ARITA

AUSTRALIAN RESTRUCTURING
INSOLVENCY & TURNAROUND
ASSOCIATION

ANNUAL REPORT 2015

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 2015

MICHAEL McCANN
Partner, Grant Thornton

PRESIDENT'S MESSAGE

2015 was a year of reform for ARITA.

2015 commenced with many challenges for ARITA and our members. There was a sustained downturn in the traditional insolvency market, which was anticipated to create financial headwinds for ARITA. There was also the prospect of a continuing buffeting of insolvency practitioners through Senate inquiries and ASIC reviews, which promised to be taxing on ARITA's limited resources and damaging to the reputation of the profession.

This outlook precipitated reform in our management approach. We were also determined to adhere to our strategy and strengthen engagement with our stakeholders and the broader marketplace. I am very pleased to look back at ARITA's response to the challenges of 2015 and confirm how successful the year was, with ARITA and our profession now stronger and more confident than ever.

ARITA has been very effective in protecting and promoting the reputation of the profession, advancing genuine legislative reform, upgrading services and maintaining relevance to our traditional members whilst expanding our membership focus in keeping with the changes to the marketplace and its participants.

We now have an association that is more resilient, more focussed and far more fit for purpose. ARITA has evolved as a demonstrably strong and truly capable association to lead our profession. This is critically important as we face an extended period of change in the profession with the demands of wholesale law reform to dominate our forward agenda.

FINANCIAL PERFORMANCE

At the beginning of 2015 we forecast the year ahead to be financially difficult. ARITA relies heavily on education and event income. It was apparent that, with insolvency in a quiet period and staff numbers down, these revenue streams would be under significant pressure.

A business-as-usual approach would have resulted in a significant operating loss and seriously eroded our reserves. This prompted ARITA to reconsider and overhaul every aspect of our operations.

As expected, conditions were depressed in 2015. However, most impressively at the end of 2015 we had delivered a record profit performance on revenue lower than in 2014. This was achieved not by cutting, but by optimising every facet of the organisation. You could say we turned around the turnaround body.

DELIVERING ON LAW REFORM

In 2015, ARITA made outstanding progress in the areas of advocacy and law reform. Delivered in late 2014, our thought leadership paper, *A Platform for Recovery 2014*, became the most influential document in insolvency law reform in over a decade.

A Platform for Recovery became the basis for our close collaboration with the Productivity Commission on their Inquiry into Business Set-up, Transfer and Closure.

This, in turn, led to the Government announcing their intention to adopt our key reform proposals on safe harbour and ipso facto in January 2016. (While not in our annual reporting period, this is worth noting as much of the groundwork was done in 2015, and this development is truly transformative for the profession and for the economy as a step toward building a better turnaround culture in Australia.)

The Government also finally moved the Insolvency Law Reform Bill into Parliament in November 2015, for adoption in early 2016. This came after years of work by ARITA on three iterations of this Bill over several years. While it does not deliver the comprehensive regime improvements we had hoped for, it nevertheless provides many significant modernisations and enhancements.

ARITA will continue to advocate for the reforms, that we outlined in *A Platform for Recovery* and were – for the most part – promoted thereafter by the Productivity Commission, to become law.

Only ARITA could, and indeed did, deliver on this improvement for the profession. Our active advocacy and thought leadership is what defines us as a professional body and it's where much of our resources are aligned: delivering improvements for the profession in every possible way.

We are only a small professional association. Retaining the in-house technical expertise for this type of advocacy is expensive, and this needs to be reflected in how we price and deliver our products and services to the market. Yet the benefits are obvious. Every time you, as a member, pay your membership fees, or attend an ARITA event or encourage others to do so, you support this important work.

A REVOLUTION IN OUR EDUCATION OFFERING

At its heart, ARITA is focussed on learning. Our longstanding Insolvency Education Program has become the default education for those developing careers in insolvency.

In 2015, ARITA completely repositioned our learning offering for 2016. After a competitive evaluation process, we selected UTS to deliver our new formal education program from 2016 onwards.

The new program, to be known as ARITA Advanced Certification, provides alternative learning pathways for those who wish to focus on formal insolvency work and those who wish to focus on advisory work – restructuring and turnaround. We invested heavily in the development of this new course and we are looking forward to its successful rollout.

We also focused our resources on improving our CPD offerings, including the development of another new program for rollout in 2016: Essential Skills. This series of short courses provides a repeating annual cycle of learning (as opposed to topical CPD) that builds the foundation skills for practitioners in the earlier stages of their careers.

NEW MEMBERSHIP PATHWAYS

In 2015 we also truly opened up our membership to restructuring and turnaround professionals. We amended our Constitution to provide membership for restructuring and turnaround professionals who come from outside of our traditional foundation body membership pathways, provided they could demonstrate appropriate senior experience.

As well as providing an entry qualification for those in the profession who do not work on formal appointments, we have also established a foundation for our membership to grow organically into the future.

Our Division Committees are now expected to play an even more important role in evaluating membership applications to ensure that only people of a suitable calibre, track record and reputation can become ARITA Professional Members.

TEAM DELIVERED

At the conclusion of my first year as President, I can proudly say that ARITA's achievements in 2015 came as a result of an outstanding collaboration between the Board and ARITA's National Office team. Our Board is engaged and active, strongly advocating for the members and passionate about the profession.

Under the leadership of our CEO, John Winter, the ARITA National Office has transformed into a highly commercial, responsive and focussed team. What the National Office team have delivered over the course of the year is remarkable, considering their limited resources. This is testament to their dedication and expertise and the drive and capability of John as CEO.

John Winter and I would both like to acknowledge the very significant commitment of two members of the Board: Michael Brereton in leading the Finance Committee and Scott Atkins in leading the Professional Conduct Committee and the Constitution reform process. Their efforts in working with the National Office have been key to our success this year.

Finally, I would like to acknowledge our Immediate Past President, David Lombe, who chaired the ARITA Board until June 2015. David was an outstanding President, leading ARITA through its transformation from the IPAA and setting the foundation for the path of growth we are now on.

Michael G McCann

education

Overhauling our education offering was a major focus for ARITA in 2015.

