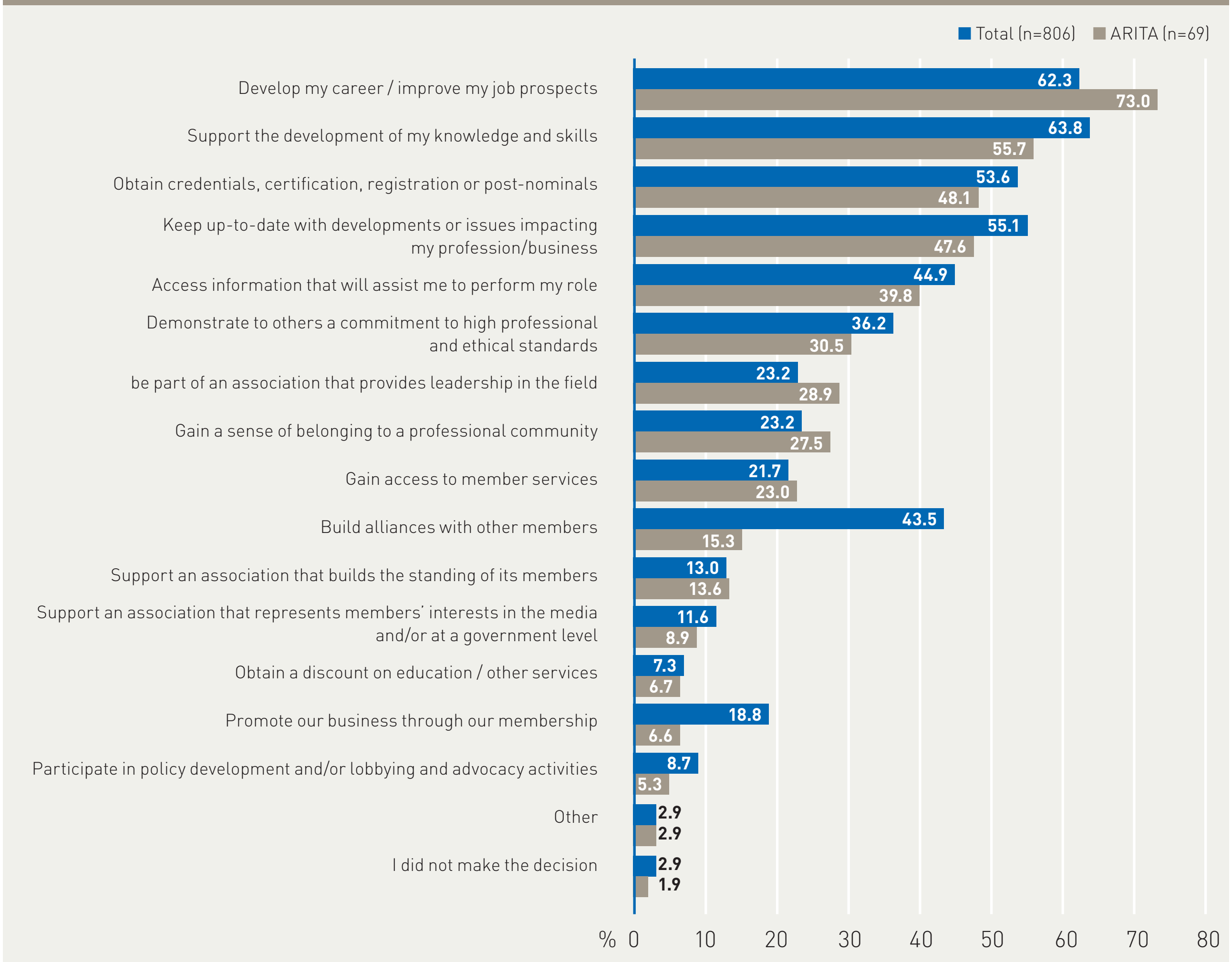
Data from new members on their reasons for joining ARITA revealed how their motivations differ from the benchmark set. Our new members place less emphasis than average on developing their careers/improving their job prospects as a reason for joining.

Three reasons for joining that were significantly more important than average were:

- **Build alliances with other members**
- **Promote our business through our membership**
- **Support the development of my knowledge and skills**

It's clear from the findings below that our new members have different expectations to those of our peer associations. We have taken this message on board, and will use this data as a roadmap to help us tailor a unique set of offerings to meet our member's expectations.

REASONS FOR JOINING IN THE LAST 12 MONTHS



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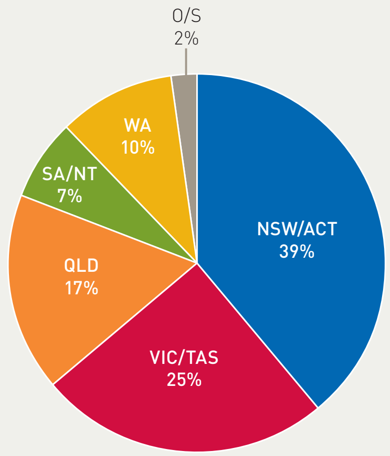
MEMBERSHIP PROFILE

The pattern of member distribution across the country remains largely unchanged from previous years.

