ARITA

AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

ANNUAL REPORT 2017

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INSOLVENCY & TURNAROUND
ASSOCIATION

ANNUAL REPORT 2017

ROSS McCLYMONT
Partner, Ashurst

PRESIDENT'S MESSAGE

2017 was, by any measure, ARITA's busiest year ever. It's also a year in which we believe that ARITA fully delivered on its member value proposition, particularly for those in small practices.

INSOLVENCY LAW REFORM ACT

The year was always going to shape up as a challenging one with the implementation of the Insolvency Law Reform Act (ILRA). While not enamoured with its framework, ARITA continued to work tirelessly to ensure that the ILRA was as workable as possible.

That, in itself, is no small feat considering the ILRA was reportedly 10 percent of all legislation that passed the Senate in 2016. Our work, primarily behind the scenes, not only headed off many unworkable and undesirable elements of the legislative package, but also built an extraordinary domain expertise in the myriad elements of the ILRA.

It quickly became apparent to us that getting our members ready for the ILRA would be a mammoth task. Indeed, the task was so big that many smaller firms would unlikely have coped without assistance. ARITA's internal expertise on the ILRA therefore had to be transitioned into expertise available to the profession as a whole. In these circumstances, we developed ARITA's largest ever single training program.

Our Law Reform Training program included a free, members-only, three-hour overview session, followed by three four-hour specialised sessions: corporate insolvency, bankruptcy and creditors. In the course of less than six months, this ARITA training was delivered to 3,796 practitioners via a combination of face-to-face, online and in-house delivery.

ESSENTIAL SKILLS & ADVANCED CERTIFICATION

For the second year, we also delivered our Essential Skills Series with just over 800 registrations. The Essential Skills courses are especially targeted to assist those in small-medium practice who don't have access to the kind of in-house training that the larger firms often provide. However, Essential Skills still saw great take up amongst larger firms who sought to supplement or even replace their own training with ARITA's structured offering.

We also continued to deliver our Advanced Certification program which, courtesy of the ILRA, also became the only current pathway to gaining registration as a Liquidator or Trustee. Some 132 students completed the Fundamentals of Restructuring, Insolvency & Turnaround and 105 finished the Advanced Insolvency elective.

Our Advanced Restructuring and Turnaround elective continued to grow in popularity with another 26 students graduating this full semester course.

ARITA PRECEDENTS

In response to the challenges presented by the ILRA, and at the particular urging of members from small practices, ARITA undertook to develop a suite of insolvency precedent documents. Phase 1 was completed by the end of 2017, with work on the remaining two Phases continuing into 2018. The offering was warmly embraced by members, with 91 firms taking up licensing of the documents. This was another major undertaking for ARITA in an already challenging year, and demonstrates ARITA's commitment and responsiveness to members and their emerging needs.

SAFE HARBOUR & IPSO FACTO REFORM

2017 also saw many years of lobbying finally bear fruit. ARITA has long held a belief that Australia's insolvency laws were crying out for a safe harbour regime to protect directors seeking to effect turnarounds in the best interests of the company and its creditors, and for a moratorium on the enforcement of ipso facto clauses in insolvency administrations.

Our advocacy on this gained momentum in 2010 with a joint paper with the Law Council and TMA. ARITA committed to a renewed push on these and several other policies in our Platform for Recovery discussion paper in 2014. The interest spawned by the Productivity Commission's adoption of these policies, through our advocacy, led to the Government responding with legislation to create both the safe harbour and ipso facto reforms that we'd sought. This is a significant achievement for which ARITA members can proudly claim ownership.

As safe harbour became law, we also became concerned about weaknesses in the legislation because it did not prescribe the qualifications of the adviser required for safe harbour protection. ARITA responded with its first ever consumer advertising campaign – 'The safest harbour' – which articulated that ARITA Professional Members where the best qualified of safe harbour advisers.

This campaign – appearing in the Australian Financial Review, Company Director magazine, In the Black and Acuity, Law Society journals and trade journals such as in retailing and franchising – was designed to reach both directors of distressed entities and referrers of adviser work. The campaign was also an important element in sending a message to the referrer market about the perils of using unqualified pre-insolvency advisers.

The campaign also sought to change the image of insolvency practitioners by championing the restructuring and turnaround skills that ARITA Professional Members have.

Safest harbour ad campaign.

FINANCIAL PERFORMANCE

Financially, despite the significant new initiatives undertaken as set out above, and the necessary relocation of ARITA's head office, ARITA recorded only a minor loss for the year. On just over $4.5 million of revenue, we reported a loss of just $71,881, while continuing to hold net assets of $1,613,338. This is a testament to how effectively and efficiently ARITA is run, with a strong commitment to delivering sustained benefits to our members.

Ross McClymont

Membership satisfaction increased on most measures.

2017 was an immensely challenging year for the profession, with the impact of the Insolvency Law Reform Act (ILRA), concerns about the costs of ASIC's 'user-pays' funding and continuing low levels of formal insolvency work. Despite this, ARITA's Professional Membership remained virtually unchanged at 1,339.