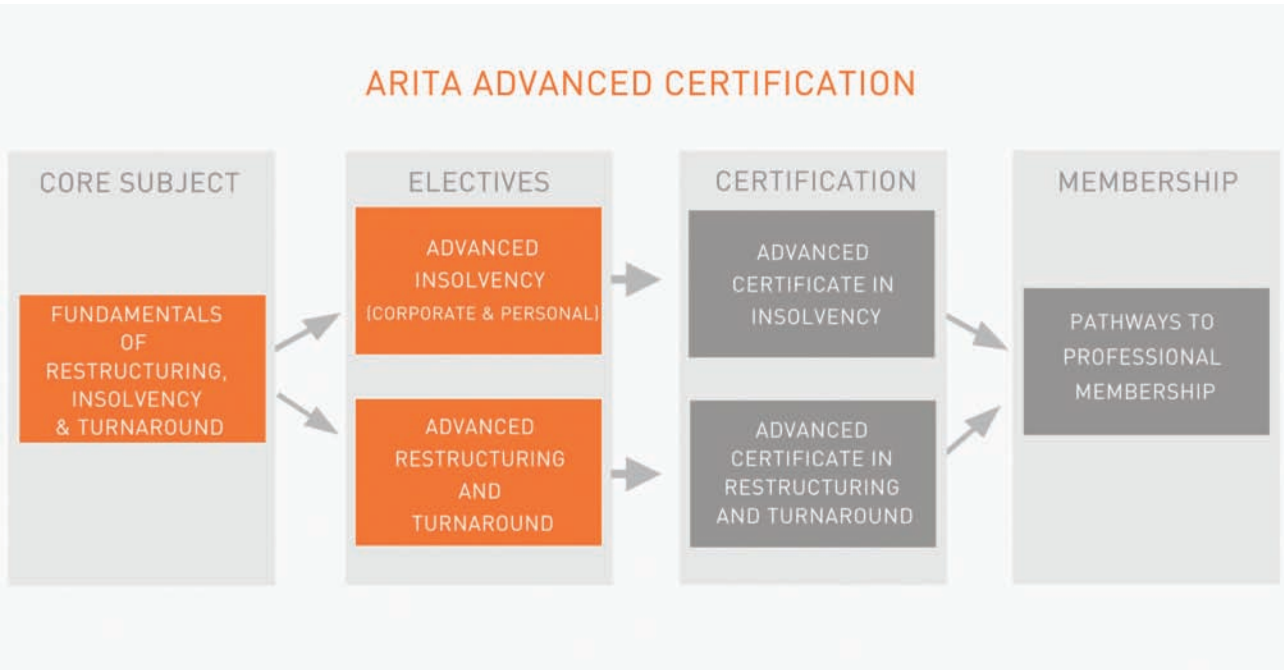
The Insolvency Education Program (IEP) had become the industry-standard for professionals looking to build an insolvency career. But as ARITA has evolved, the IEP needed to evolve, particularly to deliver education pathways for restructuring and turnaround practitioners.

ARITA ADVANCED CERTIFICATION

ARITA went to market to secure competitive bids for providers of an expanded course that encompassed not only education tailored to restructuring and turnaround practitioners, but also improved the delivery of the education.

ARITA has chosen to partner with University of Technology Sydney (UTS) for the new ARITA Advanced Certification course. The UTS team is to be led by Associate Professor Jason Harris, the well-known and highly regarded co-author of Keays Insolvency.

Importantly, the Advanced Certification course will not only award students ARITA certificates of completion, it will also provide a pathway to a Graduate Certificate in Restructuring and Turnaround awarded by UTS.



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ESSENTIAL SKILLS PROGRAM

ARITA also spent considerable effort developing a new Essential Skills program for rollout in 2016. The 10 Essential Skills courses focus on a range of practical corporate insolvency issues. Each course, running for 1.5-2 hours, will delve in-depth into particular aspects of corporate insolvency administrations, providing participants with valuable skills and understanding to implement back in the workplace.

The Essential Skills courses are aimed at staff in the first three years of their career and will build on the skills developed in the Introduction to Insolvency Program. However, topics are diverse and may appeal to practitioners at all stages of their careers. The content is aimed at insolvency practitioners but will also be useful for insolvency lawyers so they can better understand the issues facing their clients.

The courses will be available in most major cities and also online.

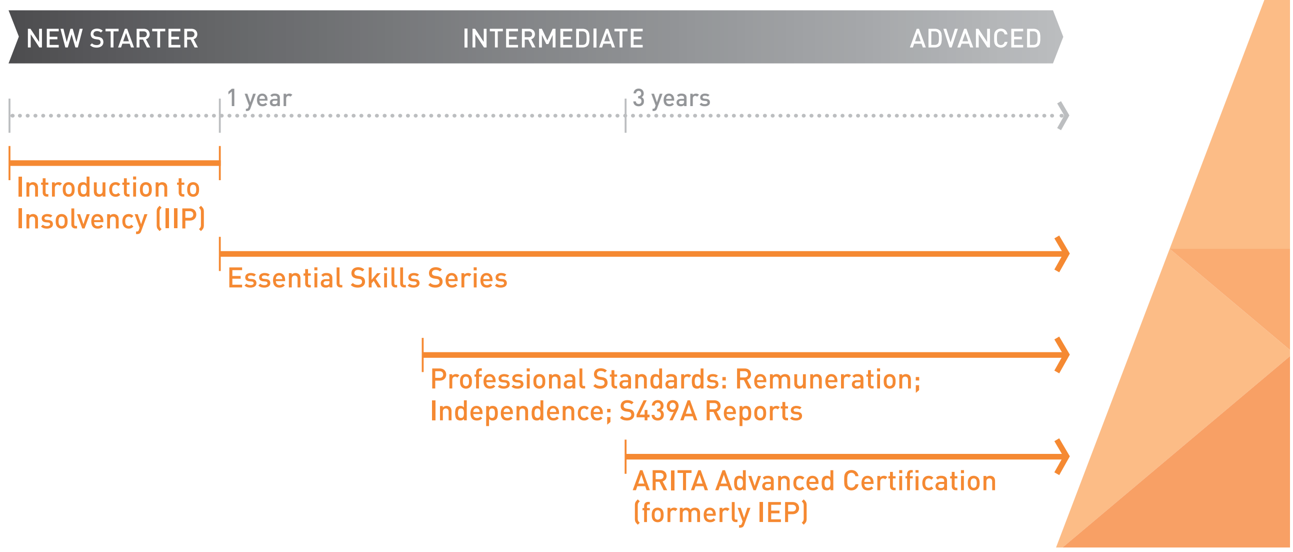
STUDENT NUMBERS

ARITA's education courses were well attended across 2015 despite the quieter period in the profession. Our mainstay courses including the Introduction to Insolvency Program and the Professional Standards series continue to play an important role in professional development.

ATTENDANCE AT FORMAL COURSES

Education program	Attendance
Introduction to Insolvency Program	244 (13 courses)
Insolvency Education Program – Module 1	146
Insolvency Education Program – Module 2	134
Professional Standards:	
• Remuneration	99 (7 courses)
• Independence	103 (8 courses)
• s 439A	106 (7 courses)

ARITA EDUCATION DEVELOPMENT PATHWAY



Building and sustaining a broader, expanded and active membership

active membership

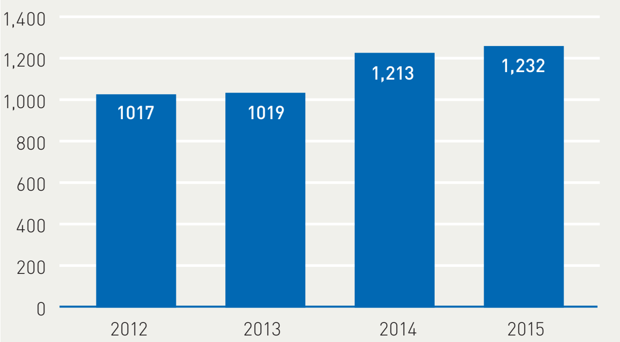
ARITA continues to enjoy a strong, stable and engaged membership.