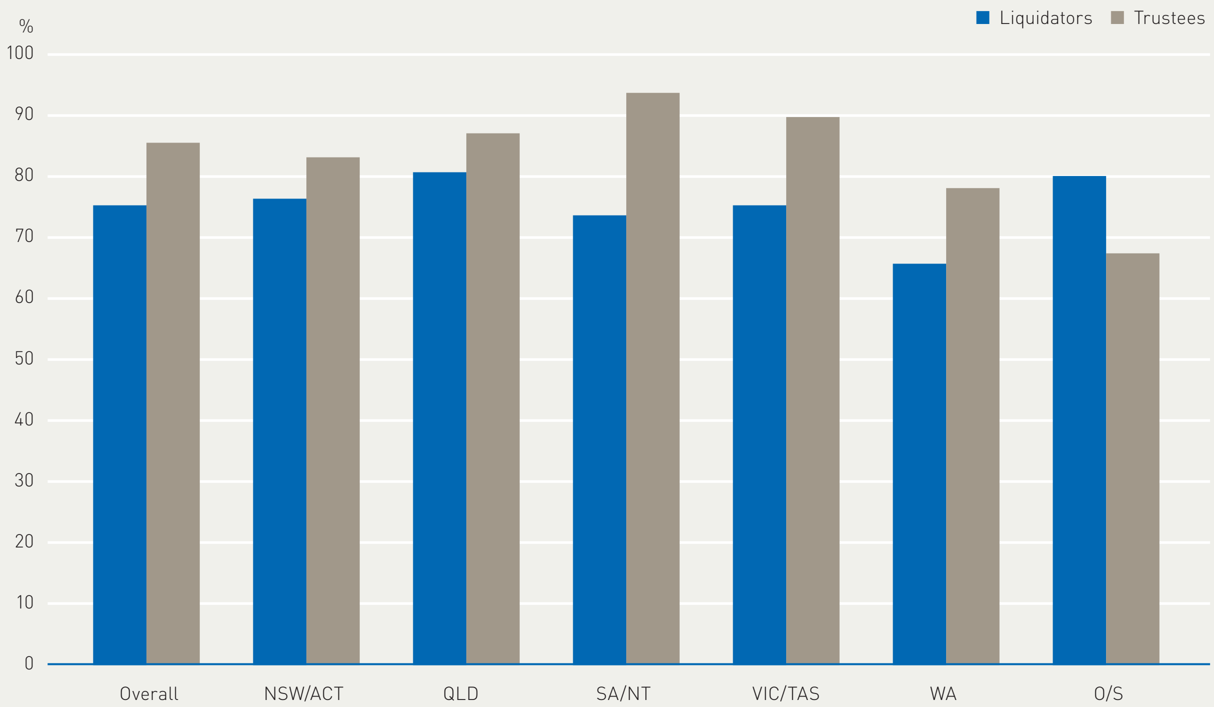
ARITA MEMBERSHIP BY DIVISION



The vast majority of registered liquidators and trustees in bankruptcy continue to choose to be members of ARITA, although there is some variation across the country.

76 percent of registered liquidators and 86 percent of registered trustees are members of ARITA.

REGISTERED PRACTITIONERS – ARITA MEMBERSHIP



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REPRESENTATION AND LIAISON

Our liaison with key areas of government and government agencies allows us to promote ideas and have input into improving the law and practice of insolvency, and to maintain high professional standards of practitioners.

In March 2013 ARITA made a detailed submission to Treasury on the exposure draft of the Insolvency Law Reform Bill 2013. We had previously consulted widely with members about the significant changes that law would bring. These would include reforms concerning practitioner regulation, regulator powers, meeting processes, and increased creditor authority and involvement. Closer alignment of processes between the Bankruptcy Act and Corporations Act is also a feature of the Bill.

Further consultation with Treasury followed in 2013, in particular in relation to the costing of the changes. We were disappointed that the Bill was not introduced into parliament in 2013, given that it represents the culmination of a long period of inquiry and debate on the operation of our insolvency regime. We continue to support the changes in the Bill and look forward to it becoming law.

Later in the year, we made a submission to the Senate inquiry into the performance of ASIC and raised issues concerning the joint regulation of the insolvency profession.

A significant outcome of our work in 2013 was to produce a revised Third Edition of the Code of Professional Practice, based on our experience with the operation of the Code and feedback from members and regulators.

On the international front, we were well represented in attending and presenting at INSOL's Ninth World Quadrennial Congress in The Hague, in May 2013.

We have continued our regular liaison meetings with the relevant regulators: ASIC and AFSA, as well as with the ATO, Treasury, Attorney-General's Department (in relation to both bankruptcy and personal property securities) and the Department of Employment (in relation to the FEG scheme). Our representations made on behalf of the profession in relation to law and practice issues, and information gained from this liaison, all feeds into the assistance we give our members.

Other bodies that liaise with us include our foundation bodies (ICA and CPA Australia), the Law Council of Australia, APESB, insolvency academics, the courts and INSOL International.

> Our representations made on behalf of the profession in relation to law and practice issues, and information gained from this liaison, all feeds into the assistance we give our members.

03

MAINTAINING PROFESSIONAL STANDARDS

ARITA plays a key role in the maintenance of high standards of professional and ethical conduct among its members, and more generally throughout the insolvency profession.

Professional conduct was a key focus for ARITA in 2013 and will continue to be an important aspect in the coming years with ongoing development of the member discipline function on our agenda.

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

You can find details of the processes followed by ARITA in investigating complaints and concerns on ARITA's website.

We support the conduct of quality assurance reviews of registered insolvency practitioners who are ARITA members carried out by CPA Australia (CPA) and the Institute of Chartered Accountants in Australia (ICA).

MEMBER CONDUCT

Complaints

A complaint under the ARITA Constitution is a written complaint made to ARITA about the professional conduct of a member as a practitioner. This refers to the conduct of work of a registered trustee, registered liquidator, other insolvency practitioner, or legal practitioner.

During the year ended 31 December 2013, ARITA received 30 complaints concerning the conduct of members. The number of complaints was more than the previous two years: 24 and 25 respectively. Each matter is investigated and assessed objectively, having regard to the requirements of natural justice.