Tracking the changes in Professional Membership revealed the majority of membership loss was due to retirements from the profession or members moving out to wider industry.

The latter reason for non-renewal is a long-term focus for ARITA as we aim to grow our life-long learning offering and to create a broader member-value proposition that sees members value ARITA membership beyond our more traditional base of formal insolvency work.

Retention of membership in these challenging times for the profession, will remain a key focus for ARITA.

2017 did see extraordinary growth in Student Membership for ARITA, rising from 576 to 709. This was because of the packaging of Law Reform Training with ARITA Student Membership. This is likely a high-water mark for Student Membership, which will recede in 2018 in the absence of Law Reform Training.

In 2017, 84 percent of registered liquidators and 87 percent of registered trustees chose to be ARITA members and to uphold our standards and ethical requirements as articulated in our Code of Professional Practice.

MEMBER SATISFACTION

Our annual member survey revealed an increase in ARITA member satisfaction, with our Net Promoter Score increasing from 10 to 12.

NEW MEMBERS 2017

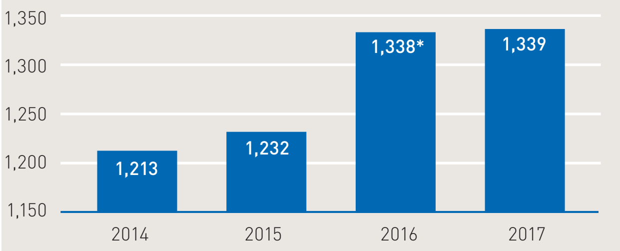
Member category	Number of Members
Professional	56
Associate	3
Lenders and Investor	1
Academic	0
Graduate	123
Total	**183**

Members reported that ARITA's most valued functions were 'keeping me up-to-date with issues, changes and developments in the profession' (4.18 out of 5 – up 3.0 percent) and 'providing thought leadership and policy development on behalf of the profession' (3.94 out of 5 – up 3.4 percent).

The area of ARITA's greatest performance improvement was in 'services and activities for developing my knowledge and skills' which rose 3.7 percent to 3.90 out of 5. No key performance rating went down.

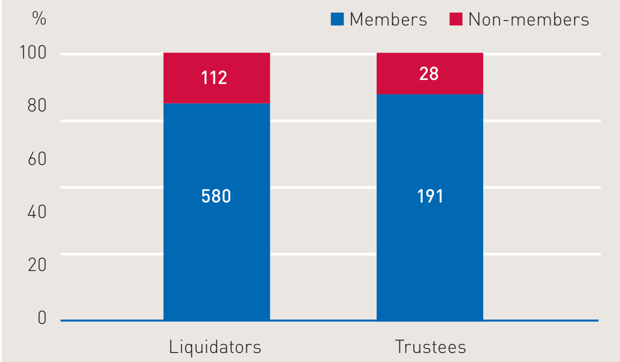
In respect of our product and services, members reported the ARITA Journal was their most valued, with a rating of 4.33 out of 5, up 1.6 percent. This was followed by formal learning which rated 4.26 out of 5.

PROFESSIONAL MEMBERS 2014-2017



* Total Professional Members was incorrectly stated in the 2016 Annual Report (1,378). The correct number is as reported above. The incorrect figure in the 2016 Annual Report was due to an error in a database tool but did not affect the financial statements.

REGISTERED PRACTITIONERS – ARITA MEMBERSHIP



ARITA delivered more education sessions in 2017 than in any other year in our history.

LAW REFORM TRAINING

Most of our formal education activity in 2017 was devoted to preparing members for the commencement of the Insolvency Law Reform Act (ILRA). A series of four courses was developed and delivered, comprising a members-only overview, and specialised sessions on corporate insolvency, personal insolvency and dealing with creditors. In total, the four courses had nearly 3,800 enrolments.

ARITA ADVANCED CERTIFICATION

On completion of our second full year of Advanced Certification, enrolments were down on 2016 due to continued pressure on the profession. A total of 263 enrolments were recorded across the three subjects of Advanced Certification, 36 fewer than in the previous year.

ESSENTIAL SKILLS

Also running for the second year was ARITA's Essential Skills offering. While still popular, enrolments were noticeably lower than in 2016. There were 834 enrolments in 2017 compared to 1,307 in 2016. This was primarily due to the profession's focus on training around the ILRA. ARITA also received feedback that the yearly repetition of these courses was too frequent.

To better meet members' needs, the Essential Skills Series was redesigned in the latter half of 2017. From 2018, there will be 40 Essential Skills courses – covering corporate and personal insolvency, restructuring and insolvency law – delivered on a two-year rotation.

CPD EVENTS

In 2017, 5,813 people attended 80 topical CPD events including Conferences, Forums and Young Professionals Seminars in 10 locations across Australia. This included our major events: the National Conference (held in Melbourne in 2017), our five Division Conferences and the second annual Small–Medium Practice Conference which was held in Fiji.