In 2015 ARITA moved to create new pathways to membership for restructuring, insolvency and turnaround practitioners who have not come through the traditional ARITA pathway of CA, CPA or Law Society membership.

This was achieved through an amendment to the Constitution and Regulations that creates an 'experience pathway' recognising practitioners with related business or legal qualifications and at least 10 years related professional experience. Over time, we expect to see progressive growth in membership through this pathway.

As a reflection of a contraction in the insolvency profession, over the course of the last couple of years there was an increased number of retirements from the profession. Naturally this carried through to retirements from ARITA membership. Despite this, ARITA's Professional Membership grew marginally over the year, up a net of 19 members.

PROFESSIONAL MEMBERS 2012-2015



NEW MEMBERS 2015

Member category	No. of Members
Academic	3
Associate	1
Lenders and Investor	4
Graduate	165
Professional	94
Total	**267**

NEW LIFE MEMBER

ARITA added one Life Member to its ranks in 2015. Former President Paul Cook was appointed a Life Member at the ARITA National Conference in recognition of long, dedicated and distinguished service to ARITA and the profession as a whole.

Paul joined ARITA in 1992 and was a Board Member between 2001 and 2012. He served as Vice President and went on to become Deputy President and then President from 2007 to 2009.

He has played a pivotal role in guiding and shaping ARITA into what it is today, and his leadership of ARITA during his time on the Executive and, in particular, as President was transformative.

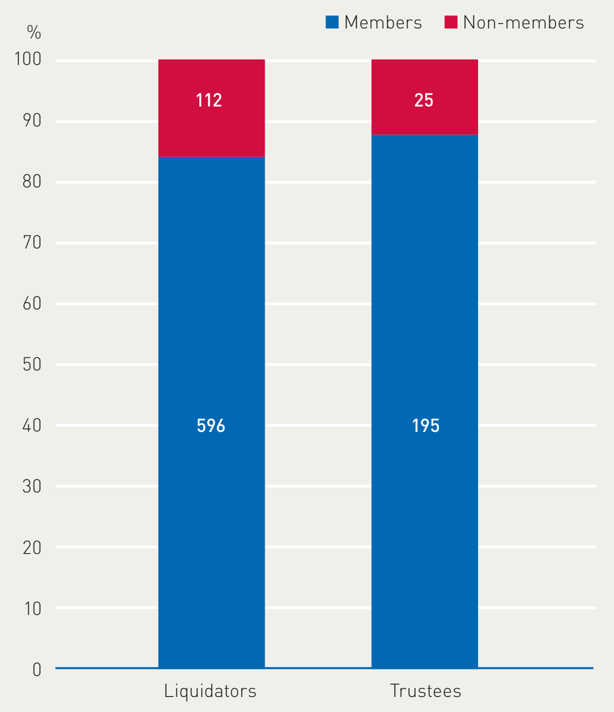
ARITA's newest Life Member, Paul Cook (centre) with ARITA President Michael McCann (L) and Immediate Past President David Lombe (R).

ARITA has created an 'experience pathway' to membership recognising practitioners with related business or legal qualifications.

REGISTERED PRACTITIONERS

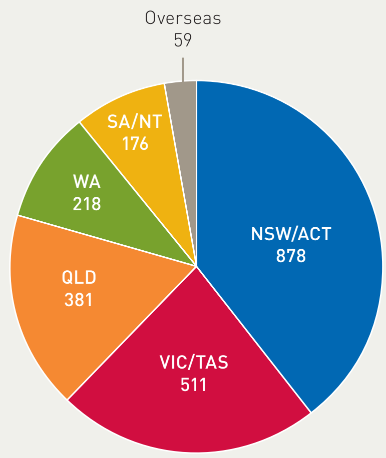
Our coverage of registered liquidators rose from 78 percent to 84 percent, while our coverage or registered trustees was generally stable at around 89 percent.

REGISTERED PRACTITIONERS – ARITA MEMBERSHIP

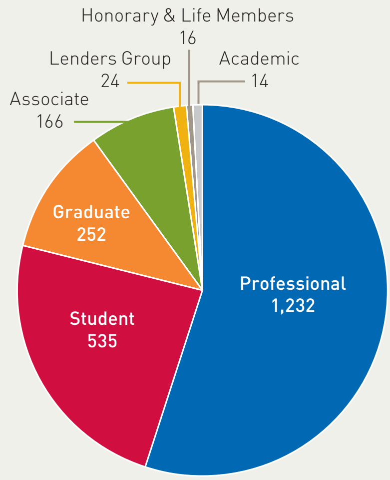


MEMBER PROFILE

ARITA MEMBERSHIP BY DIVISION



ARITA MEMBERSHIP BY CATEGORY



MEMBER SATISFACTION

Our second annual Member Survey revealed ARITA members' satisfaction with our services and activities has remained at a high and stable level since 2014.

Members gave the highest ratings to the following ARITA activities:

- Keeping me up-to-date with issues, changes and developments in the profession
- Services and activities for developing my knowledge and skills
- Providing access to information that will assist me in my professional activities.

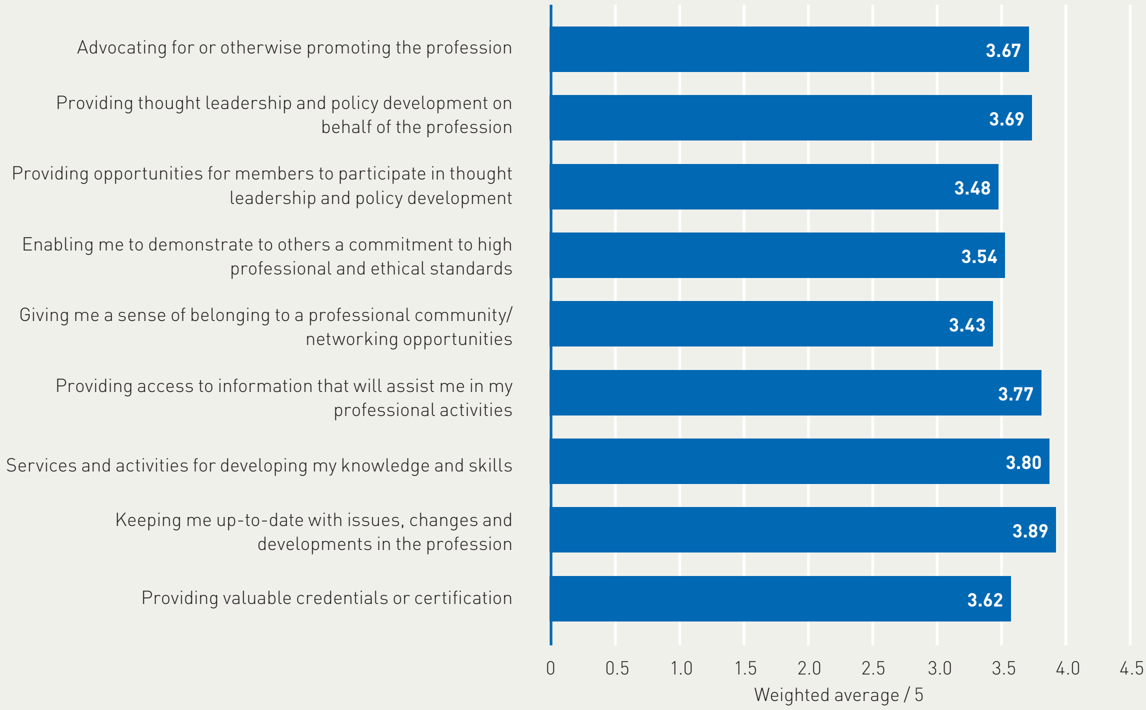
Our most highly regarded services were:

- Australian Insolvency Journal
- Formal education courses
- Email communications.