COMPLAINTS RECEIVED

ARITA Division	2013	2012	2011
NSW/ACT	12	12	15
Qld	5	5	1
SA/NT	3	1	–
Vic/Tas	8	5	8
WA	2	1	1
Total	**30**	**24**	**25**
Unresolved matters as at 31/12/13	16	4	1

In addition to the above, two complaints remained unresolved from 2010 and are subject to court determination and ongoing consideration.

NATURE OF COMPLAINT

	2013	2012
Recognition of/dealing with stakeholders' interests	6	4
Appropriate discharge of duties	5	5
Disclosure of/excessive remuneration/ disbursements	4	4
Communications/dealings with stakeholders	4	1
Distribution of funds/dealings with proofs of debt	3	4
Independence/DIRRI disclosures	3	–
Sale of business/assets	2	3
Validity of appointment	2	1
No details provided (complaint not pursued)	1	–
Meeting conduct	–	1
Investigation of misconduct	–	1
Total	**30**	**24**

The regulators, along with ARITA, continue to emphasise the need for good communications by practitioners. Complaints are often generated because of confusion or uncertainty on the part of creditors and other interested parties about what is happening in their particular matter, leading them to infer incorrectly that misconduct is involved.

In the course of investigating complaints, ARITA often identifies other areas of non-compliance with legislation and/or professional standards. In such cases, we raise these issues with the member for their attention and future compliance, separate from any response given to the complainant and irrespective of whether the initial complaint is substantiated.

Concerns

A concern under the ARITA constitution is information available to ARITA about the professional conduct of a member as a practitioner other than by way of a complaint. This refers to the conduct of work of a registered trustee, registered liquidator, other insolvency practitioner, or a legal practitioner.

Circumstances giving rise to a concern may be identified to or by ARITA via a number of means. These include, but are not limited to:

- judgments or other court documents or transcripts that relate or refer to the conduct of a member
- announcements or advice of action taken by a regulator or another professional body
- media articles, or
- general feedback from external parties, including other members.

With the increase in ARITA resources dealing with member conduct in 2012, ARITA has continued to proactively identify and investigate concerns. In the year ended 31 December 2013, 17 concerns were actioned, which continues to be an increase on the previous 2 years, 13 and 5 respectively.

CONCERNS IDENTIFIED

ARITA Division	2013	2012	2011
NSW/ACT	10	6	3
Qld	3	1	1
SA/NT	1	-	-
Vic/Tas	3	6	-
WA	-	-	1
Total	**17**	**13**	**5**
Unresolved matters as at 31/12/13	9	2	1

NATURE OF CONCERN

	2013	2012
Disclosure of/excessive remuneration/ disbursements	6	1
Appropriate discharge of duties	3	3
Disrepute	3	–
Independence/DIRRI	2	3
Sale of business/assets	2	1
Regulator action	1	2
Validity of appointment	–	1
Meeting conduct	–	1
Withdrawal of complaint due to threat of legal action	–	1
Total	**17**	**13**

Disciplinary Proceedings

Following investigation, 8 matters were further investigated and considered by the Professional Conduct Committee in 2013 (including 3 ongoing matters from 2012), which constitutes the commencement of formal disciplinary proceedings against the members involved.

PROFESSIONAL CONDUCT COMMITTEE – 2013 DETERMINATIONS

	2013	2012
Ongoing	3	3
Unsubstantiated*	1	1
Substantiated – matter already addressed and/or not in the interests of the public, the member, ARITA or the insolvency profession that any penalty be applied and no further action is appropriate*	1	1
Substantiated – warrants referral to the National Committee		–
Superseded by automatic termination	2	–
Internal review of ARITA investigation – no further action required	1	–
Total	**8**	**5**

* Remedial action may still be required by member.

A relatively small number of complaints and concerns result in disciplinary action because most matters turn out not to have substance, often because they involve a misunderstanding of the insolvency processes being undertaken, or arise from poor communication on the part of a member. ARITA also requires clear evidence of a breach in order to refer a matter to the Professional Conduct Committee and mere speculation or innuendo is not sufficient.

03

A relatively small number of complaints and concerns result in disciplinary action.

In instances where formal disciplinary action is not considered warranted, ARITA may still recommend a member undertake remedial action and/or attend training and development courses. Decisions that rely on the exercise of commercial judgement by a member (eg. to sell assets or to close down a business) are not generally investigated by ARITA, although the processes applied in reaching the decision are often reviewed.

Automatic Termination of ARITA Membership

Action by the regulators is a significant area of attention for ARITA and, under the constitution, often has an automatic impact on ARITA membership. For example, if a member's registration as a liquidator or trustee is terminated or suspended, their ARITA membership is also automatically terminated or suspended respectively. In contrast, if the regulator imposes a lesser sanction on a member that does not affect their registration, this may constitute a concern and lead to ARITA imposing a penalty.

Four members were subject to automatic termination of their ARITA membership in 2013.

Details of the member conduct matters dealt with by ARITA are available on the ARITA website, on a names or no-names basis where appropriate.

MEMBER DISCIPLINE ACTIONS – 2013

Mr Ian Struthers

In accordance with (the then) clause 16.3 of the Constitution, Mr Struthers' membership was automatically terminated following the announcement by the Australian Securities and Investments Commission (ASIC) on 25 February 2013 that it has accepted an enforceable undertaking from Mr Struthers agreeing to the cancellation of his registration as a liquidator for a minimum of three years.

Undisclosed Member

The membership of an undisclosed member was automatically terminated on 27 February 2013 in accordance with (the then) clause 16.3 of the Constitution.

Due to the specific circumstances of this matter, ARITA decided not to publicise the termination.

Mr Peter Grealish

In accordance with (the then) clause 16.3 of the Constitution, Mr Grealish's membership was automatically terminated on 26 April 2013 following an order of the District Court of New South Wales and the announcement by ASIC that his registration as a registered liquidator has been cancelled as a result of the decision.