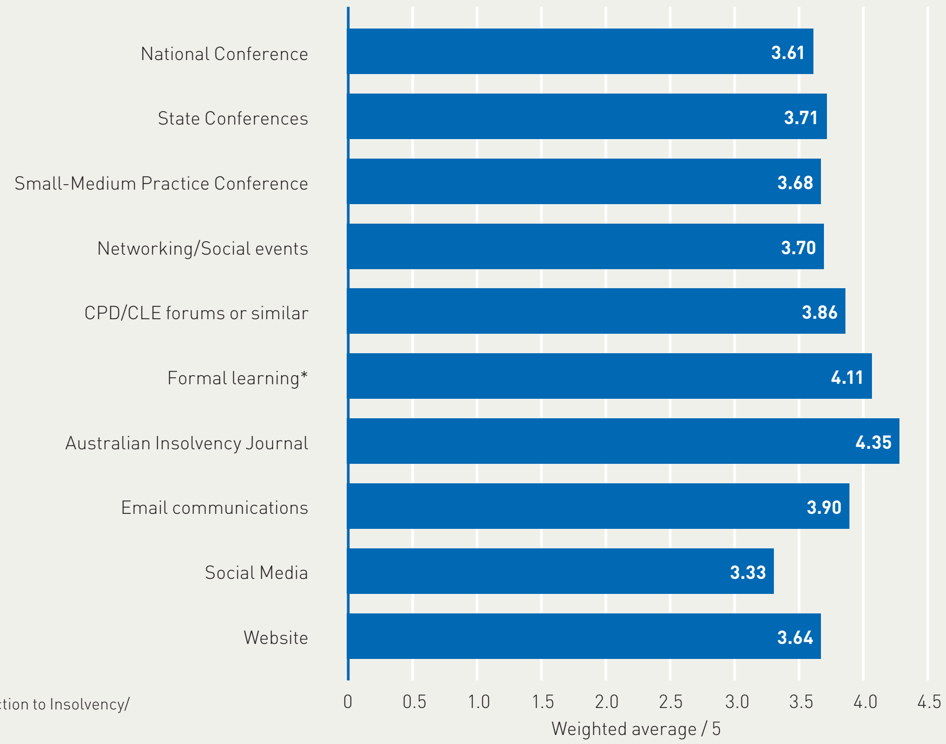
Building and sustaining a broader, expanded and active membership *continued*

SURVEY RATINGS

ARITA'S PERFORMANCE RATING OVER THE LAST 12 MONTHS



ARITA'S QUALITY OF ACTIVITY RATING OVER THE LAST 12 MONTHS



* Insolvency Education Program/Introduction to Insolvency/ Remuneration/Independence/s 439A

reputation

Over the course of 2015, ARITA invested significant effort in working with the media, political leaders and other key influencers.

As we continue to emphasise, ARITA is not a lobby group. As a professional association our focus is on ensuring that high quality, accurate information is available for those involved in public discourse related to insolvency. We aim to add constructively to the discussion and keep debate informed.

ARITA often provides journalists, politicians and other influencers with background advice on insolvency law and the process of insolvency. Being a source of unbiased information to these key stakeholders can help ensure better reporting, better debate and a more informed view of the good but challenging work that insolvency practitioners and restructuring professionals undertake.

Our thought leadership and advocacy work, along with our commitment to maintaining professional standards, are our building blocks for promoting ARITA and for building the reputation of our members.

We aim to add constructively to the discussion and keep debate informed.

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.

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 our website, together with details of published outcomes from disciplinary proceedings.

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

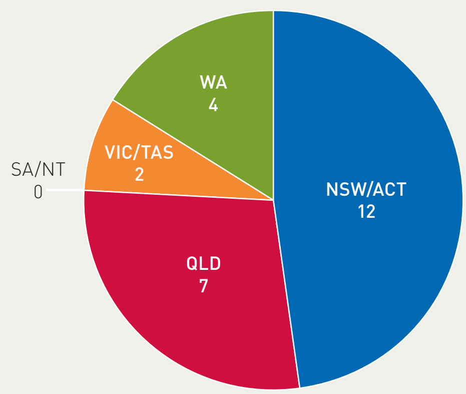
MEMBER CONDUCT

Complaints

In 2015 ARITA received 25 complaints concerning the conduct of members. The number of complaints decreased from 2014 (29). Each matter is investigated and assessed objectively, having regard to the requirements of natural justice.

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. ARITA supports the reform in the *Insolvency Law Reform Act 2016* that may go to improving means of communication to address this fundamental issue.

COMPLAINTS RECEIVED 2015 (25)

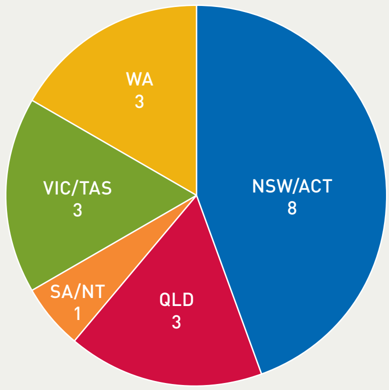


In the course of investigating complaints, ARITA often identifies other areas of non-compliance with legislation or professional standards. In such cases, we raise these issues with the member for their attention and future compliance, separate from any response given to the complainant and irrespective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

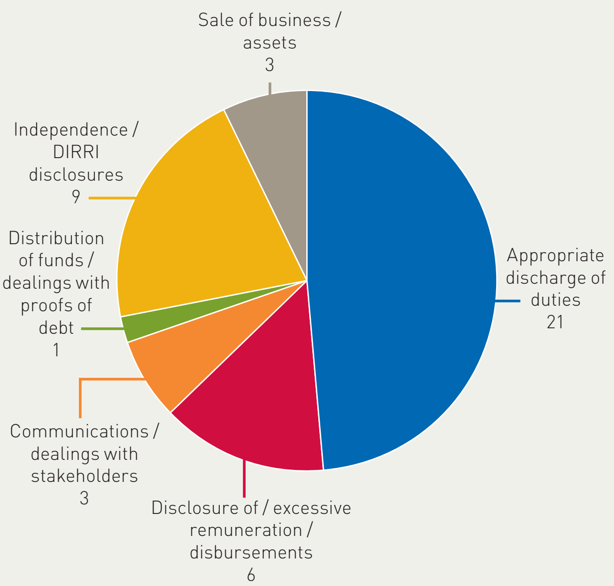
Concerns

ARITA has continued to proactively identify and investigate concerns. In 2015, 18 concerns were actioned, which is a slight increase on 2014 (15).

CONCERNS IDENTIFIED 2015 (18)



NATURE OF COMPLAINTS AND CONCERNS



DISCIPLINARY PROCEEDINGS

Following investigation, six matters were considered by the Professional Conduct Committee in 2015 (including one ongoing matter from 2014). The referral of a matter to the Professional Conduct Committee constitutes the commencement of formal disciplinary proceedings against the members involved.

Two matters were referred to the Board by the Professional Conduct Committee in 2015.

A relatively small number of complaints and concerns result in disciplinary action because most matters are found 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 sufficient evidence of a breach of their professional conduct requirements to warrant a referral of the matter to the Professional Conduct Committee and mere speculation or innuendo is not sufficient.

DISCRETIONARY TERMINATION OR SUSPENSION OF ARITA MEMBERSHIP

The Constitution provides the Board with discretionary power to terminate or suspend ARITA membership where disciplinary or legal proceedings, including ARITA disciplinary proceedings, are commenced or determined against a member. The Board may also impose such conditions or penalties as prescribed in the Regulations.

One member was subject to discretionary suspension of their ARITA membership in 2015.

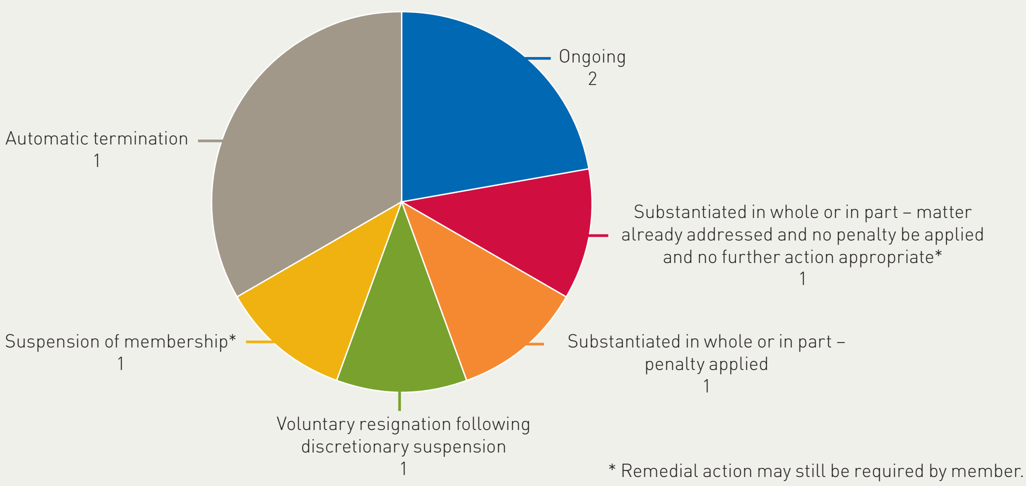
AUTOMATIC TERMINATION OR SUSPENSION OF ARITA MEMBERSHIP

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.

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.

Three members were subject to automatic termination or suspension of their ARITA membership in 2015.

DISCIPLINARY PROCEEDINGS 2015 – OUTCOMES



* Remedial action may still be required by member.

influence

In 2015, ARITA came into its own as a public policy advocate.

ARITA truly demonstrated its capacity and leadership in influencing markets over the course of 2015. More progress has been made in advancing insolvency law reform in this period than at any time in our recent history.

Much of this leadership came from ARITA having committed to promote the policy positions outlined in our *A Platform for Recovery 2014* discussion paper. This set of policy positions – ARITA's first – were formally adopted in February, and alongside *A Platform for Recovery* became our foundation to advocate law reform.

Our first major success came from our work with the Productivity Commission on their Inquiry into Business Set-up, Transfer and Closure. This crucial, independent review of the business life cycle largely adopted all of ARITA's policy positions. The Productivity Commission's endorsement of our thinking took our policies to the next level of influence and demonstrated our capacity to produce high quality public policy.

Alongside this, the Insolvency Law Reform Bill 2015 (ILRB) – the third iteration in as many years of an Insolvency Law Reform Bill – made its way into Parliament on the last sitting day of the year. While the ILRB did not meet our wishes for wholesale reform, it does achieve many incremental improvements. ARITA worked alongside Government to refine and hone the Bill to ensure that it was as workable as possible.

ARITA also contributed significantly to the ASIC user pays and capability reviews. The ASIC user pays proposals were of the greatest concern to ARITA. We have pushed to make sure that Government is aware of the potentially disastrous impact it could have on the profession.

We also submitted that the cost of ASIC's 'regulation' of practitioners was both excessive and misdirected. ARITA provided Government with alternative models but also pointed out that ARITA itself provides the benchmark for self-regulation with our Code of Professional Practice being the measure for those operating in the profession.

ARITA submissions

In 2015 ARITA made 18 public policy submissions and consultations:

- ASIC, Review of RG 174 Externally administered companies: Financial reporting and AGMs
- Attorney-General's Department, Personal Property Securities Act, law reform, as to leases of serial numbered goods for over 90 days
- Australian National Audit Office, Audit of ASIC's administration of enforceable undertakings
- Inspector-General of Taxation, Review of the Australian Taxation Office's approach to debt collection
- Inspector-General of Taxation, Review of the Australian Taxation Office's employer obligations compliance activities
- International Ethics Standards Board for Accountants, Exposure Draft on Non-Compliance with Laws and Regulations
- Parliamentary Joint Committee on Corporations and Financial Services, Inquiry on Impairment of Customer Loans
- Productivity Commission, Inquiry on Business Set-up Transfer and Closure
- Senate Economics References Committee, Inquiry on Forestry managed investment schemes
- Senate Economics References Committee, Inquiry on Insolvency in the Australian construction industry
- Treasury, ASIC Amendment (CAMAC Abolition) Bill 2014
- Treasury, response to Australian Financial System Inquiry
- Treasury, Banking Laws Amendment (Unclaimed Money) Bill 2015
- Treasury, Capability review of the Australian Securities and Investments Commission
- Treasury, Information sharing – serious financial crime, Taxation Administration Amendment (Disclosure of Information) Regulation 2015
- Treasury, Insolvency Law Reform Bill 2014
- Treasury, Proposed Industry Funding Model for the Australian Securities and Investments Commission
- Treasury, Treasury Legislation Amendment (Repeal Day) Bill 2015

financial performance

ARITA delivered a profit for 2015 of $416k on revenue of $3.963m.

Improved financial performance was one of ARITA's key achievements in 2015. Despite reduced demand for our products and services due to cuts within the profession, ARITA was able to deliver a better than expected financial result.