Mr Andrew Dunner

In May 2012, ARITA commenced investigation of a concern in relation to Victorian Member Andrew Dunner, following the commencement of proceedings against him by ASIC in the Federal Court of Australia.

In accordance with clause 7.1(b)(ii) of the Constitution (as adopted on 17 August 2013), Mr Dunner's membership was automatically terminated effective from 30 August 2013 following the decision in the matter of *Australian Securities and Investments Commission v Dunner* [2013] FCA 872.

As a consequence of Mr Dunner's failure to adequately respond to reasonable inquiries made by ARITA in relation to the action taken by ASIC, in accordance with the Constitution, the National Committee had previously suspended his membership pending the receipt of an adequate response and his membership remained suspended up until the time of its termination.

QUALITY ASSURANCE

ARITA has worked with both the ICA and CPA to maintain their quality assurance review program for insolvency practitioners. With the assistance of ARITA, the ICA and CPA engages insolvency specialist reviewers to undertake the reviews, which is of significant benefit for the professional bodies and our members.

During 2013, both the ICA and CPA undertook quality assurance reviews of insolvency practitioners, and this will continue to be an ongoing process. Under the ARITA constitution members are required to provide any reports issued as a result of a quality assurance review by the ICA or CPA on request. A general open request has been made to all ARITA members and this remains current. ARITA has made enquiries with several members regarding adverse findings identified as a result of the quality assurance review program.

ARITA will continue to monitor the outcomes of quality reviews in relation to ARITA members, enabling us to identify any action that may be required by ARITA, including any adverse trends in the industry, or matters on which we need to provide better information or specific training to improve practices.

04

ASSOCIATION GOVERNANCE

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

ARITA BOARD

Following the Annual General Meeting in May:

- Michael Hughes (NSW/ACT), Stephen Longley (VIC/TAS) and Russell Morgan (WA) retired from the ARITA Board
- The past President advisory term ended for Paul Cook (VIC/TAS)
- Kate Barnet and Anthony Elkerton were nominated by the NSW/ACT Division, and
- Cliff Rocke joined the Board as the nominee of the WA Division for the 2013/14 year.

The Board met on seven occasions in 2013: February, March, April (via teleconference), May, July (via teleconference), August and December.

Active Committees during the year were:

Finance Committee David Lombe (Chair to May), Russell Morgan (to May), Michael Brereton (Chair from May), John Lindholm, Alan Scott	The Finance Committee met throughout the year on a monthly basis, predominantly via teleconference. The Committee reviewed monthly and quarterly financial reports and provided advice to the Chief Executive on financial accounting and reporting.
Governance Committee Mark Robinson (Chair), Paul Cook (to May), John Park, Mike McCann	The Governance Committee met once during 2013 via teleconference, and was primarily concerned with the Division AGM protocols and procedures. This committee formed part of the ad-hoc committee formed to review the Constitution.
Membership Committee Scott Atkins (Chair), Kate Barnet (from May), Michael Brereton, John Lindholm, Ross McClymont (from May) John Park, Cliff Rocke (from May), Alan Scott.	The Membership Committee met six times in 2013 and was involved in the review and amendment of the IPA/ARITA Constitution. The main focus for the committee for several months was the rigorous exemption application process. A large volume of applicants had to meet a specific set of criteria to join the Association before the Constitution was amended in August. The Membership Committee formed part of the ad-hoc committee formed to review the Constitution.
Professional Conduct Committee Ross McClymont (Chair to May), Scott Atkins (Chair from May), Paul Cook, Antony Elkerton (from May), Robyn Erskine (from May), Denise North	During 2013 the Professional Conduct Committee met four times to consider matters arising from the investigation of complaints about Member conduct and concerns initiated by ARITA. In addition, a meeting of specially convened Committee members, drawn from state division members who are not members of the Board, was held to consider a concern in relation to a Board member. This Committee meeting was chaired by Mr Atkins for procedural consistency, however he did not participate in the discussion or consideration of the concern.
Professional Standards Committee Robyn Erskine (Chair), David Lombe, Michael Hughes (to May), John Lindholm, Mike McCann, John Park, Mark Robinson	The Professional Standards Committee was formed in 2012 from the Discipline Review and Quality Assurance Committees to facilitate the review of member conduct procedures and policies independently of specific conduct matters that are considered by the Professional Conduct Committee. No Committee meetings were held in 2013, however the Committee considered a procedural matter by circulation.
Brand Profile Committee Ross McClymont (Chair), Robyn Erskine, Mark Robinson, John Park, Scott Atkins, Michael Brereton	The Brand Profile committee met twice in 2013, to finalise the change of the name and logo of the Association prior to the Extraordinary General Meeting of Members held in August.
Education Committee Stephen Longley (Chair to May), John Lindholm (Chair from May), Russell Morgan (to May), Alan Scott, Scott Atkins, Kate Barnet (from May) and Anthony Elkerton (from May)	The Education Committee met on 10 occasions throughout the year, predominantly via teleconference, to discuss strategy, review current courses and develop new education offerings.
Events Committee Michael McCann (Chair), Peter Harrison, Robyn McKern, Cliff Rocke, Stephen Williams, Denise North	Established in November 2013, the Events Committee met on three occasions to consider events strategy and management with a focus on National Conference 2014.