Operating revenue of $3,962,968 was $170,984 less than the 2014 revenue. Our year end profit of $415,962 compares very favourably to the budgeted $46,343 loss. In the end we delivered a gross margin of 61 percent and a net margin of 10 percent (compared to 52 percent gross and 4 percent net margin in 2014). This result was achieved through a diligent approach to cost control on each activity being undertaken.

Substantial effort was also focussed on reducing accounts receivable balances. This resulted in the lowest accounts receivable balance in four years with receivables sitting at just $39,033 compared with $252,328 at the end of the previous year.

A diligent approach to cost control helped us achieve a better than expected financial result.

BUSINESS UNIT PERFORMANCE SUMMARY

Business unit	Gross margin			
	Actual	Forecast	2014	Improvement on 2014
Membership	87%	83%	86%	1%
Education	42%	39%	37%	5%
Events	51%	34%	40%	11%
Marketing	65%	59%	57%	8%

CONTRIBUTION TO OVERALL RESULT BY ARITA DIVISION

Division	Contribution to overall result		
	Membership	Education	Events
NSW/ACT	40%	19%	18%
VIC/TAS	23%	12%	16%
SA/NT	9%	2%	3%
WA	9%	9%	6%
QLD	16%	10%	7%

association governance

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

ARITA BOARD

The Board met on six occasions in 2015: February, March (via teleconference), April (via teleconference), May, August and November.

Active Committees during the year were:

Finance Committee Michael Brereton, John Lindholm, David Lombe, Michael McCann, Cliff Rocke, 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 Officer on financial accounting and reporting.
Governance Committee Mark Robinson, Robyn McKern, Peter Schmidt.	The Governance Committee did not meet during 2015 as the Board has now taken over the governance responsibilities. The Board finalised their review of the Constitution and Regulations in the third quarter of the year with the new version of the Constitution being approved by the members on 17 September 2015.
Membership Committee Scott Atkins, Kate Barnet, Michael Brereton, Robyn Erskine, John Lindholm, Ross McClymont, Robyn McKern, Cliff Rocke, Alan Scott.	The Membership Committee met twice in 2015 and conducted several phone interviews of membership applicants. The Committee had three main focuses this year: reviewing membership applications that were considered exceptions to the criteria and overseas-based applicants unknown to local division committees, involvement in the Constitution and Regulations review project, and to oversee the expanded membership pathways to include Restructuring and Turnaround professionals.
Professional Conduct Committee Scott Atkins, Paul Cook, Anthony Elkerton, Robyn Erskine, Robyn McKern, Peter Schmidt, John Winter.	During 2015 the Committee met four times to consider matters arising from the investigation of complaints made in respect of member conduct and concerns initiated by ARITA.
Education Committee John Lindholm, Kate Barnet, Anthony Elkerton, Robyn McKern, Alan Scott.	The Education Committee did not meet in 2015. The Board resolved that due to the change in structure of the education offering from ARITA the Committee was no longer required. Specific focus taskforces would be formed where required.

division committees

Members of ARITA's Division Committees in 2015.

Member	Firm
NSW/ACT	
Michael Brereton, Chair	KordaMentha
Michael Hughes, Deputy Chair	Minter Ellison
Tim Klineberg, Secretary	King & Wood Mallesons
Scott Atkins	Henry Davis York
Kate Barnet	Bentleys Corporate Recovery
Andrew Bowcher	RSM Bird Cameron
Ryan Eagle	Ferrier Hodgson
Anthony Elkerton	Dean-Willcocks Advisory
Bruce Gleeson	Jones Partners
Peter Harrison	Kemp Strang
Scott Hedge	Colin Biggers & Paisley
Barry Kogan	McGrathNicol
Jason Porter	SV Partners
Peter Sheppard	BRI Ferrier
Stephen Vaughan	KPMG
QLD	
Peter Schmidt, Chair	Norton Rose Fulbright
David O'Farrell, Vice Chair	HWL Ebsworth Lawyers
Glen Oldham, Secretary	Oldhams Advisory
Michael Brennan	Offermans Partners
Anthony Connelly	McGrathNicol
Ian Dorey	K&L Gates
Phil Jefferson	Jefferson Advisors
Matthew Joiner	BDO
Tracy Knight	Bentleys
Angela Laylee	McCarthy Durie Lawyers
Michael McCann	Grant Thornton
Tim Michael	Ferrier Hodgson
Mark Pearce	Pearce & Heers
Peter Smith	Herbert Smith Freehills

Member	Firm
SA/NT	
Stephen Williams, Chair	Norman Waterhouse
Michael Hayes, Deputy Chair / Secretary	Lynch Meyer
David Kidman	Ferrier Hodgson
Peter Lanthois	KordaMentha
Hillary Orr	Hillary Orr Chartered Accountants
Anthony Phillip	Heard Phillips
Stuart Reid	Meertens
Kym Ryder	O'Loughlins Lawyers
Alan Scott	BRI Ferrier
VIC/TAS	
Michael Fung, Chair	PwC
Geoff Green, Secretary	National Australia Bank
Rachel Burdett-Baker	BDO
Paul Cook	Paul Cook & Associates
Jim Downey	JP Downey & Co
Robyn Erskine	Brooke Bird & Co
Mathew Gollant	Rodgers Reidy
John Lindholm	Ferrier Hodgson
Stephen Longley	PPB Advisory
Robyn McKern	McGrathNicol
Ross McClymont	Ashurst
WA	
Cliff Rocke, Chair	KordaMentha
Joseph Abberton, Deputy Chair	Lavan Legal
Jeremy Nipps, Secretary	FTI Consulting
Victoria Butler	Jackson McDonald
Rebecca Collins	Allens
Sam Freeman	Ernst & Young
Bryan Hughes	Pitcher Partners
Melissa Humann	PPB Advisory
Wayne Rushton	Ferrier Hodgson
Vic Yaschenko	National Australia Bank

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ARITA
AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

FINANCIAL STATEMENTS 2015

Directors' Report

31 December 2015

Your Directors present their report on Australian Restructuring Insolvency and Turnaround Association (ARITA) for the financial year ended 31 December 2015.

Principal Activities

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

Objectives

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

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

Strategies

To achieve its stated objectives, the 'ARITA 2017 Our Strategic Plan' was developed as a result of intensive facilitated sessions with the Board and senior ARITA staff. The 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.

Meetings of Directors

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

Board of Directors	Position	Meetings eligible to attend	Meetings attended
Scott Atkins	Vice President	6	4
Kate Barnet	Director	6	5
Michael Brereton	Vice President	6	6
Anthony Elkerton	Director	4	3
Robyn Erskine	Director	6	5
John Lindholm	Director	6	5
David Lombe	Director	6	6
Michael McCann	President	6	5
Ross McClymont	Deputy President	6	6
Robyn McKern	Director	6	6
Cliff Rocke	Director	6	6
Peter Schmidt	Director	3	3
Alan Scott	Director	6	6
John Winter	Company Secretary / Director	6	6
Non-Director Board Participants			
Mark Robinson	Past President	4	4

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 2015, the total amount that members of the company are liable to contribute if the company is wound up is $213,400 (2014 $162,000).