05

DIVISION COMMITTEES

Members of ARITA's Division Committees in 2013 were:

Member	Firm
NSW/ACT	
Michael Brereton, Chairman	KordaMentha
Michael Hughes, Deputy Chairman	Minter Ellison
Paul Gidley, Secretary	Shaw Gidley
Scott Atkins (INSOL Fellow)	Henry Davis York
Katherine Barnet	Bentleys Corporate Recovery
Andrew Bowcher	RSM Bird Cameron
Anthony Elkerton	Dean-Willcocks Insolvency Solutions
Peter Harrison	Kemp Strang
Jim Sarantinos	Ferrier Hodgson
Peter Sheppard	BRI Ferrier
Murray Smith	McGrathNicol
QLD	
Michael McCann, Chairman	Grant Thornton
David O'Farrell, Vice Chairman	Minter Ellison Lawyers
John Cronin, Secretary	McGrathNicol
Ian Dorey	K&L Gates
John Greig	Deloitte
Phil Jefferson	Jefferson Advisors
Tracy Knight	Bentleys
Angela Laylee	McCarthy Durie Lawyers
John Lobban	Ashurst
Tim Michael	Ferrier Hodgson
Greg Moloney	Ferrier Hodgson
Glen Oldham	Oldhams Advisory
John Park	FTI Consulting
Mark Pearce	Pearce & Heers
Peter Schmidt	Norton Rose Australia
Peter Smith	Herbert Smith Freehills

Member	Firm
SA/NT	
Martin Lewis, Chairman	Ferrier Hodgson
Stephen Williams, Deputy Chairman/Secretary	Norman Waterhouse
Michael Hayes	Lynch Meyer
Andrew Heard	Heard Phillips
Peter Lanthois	KordaMentha
Hillary Orr	Hillary Orr Chartered Accountants
Kym Ryder	O'Loughlins Lawyers
Alan Scott	BRI Ferrier
Austin Taylor	Meertens
VIC/TAS	
Robyn McKern, Chairman	McGrathNicol
Michael Fung, Secretary	PwC
Paul Cook	Paul Cook & Associates
Jim Downey	JP Downey & Co
Robyn Erskine	Brooke Bird & Co
John Lindholm	Ferrier Hodgson
Stephen Longley	PPB Advisory
Ross McClymont	Ashurst
Rod Slattery	PPB Advisory
WA	
Cliff Rocke, Chairman	KordaMentha
Joseph Abberton, Deputy Chairman	Lavan Legal
Melanie Grohovaz, Secretary	PwC
Mark Englebert	Taylor Woodings
Sam Freeman	Ernst & Young
Bryan Hughes	Pitcher Partners
George Lopez	Melsom Robson
Dermott McVeigh	Deloitte
Russell Morgan	KordaMentha
Jeremy Nipps	FTI Consulting
Vincent Smith	Ernst & Young
Vic Yaschenko	National Australia Bank

FINANCIAL STATEMENTS 2013

Directors' Report

for the year ended 31 December 2013

Your Directors present their report on the Company for the financial year ended 31 December 2013.

The Company changed its name from Insolvency Practitioners Association of Australia to Australian Restructuring Insolvency and Turnaround Association in August 2013.

Principal Activities
The principal activity of the Company during the financial year was the provision of member services including education and training.

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

- promote and maintain high standards of practice and professional conduct by members
- promote the character and status of and advance the profession of, insolvency practitioners
- promote the study of bankruptcy, insolvency and related law, and provide a forum for the consideration and discussion of insolvency related matters
- make representations to government on all matters affecting the practice of Registered Trustees in Bankruptcy and Registered Liquidators, and on the law concerning bankruptcy, insolvency and related matters

Strategies
To achieve its stated objectives, the following strategies were adopted:

- enhancement of the Technical Specialist team
- expansion of the education and continuing professional development activities

Key Performance Measures
The Company 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 the Company and whether the short-term and long-term objectives are being achieved.

Meeting of Directors
During the financial year, six meetings of directors were held. Attendances were as follows:

Board of Directors	Meetings eligible to attend	Meetings attended
Scott Atkins	6	4
Kate Barnet	3	1
Michael Brereton	6	6
Anthony Elkerton	3	3
Robyn Erskine	6	6
Michael Hughes	3	3
John Lindholm	6	4
David Lombe	6	6
Stephen Longley	3	2
Michael McCann	6	6
Ross McClymont	6	6
Russell Morgan	3	3
John Park	6	3
Cliff Rocke	3	2
Alan Scott	6	5
Non-Director Board Partcipants		
Paul Cook (Past President)	3	3
Denise North (Company Secretary)	6	6
Mark Robinson (Past President)	6	6

Members' Guarantee

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 $100 each towards any outstanding obligations of the Company. As at 31 December 2013 the total amount that members of the Company are liable to contribute if the Company is wound up is $150,300 (2012: $132,400).

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
Scott Atkins NSW/ACT	B.Ec LLB, LLM, IPA Fellow – INSOL International Partner – Henry Davis York	ASIC Liaison Education IPA Brand Profile Membership Professional Conduct
Kate Barnet NSW/ACT *Appointed 9 May 2013*	CA, IPA Director – Bentleys Corporate Recovery Pty Ltd Registered Trustee – 2008 Registered Liquidator – 2004 Official Liquidator – 2006	Education Governance Membership
Michael Brereton NSW/ACT Vice President *(from 9th May 2013)*	B.Com (Honours), H.Dip Company Law, CA, MBA, IPA Executive Director – KordaMentha Registered Liquidator – 2005 Official Liquidator – 2013	ASIC Liaison IPA Brand Profile Finance Membership
Anthony Elkerton NSW/ACT *Appointed 9 May 2013*	CA, IPA Principal – Dean-Willcocks Insolvency Solutions Registered Liquidator – 2002 Official Liquidator – 2005	ATO Liaison Education Professional Conduct
Robyn Erskine VIC/TAS President *(until 9 May 2013)* CPA Nominee	B.Bus, FCPA, CA, IPA Partner – Brooke Bird & Co Registered Trustee – 1992 Registered Liquidator – 1992 Official Liquidator – 1993	AFSA Liaison ASIC Liaison ATO Liaison IPA Brand Profile Nominations Professional Conduct Professional Standards Treasury Liaison
Michael Hughes NSW/ACT Vice President *(until 9 May 2013)* *Resigned 9 May 2013*	B.Ec LLB, IPA, Law Institute Partner – Minter Ellison Lawyers	ASIC Liaison Professional Standards Treasury Liaison
John Lindholm VIC/TAS	B.Econ, FCA, IPA Partner – Ferrier Hodgson Registered Liquidator – 1997 Official Liquidator – 2005	Education Finance Membership Professional Standards

Information on Directors *(continued)*

Director	Qualifications	Committee and Liaison Responsibilities
David Lombe NSW/ACT President *(from 9 May 2013)* Deputy President *(until 9 May 2013)* ICA Nominee	B.Com, FCA, IPA, AICD, JP Partner – Deloitte Touche Tohmatsu Registered Trustee – 2000 Official Liquidator – 1993	ASIC Liaison Finance Nominations Professional Standards Treasury Liaison
Stephen Longley VIC/TAS *Resigned 9 May 2013*	B Comm, CA, IPA Partner – PPB Advisory Registered Liquidator – 2001 Official Liquidator – 2007	Education
Michael McCann QLD Deputy President *(from 9 May 2013)* Vice President *(until 9 May 2013)*	B. Econ, CA, IPA Partner – Grant Thornton Australia Limited Registered Liquidator – 1998 Official Liquidator – 2001	AFSA Liaison ASIC Liaison ATO Liaison Professional Standards
Ross McClymont VIC/TAS Vice President *(from 9 May 2013)*	LLB, B.Com, Law Institute of Victoria, IPA Partner – Ashurst	IPA Brand Profile Professional Standards Professional Conduct
Russell Morgan WA *Resigned 9 May 2013*	B. Com, CA, IPA Executive Director – KordaMentha Registered Liquidator – 1990	Education Finance
John Park QLD *Leave of absence from 19 August 2013*	B.Bus, CA, IPA Senior Managing Director – FTI Consulting Registered Trustee – 2001 Registered Liquidator – 2000 Official Liquidator – 2003	ASIC Liaison Governance IPA Brand Profile Membership Professional Standards
Cliff Rocke WA *Appointed 9 May 2013*	B Bus, FCA, IPA Partner – KordaMentha Registered Liquidator – 1985 Official Liquidator – 2005	Membership Finance
Alan Scott SA/NT	BA (Acctg), FCA, IPA Principal – BRI Ferrier Registered Trustee – 1992 Registered Liquidator – 1992 Official Liquidator – 1996	AFSA Liaison Education Finance Membership

Company Secretary	Qualifications	Responsibilities
Denise North *Resigned 1 February 2014*	BEc (Hons), MBA, FIACD, FAIM	Finance Governance IPA Brand Profile Membership Nominations

for the year ended 31 December 2013

Information on Directors *(continued)*

For a period of two years after his or her retirement, a past 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.

Past Presidents	Qualifications	Responsibilities
Paul John Cook VIC/TAS *Term ended June 2013*	B.Ed, FCA, AICD, FCPA, IPA Principal – Paul Cook & Associates Registered Trustee – 1990 Registered Liquidator – 1990 Official Liquidator – 1992	Governance Nominations Professional Conduct ATO Liaison
Mark Julian Robinson NSW/ACT *Term extended*	B.Com (Merit), M.Econ, FCA, CPA, IPA Partner – PPB Advisory Registered Trustee – 1998 Registered Liquidator – 2001 Official Liquidator – 2005	Governance iMIS & Website Project IPA Brand Profile INSOL International Director Nominations

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Auditor's Independence Declaration
The lead auditor's independence declaration of the year ended 31 December 2013 has been received and can be found on page 20 of the financial report.

Signed in accordance with a resolution of the Board of Directors

David JF Lombe
President
14 April 2014

Michael G McCann
Deputy President
14 April 2014

Auditor's Independence Declaration

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AUSTRALIAN RESTRUCTURING INSOLVENCY AND TURNAROUND ASSOCIATION

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2013, there have been:

i. no contraventions of the auditor independence requirements of the Corporations Act in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Duesburys Nexia
Canberra, 14 April 2014

G J Murphy
Partner

Duesburys Nexia
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GPO Box 500, Canberra ACT 2601
p +61 2 6279 5400, f +61 2 6279 5444
mail@dnexia.com.au, www.nexia.com.au

Statement of Comprehensive Income

for the year ended 31 December 2013

	Note	2013 $	2012 $
Income			
Advertising and marketing		79,201	109,992
Education and training		1,740,741	1,878,022
Events management		1,078,231	891,825
Interest		47,660	78,285
Membership		902,491	877,598
Sponsorship		230,050	259,250
Other income		137	1,097
		4,078,511	**4,096,069**
Expenditure			
Accounting and audit		27,453	23,860
Advertising and marketing expenses		164,054	165,526
Bad and doubtful debts		29	16,314
Consultancy		–	67,891
Depreciation and amortisation		80,482	32,324
Employee expenses		1,137,108	1,149,069
Education and training expenses		1,158,611	1,262,301
Events management expenses		749,253	744,242
Membership expenses		197,426	189,432
Information Technology		90,908	76,437
Occupancy		128,515	115,242
Office and administration expenses		177,244	193,723
Superannuation		96,703	90,660
Terry Taylor Scholarship		10,000	10,000
Travel and accommodation		63,970	126,271
		4,081,756	**4,263,292**
Surplus/(deficit) before income tax		(3,245)	(167,223)
Income tax benefit/(expense)	10	30,401	36,934
Total comprehensive income for the year		**27,156**	**(130,289)**