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 *Vice President from 28 May 2015*	B.Ec LLB, LLM, RITP Fellow – INSOL International Partner – Henry Davis York	ASIC Liaison Membership Professional Conduct INSOL International Director
Kate Barnet NSW/ACT nominee	B.Com (Finance), M.Com, FCA, RITP Director – Bentleys Corporate Recovery Official Liquidator – 2006 Registered Liquidator – 2004 Registered Trustee – 2008	AFSA Liaison ATO Liaison Education Membership
Michael Brereton NSW/ACT nominee *Vice President*	B.Com, B.Com (Honours), H.Dip Company Law, CA, MBA, RITP Executive Director – KordaMentha Registered Liquidator – 2005 Official Liquidator – 2013	ASIC Liaison Finance
Anthony Elkerton NSW/ACT nominee *Retired 27 May 2015*	B.Bus, CA, RITP Principal – Dean-Willcocks Advisory Official Liquidator – 2005 Registered Liquidator – 2002	ATO Liaison Education Professional Conduct
Robyn Erskine CPA Nominee	B.Bus, FCPA, CA, RITP Partner – Brooke Bird Official Liquidator – 1993 Registered Liquidator – 1992 Registered Trustee – 1992	AFSA Liaison ASIC Liaison ATO Liaison Membership Nominations Professional Conduct Treasury Liaison
John Lindholm VIC/TAS nominee	B.Econ, FCA, RITP Partner – Ferrier Hodgson Official Liquidator – 2005 Registered Liquidator – 1997	Finance Membership
David Lombe CAANZ nominee *Immediate Past President* *President to 27 May 2015*	B.Com, FCA, RITP, JP Partner – Deloitte Official Liquidator – 1993 Registered Liquidator – 1991 Registered Trustee – 2000	ASIC Liaison Finance Nominations

*Note that Committee and Liaison appointments generally rotate at the Board meeting following the AGM.
This table represents directors having held an appointment to one of these groups over the annual reporting period.

Information on Directors *(continued)*

Director	Qualifications	Committee and Liaison Responsibilities*
Michael McCann *President from 28 May 2015* *Deputy President to 27 May 2015*	B.Econ, CA, RITP, GAICD Partner – Grant Thornton Australia Official Liquidator – 2001 Registered Liquidator – 1998	AFSA Liaison ASIC Liaison ATO Liaison Finance Nominations
Ross McClymont VIC/TAS nominee *Deputy President from 28 May 2015* *Vice President to 27 May 2015*	LLB, B.Com, RITP Partner – Ashurst	Membership Nominations Professional Conduct
Robyn McKern s 20.2 Appointee	B.Econ, FCA, RITP CEO – McGrathNicol Registered Liquidator – 2000	ASIC Liaison Education Governance Membership
Cliff Rocke WA nominee	B.Bus, FCA, RITP Partner – KordaMentha Official Liquidator – 2004 Registered Liquidator – 1985	Finance Membership
Peter Schmidt President's Division nominee – QLD *Appointed 28 May 2015*	B.Com, LLB, RITP Partner – Norton Rose Fulbright	Governance Membership Professional Conduct
Alan Scott SA/NT nominee	BA (Acctg), FCA, RITP Principal – BRI Ferrier Registered Liquidator – 1992 Official Liquidator – 1996 Registered Trustee – 1992	AFSA Liaison Education Finance Membership
John Winter Chief Executive Officer Company Secretary	ARITA B.Com (Econ & Finance), MAICD	AFSA Liaison ASIC Liaison ATO Liaison Finance Membership Nominations Professional Conduct

***Note that Committee and Liaison appointments generally rotate at the Board meeting following the AGM.
This table represents directors having held an appointment to one of these groups over the annual reporting period.

Information on Directors *(continued)*

For a period of two years after his or her retirement, a President acts as an advisor to the Board and the Executive and is entitled to attend Board and Executive meetings and receive all information that Directors will receive, but does not have any voting rights. For 2014-2015, the Immediate Past President, Robyn Erskine, remained as a full voting member of the Board courtesy of her position as the CPA Australia nominee. As a result, the previous Immediate Past President, Mark Robinson, had consented to remain in this advisory role until the 2015 Annual General Meeting.

Past President	Qualifications	Responsibilities
Mark Robinson NSW/ACT *Retired 27 May 2015*	B.Com (Merit), M.Econ, FCA, CPA, RITP Partner – PPB Advisory Official Liquidator – 2005 Registered Liquidator – 2001 Registered Trustee – 1998	Governance 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 auditor's independence declaration for the year ended 31 December 2015 has been received and can be found on page 22 of the financial report.

Signed in accordance with a resolution of the Board of Directors

Michael G McCann
13 April 2016

Ross McClymont
13 April 2016

Auditor's Independence Declaration

nexia
australia

the next solution

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 2015, 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, 13 April 2016

G J Murphy
Partner

Duesburys Nexia
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Statement of Comprehensive Income

for the year ended 31 December 2015

	Note	2015 $	2014 $
Income			
Advertising and Marketing		91,559	93,932
Education and training		1,267,802	1,573,466
Events management		1,072,864	1,186,568
Interest		38,827	43,085
Membership		1,238,686	1,000,794
Sponsorship		253,230	236,100
Other income		–	7
		3,962,968	**4,133,952**
Expenditure			
Accounting fees		26,465	15,926
Advertising and marketing expenses		116,170	145,705
Consulting and professional fees		1,000	23,382
Depreciation and amortisation		72,721	84,443
Employee expenses		1,302,717	1,263,073
Education and training expenses		733,217	998,743
Events management expenses		526,014	707,171
Membership expenses		167,363	143,602
Information technology		102,329	122,210
Occupancy		123,991	127,509
Office and administration expenses		157,108	179,223
Superannuation		113,141	106,446
Travel and accommodation		104,770	72,470
		3,547,006	**3,989,903**
Surplus before income tax		415,962	144,049
Income tax (expense)/benefit	10	(7,925)	17,946
Total comprehensive income for the year		**408,037**	**161,995**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2015

	Note	2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	2	2,424,798	1,831,591
Trade and other receivables	3	67,446	257,971
Other assets	4	169,003	132,908
Total current assets		**2,661,247**	**2,222,470**
Non-current assets			
Intangible assets	5	73,997	135,015
Property, plant and equipment	6	65,256	36,059
Deferred tax assets	10	91,423	99,348
Total non-current assets		**230,676**	**270,422**
Total assets		**2,891,923**	**2,492,892**
LIABILITIES			
Current liabilities			
Trade and other payables	7	577,027	561,116
Provisions	8	66,862	61,513
Unearned revenue	9	794,513	813,863
Total current liabilities		**1,438,402**	**1,436,492**
Non-current liabilities			
Provisions	8	21,104	32,020
Total non-current liabilities		**21,104**	**32,020**
Total liabilities		**1,459,506**	**1,468,512**
Net assets		**1,432,417**	**1,024,380**
EQUITY			
Accumulated funds		1,432,417	1,024,380
Total equity		**1,432,417**	**1,024,380**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2015