The above Statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 31 December 2013

	Note	2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	2	1,199,259	1,030,828
Trade and other receivables	3	93,556	135,845
Other assets	4	206,891	133,543
		1,499,706	**1,300,216**
Non-current assets			
Intangible assets	5	199,543	222,727
Property, plant and equipment	6	35,767	43,733
Deferred tax asset	10	81,402	51,001
		316,712	**317,461**
		1,816,418	**1,617,677**
LIABILITIES			
Current liabilities			
Trade and other payables	7	678,912	555,767
Provisions	8	52,930	55,524
Unearned revenue	9	222,191	146,019
		954,033	**757,310**
Non-current liabilities			
Provisions	8	–	25,138
		–	**25,138**
		954,033	**782,448**
Net assets		**862,385**	**835,229**
EQUITY			
Accumulated funds		862,385	835,229
Total equity		**862,385**	**835,229**

The above Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 31 December 2013

	Accumulated Funds $
2013	
Balance at the beginning of the year	835,229
Total comprehensive income for the year	27,156
Balance at the end of the year	**862,385**
2012	
Balance at the beginning of the year	965,518
Total comprehensive income for the year	(130,289)
Balance at the end of the year	**835,229**

The above Statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 31 December 2013

	2013 $	2012 $
Cash flows from operating activities		
Receipts from operations	4,531,214	3,721,612
Payments to suppliers	(3,099,906)	(2,621,027)
Employee costs	(1,256,688)	(1,216,971)
	174,620	**(116,386)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,354)	(21,212)
Acquisition of intangible assets	(41,978)	(114,012)
Interest received	48,363	82,017
Increase in held-to-maturity investments	(5,220)	(5,766)
	(6,189)	**(58,973)**
Cash and cash equivalents at end of financial year		
Net increase in cash and cash equivalents held	168,431	(175,359)
Cash and cash equivalents at beginning of the financial year	1,030,828	1,206,187
	1,199,259	**1,030,828**

The above Statement should be read in conjunction with the accompanying notes.

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.

1 Summary of Significant Accounting Policies

Basis of preparation

The Company has elected to early adopt AASB 1053: 'Application of Tiers of Australian Accounting Standards' and AASB 201012: 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' for the annual reporting period beginning 1 January 2013. As a consequence, the entity has also early adopted the following Amending Standards containing reduced disclosure requirements:

- AASB 20112: Amendments to Australian Accounting Standards arising from the TransTasman Convergence Project – Reduced Disclosure Requirements; and
- AASB 20116: Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements.

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 Corporations Act 2001.

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 have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities.

(a) 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.

(b) Property, Plant and Equipment

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

The carrying amount of property, plant and equipment is reviewed at the end of the reporting period to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other costs (eg. repairs and maintenance) are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

1 Summary of Significant Accounting Policies *(continued)*

(b) Property, Plant and Equipment *(continued)*

Depreciation

The depreciable amount of fixed assets, excluding computer equipment, is depreciated on a diminishing value basis over their useful lives commencing from the time the asset is held ready for use. Computer equipment is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use.

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

Fixed asset class	Depreciation rate
Furniture and equipment	2%-50%
Computer equipment	20%-40%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(c) Intangible Assets

Expenditure during the research phase of a software development project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs (where relevant). Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Amortisation

The amortised amount of intangible assets is amortised on a straight-line basis over their useful lives commencing from the time the asset is held ready for use.

The amortisation rates used for each class of intangible asset are:

Intangible asset class	Amortisation rate
Member manager	20%
Website development	33.33%

At the end of each annual reporting period, the amortisation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(d) Leases

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

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

(e) Financial instruments

Recognition and measurement

Financial instruments are initially measured at cost on trade date, which includes transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

1 Summary of Significant Accounting Policies *(continued)*

(e) Financial instruments *(continued)*

Recognition and measurement *(continued)*

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in noncurrent assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in an investment revaluation reserve.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be sold within 12 months after the end of the reporting period.

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired.

In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate an impairment. Impairment losses are recognised in the profit or loss. However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of comprehensive income. Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

(f) Impairment of non-financial assets

At the end of each reporting year, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cashgenerating unit to which the asset belongs.

(g) 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 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 calculating the present value of the future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

1 Summary of Significant Accounting Policies *(continued)*

(h) 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.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits held at call with banks and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value

(j) Revenue and other income

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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).

(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparative figures

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

Critical accounting estimates and judgements

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.

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

	2013 $	2012 $
2 Cash and Cash Equivalents		
Cash at bank and on hand	499,259	330,828
Short term deposits	700,000	700,000
	1,199,259	**1,030,828**

The short-term deposits have a maturity of 3 months.

	2013 $	2012 $
3 Trade and Other Receivables		
Trade receivables	83,205	68,266
Allowance for impairment	–	(16,314)
	83,205	51,952
Deposits	2,718	77,353
Other receivables	7,633	6,540
	93,556	**135,845**

Of the above receivables $51,080 are overdue, none are considered to be impaired.
Of the above receivables $42,476 are neither overdue nor impaired.

	2013 $	2012 $
Movements in the provision for impairment were as follows:		
At 1 January	16,314	–
Net (write back)/charge for the year	(16,314)	16,314
	–	**16,314**

	2013 $	2012 $
4 Other Assets		
Held-to-maturity investment	121,885	116,665
Prepayments	85,006	16,878
	206,891	**133,543**

Held-to-maturity investments are term deposits with original terms of 12 months.
The Interest rate at year end is 3.75%.

	2013 $	2012 $
5 Intangible Assets		
Member manager – at cost	172,945	130,967
Less accumulated amortisation	(37,700)	(8,023)
	135,245	122,944
Website development – at cost	110,161	110,161
Less accumulated amortisation	(45,863)	(10,378)
	64,298	99,783
	199,543	**222,727**

Movement in Carrying Amount

Current year	**Member manager $**	**Website development $**	**Total $**
Balance at the beginning of year	122,944	99,783	222,727
Additions	41,978	–	41,978
Amortisation expense	(29,677)	(35,485)	(65,162)
Balance at the end of the year	**135,245**	**64,298**	**199,543**

	2013 $	2012 $
6 Property, Plant and Equipment		
Furniture and equipment – at cost	54,284	47,444
Less accumulated depreciation	(27,580)	(24,734)
	26,704	22,710
Computer equipment – at cost	86,250	85,736
Less accumulated depreciation	(77,187)	(64,713)
	9,063	21,023
	35,767	**43,733**

Movement in Carrying Amount

Current year	**Furniture and equipment $**	**Computer equipment $**	**Total $**
Balance at the beginning of year	22,710	21,023	43,733
Additions	6,840	514	7,354
Depreciation expense	(2,846)	(12,474)	(15,320)
Balance at the end of the year	**26,704**	**9,063**	**35,767**

	2013 $	2012 $
7 Trade and Other Payables		
Trade and other payables	116,058	487,380
Accrued expenses	558,949	70,297
GST payable/(receivable)	3,905	(1,910)
	678,912	**555,767**
8 Provisions		
Current		
Annual leave	33,542	55,524
Long service leave	19,388	–
	52,930	55,524
Non –current		
Long service leave	–	25,138
	–	25,138
	52,930	**80,662**
9 Unearned Revenue		
Membership subscriptions	136,759	111,861
Education and events	85,432	19,658
Advertising and sponsorship	–	14,500
	222,191	**146,019**

	2013 $	2012 $
10 Income Tax		
(a) The components of tax expense/(benefit) are:		
– current tax	(26,682)	(36,934)
– deferred tax	(3,719)	–
	(30,401)	(36,934)
(b) The prima facie tax on surplus/(deficit) for the year before income tax is reconciled to the income tax as follows:		
Prima facie income tax payable on surplus/(deficit) for the year at 30% (2012:30%)	(974)	(50,167)
Increase in income tax expense due to non-tax deductable items:		
– expenses attributable to members	982,764	985,981
Decrease in income tax expense due to non-tax assessable items:		
– income attributable to members	(1,004,234)	(968,348)
	(22,444)	(32,534)
Prior year deductible temporary differences not previously brought to account	(7,980)	–
Deductible temporary differences not recognised	–	(13,547)
Prior year under/(over) accrual	23	9,147
Income tax attributable to surplus/(deficit)	(30,401)	(36,934)
(c) Assets:		
Non-current		
Deferred tax assets comprises:		
Provisions	3,719	–
Tax losses	77,683	51,001
	81,402	51,001

11 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 totals of remuneration paid to the key management personnel during the year are as follows:

	2013 $	2012 $
Total key management personnel compensation	609,401	586,151

In addition to the above compensation, the Company has paid an insurance premium of $6,314 for Management Liability Insurance which incorporates directors' and officers' liability insurance. It is not practical to obtain details of the component of the insurance premium that relates to key management personnel.

12 Related Party Disclosure

In addition to the compensation paid to the key management personnel which is separately disclosed in these statements, the transactions during the year between related parties on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated included:

- Payment of $10,000 to Brooke Bird & Co representing a president honorarium.

There were no other related party transactions during the year, apart from the transactions relating to member services on conditions no more favourable than those available to other parties.

13 Leasing Commitments

	2013 $	2012 $
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments		
– no later than twelve months	110,730	109,197
– between twelve months and five years	279,735	390,465
	390,465	499,662

Operating leases comprise photocopiers and premises.

14 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The Company is not exposed to any significant credit, liquidity or interest rate risk.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2013 $	2012 $
Financial Assets			
Cash and cash equivalents	2	1,199,259	1,030,828
Loans and receivables	3	93,556	135,845
Held-to-maturity investment.	4	121,885	116,665
		1,414,700	1,283,338
Financial Liabilities			
Financial liabilities at amortised cost			
– Trade and other payables	7	678,912	555,767
– Unearned revenue	9	222,191	146,019
		901,103	701,786

Net fair values

Financial assets and financial liabilities are carried at their net fair value at the end of the reporting period. The carrying values of financial assets and financial liabilities approximate their net fair values due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

15 Contingent Liabilities and Contingent Assets

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

16 Events After the End of the Reporting Period

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

There are no events after the reporting period which require amendment of, or further disclosure in, the financial statements.

17 Company Details

The registered office and principal place of business of the Company is:
Australian Restructuring Insolvency and Turnaround Association
Level 5, 33 Erskine Street, Sydney NSW 2000

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 21 to 32, are in accordance with the Corporations Act 2001 and:

(a) comply with Australian Accounting Standards Reduced Disclosure Requirements; and

(b) give a true and fair view of the Company's financial position as at 31 December 2013 and of its performance, as represented by the results of its operations and its cash flows, for the financial 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.

David JF Lombe	**Michael G McCann**
Director	Director
14 April 2014	14 April 2014

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN RESTRUCTURING INSOLVENCY AND TURNAROUND ASSOCIATION

We have audited the accompanying financial statements of Australian Restructuring Insolvency and Turnaround Association (the Company), which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

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INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

AUDITOR'S OPINION

In our opinion, the financial statements of the Company are 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 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Duesburys Nexia
Canberra, 14 April 2014

G J Murphy
Partner

Australian Restructuring Insolvency and Turnaround Association
Formerly Insolvency Practitioners Association of Australia
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