	Accumulated Funds $	Total $
2015		
Balance at the beginning of the year	1,024,380	1,024,380
Total comprehensive income for the year	408,037	408,037
Balance at the end of the year	**1,432,417**	**1,432,417**
2014		
Balance at the beginning of the year	862,385	862,385
Total comprehensive income for the year	161,995	161,995
Balance at the end of the year	**1,024,380**	**1,024,380**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2015

	Note	2015 $	2014 $
Cash flows from operating activities:			
Receipts from operations		4,237,656	4,871,264
Payments to suppliers		(2,214,809)	(2,927,611)
Employee costs		(1,421,425)	(1,328,916)
Net cash provided by/(used in) operating activities		**601,422**	**614,737**
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(40,900)	(14,706)
Acquisition of intangible assets		–	(6,557)
Interest received		36,985	43,429
Increase in held-to-maturity investments		(4,300)	(4,571)
Net cash provided by/(used in) investing activities		**(8,215)**	**17,595**
Net increase (decrease) in cash and cash equivalents held		593,207	632,332
Cash and cash equivalents at beginning of year		1,831,591	1,199,259
Cash and cash equivalents at end of financial year	2	**2,424,798**	**1,831,591**

The accompanying notes form part of these financial statements.

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 financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*.

A number of new and revised Australian Accounting Standards are effective for the first time in the current financial year. These standards have had no material impact on the entity.

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 non-current 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.

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.

1 Summary of Significant Accounting Policies *(continued)*

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

Depreciation *(continued)*

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

Fixed asset class	Depreciation rate
Furniture and equipment	10%-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 amortisable 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	20%-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 straight-line basis over the life of the lease term.

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

(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.

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 non-current 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.

1 Summary of Significant Accounting Policies *(continued)*

(e) Financial instruments *(continued)*

Recognition and measurement *(continued)*

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 the 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 (eg. 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 cash-generating 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.

Employee benefits are presented as current liabilities in the statement of financial position if the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

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 goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 judgments

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.

	2015 $	2014 $
2 Cash and Cash Equivalents		
Cash at bank and on hand	1,203,761	631,591
Short term deposits	1,221,037	1,200,000
	2,424,798	**1,831,591**

The short-term deposits have terms to maturity of 3 months.

	2015 $	2014 $
3 Trade and Other Receivables		
Trade receivables	39,033	252,328
Deposits	21,078	150
Other receivables	7,335	5,493
	67,446	**257,971**

Of the above receivables $34,032 are overdue, none are considered to be impaired.
Of the above receivables $5,001 are neither overdue nor impaired.

	2015 $	2014 $
4 Other Assets		
Held-to-maturity investment	130,756	126,456
Prepayments	38,247	6,452
	169,003	**132,908**

The held-to-maturity investment relates to the Terry Taylor Scholarship Fund and is not considered to form part of cash and cash equivalents. The investment is a term deposit with an original term of 3 months.

	2015 $	2014 $
5 Intangible Assets		
IMIS – at cost	179,502	179,502
Less accumulated amortisation	(109,202)	(73,301)
	70,300	106,201
Website development – at cost	110,161	110,161
Less accumulated amortisation	(106,464)	(81,347)
	3,697	28,814
	73,997	**135,015**

Movement in Carrying Amount

Current year	**IMIS $**	**Website development $**	**Total $**
Balance at the beginning of year	106,201	28,814	135,015
Additions	–	–	–
Amortisation expense	(35,901)	(25,117)	(61,018)
Balance at the end of the year	**70,300**	**3,697**	**73,997**

	2015 $	2014 $
6 Property, Plant and Equipment		
Furniture and equipment – at cost	80,177	54,299
Less accumulated depreciation	(33,647)	(27,990)
	46,530	**26,309**
Computer equipment - at cost	111,477	96,455
Less accumulated depreciation	(92,751)	(86,705)
	18,726	9,750
	65,256	**36,059**

Movement in Carrying Amount

Current year	**Furniture and equipment $**	**Computer equipment $**	**Total $**
Balance at the beginning of year	26,309	9,750	36,059
Additions	25,878	15,022	40,900
Depreciation expense	(5,657)	(6,046)	(11,703)
Balance at the end of the year	**46,530**	**18,726**	**65,256**

	2015 $	2014 $
7 Trade and Other Payables		
Trade payables	532,415	512,763
Accrued expenses	42,950	47,307
Other payables	1,662	1,046
	577,027	**561,116**
8 Provisions		
Current		
Annual leave	41,917	39,798
Long service leave	24,945	21,715
	66,862	**61,513**
Non-current		
Long service leave	21,104	32,020
	87,966	**93,533**
9 Unearned Revenue		
Membership subscriptions	759,372	688,745
Education and events	35,141	125,118
	794,513	**813,863**

for the year ended 31 December 2015

	2015 $	2014 $
10 Income Tax		
(a) The components of tax expense/(benefit) are:		
– current tax	11,332	(8,935)
– deferred tax	(3,407)	(2,438)
– overprovision prior years	–	(6,573)
	7,925	**(17,946)**
(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 on surplus/(deficit) for the year at 30% (2014: 30%)	124,789	43,215
Increase in income tax expense due to non-tax deductible items:		
– expenses attributable to members	776,529	909,546
Decrease in income tax expense due to non-tax assessable items:		
– income attributable to members	(893,828)	(965,191)
	7,490	(12,430)
Non-deductible expenses	435	1,057
Prior year under/(over) accrual	–	(6,573)
Income tax attributable to surplus/(deficit)	**7,925**	**(17,946)**
(c) Assets:		
Non-current		
Deferred tax assets comprises:		
Provisions and accruals	12,808	9,401
Tax losses	78,615	89,947
	91,423	**99,348**
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:		
Total key management personnel compensation	**769,947**	**716,088**

In addition to the above compensation, the Company has paid an insurance premium of $5,800 (2014: $5,644) 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

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

	Note	2015 $	2014 $
13 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	2015 $	2014 $
Financial Assets			
Cash and cash equivalents	2	2,424,798	1,831,591
Loans and receivables	3	67,446	257,971
Held-to-maturity investment.	4	130,756	126,456
Total financial assets		**2,623,000**	**2,216,018**
Financial Liabilities			
– Trade and other payables	7	577,027	561,116
– Unearned revenue	9	794,513	813,863
Total financial liabilities		**1,371,540**	**1,374,979**

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.

14 Leasing Commitments

	2015 $	2014 $
Operating lease commitments		
Payable – minimum lease payments		
– no later than twelve months	119,153	110,730
– between twelve months and five years	65,411	169,005
	184,564	**279,735**

Operating leases comprise a photocopier and premises.

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 23 to 34, 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 2015 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.

Michael G McCann
13 April 2016

Ross McClymont
13 April 2016

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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 2015, 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.

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 2015 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, 13 April 2016

G J Murphy
Partner

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