ATTENDANCE AT FORMAL COURSES

Course	Number of attendees	Number of courses held
Introduction to Insolvency Program (IIP)	**200**	**11**
ARITA Advanced Certification		
• Fundamentals of Restructuring, Insolvency and Turnaround	132	1
• Advanced Insolvency	105	1
• Advanced Restructuring and Turnaround	26	1
Essential Skills		
• Employee issues – part 1	83	6
• Employee issues – part 2	74	5
• Preparing financial data for insolvency appointments	76	5
• Trading on	85	5
• Creditors' meetings	75	5
• Interpreting financial data for investigations	88	5
• Sale of business/assets	83	5
• Stakeholder and statutory reporting	74	5
• Practical tax issues	86	5
• Finalisation processes	110	5
Law Reform Training		
• Overview (February – April)	744	14
• Corporate Insolvency (May – August)	1,315	66
• Dealing with Creditors (May – August)	1,189	65
• Personal Insolvency (May – August)	548	28

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

ARITA's public policy advocacy and thought leadership work continues to be a cornerstone of our member value proposition and one of our key responsibilities as a professional body.

ARITA's Specialist Team – comprising our Education and Policy Director, our Technical and Standards Director and our Legal Director – alongside our CEO, work to promote important public policy positions.

INSOLVENCY LAW REFORM ACT

In 2017, much of our efforts were devoted to ensuring the smoothest possible implementation of the large and complex Insolvency Law Reform Act (ILRA). That saw continued engagement with The Treasury and Attorney-General's Department including significant ongoing liaison and advocacy.

Through our preparations for the Law Reform Training and from feedback received from members, ARITA continued to alert the Government to issues identified in the ILRA and recommended 'fixes'. This significant process remains ongoing.

ARITA SUBMISSIONS AND CONSULTATION IN 2017

A great deal of ARITA's resources are focussed on representing the profession in various inquiries, hearings and policy consultations. Over the course of 2017, ARITA was engaged in the following:

February 2017: Submission to Senate Standing Committee on Economics regarding Superannuation Guarantee non-payment.

February 2017: Submission to Treasury's consultation on the exposure draft of the Treasury Laws Amendment (Taxation and Superannuation Guarantee Integrity Measures) Bill 2018 – Superannuation guarantee integrity package.

February 2017: Submission to ASIC on Consultation Paper 267 – Registered Liquidators: Registration, disciplinary actions and insurance requirements.

March 2017: Appearance at public hearings of the Senate Economics References Committee's inquiry into the non-payment of Superannuation Guarantee.

March 2017: Submission to Treasury regarding External dispute resolution review (referral to Treasury of Recommendation 13 of the Small Business Loan Inquiry by the Small Business and Family Enterprise Ombudsman).

April 2017: Submission to Treasury's consultation on exposure draft legislation amending the *Corporations Act* to provide for a safe harbour for company directors from liability for insolvent trading and a stay on the operation of ipso facto clauses.

May 2017: Submission to Treasury on exposure draft bill addressing issues raised by ARITA in respect of ss 60-20 of the new Insolvency Practice Schedules (Corporate and Bankruptcy).

May 2017: Submission to consultation on ASIC Supervisory Cost Recovery Levy Regulations (exposure draft) including likely impact of industry funding model upon the profession.

May 2017: Submission to Senate Select Committee on Lending to Primary Production Customers.

June 2017: Submission to Treasury on Consultation Paper regarding 'Corporate misuse of the Fair Entitlements Guarantee scheme' and subsequent participation in roundtable discussions among stakeholders and Commonwealth Department of Employment.

June 2017: Submission to ASIC on proposed Regulator Performance Framework.

July 2017: Consultation with Treasury regarding issues and anomalies in Insolvency Practice Rules (Corporations) 2016 and advocating amendments.

July 2017: Submission to Senate Economics Legislation Committee inquiry into the Treasury Laws Amendment (2017 Enterprise Incentives No. 2) Bill 2017 (safe harbour and ipso facto reforms).

August 2017: Providing feedback and comment to Federal Court on draft Federal Court (Bankruptcy) Amendment (Insolvency and Other Measures) Rules 2017.

September 2017: Providing Treasury with 'second list' of errors and anomalies in ILRA-related legislation identified in the first month following operative commencement of second tranche of reforms.

October 2017: Providing feedback and comment to Federal Court upon draft Federal Court (Corporations) Amendment (Insolvency and Other Measures) Rules 2017.

October 2017: Submission to Treasury on consultation paper proposing measures for 'Combatting Illegal Phoenixing'.

October 2017: Appearance at Senate Committee Inquiry into Lending to Primary Industry Customers.

November 2017: Feedback to ASIC on the Cost Recovery Implementation Statement ('CRIS') released by ASIC relating to the new ASIC Supervisory Cost Recovery Levy (Industry Funding Model).

November 2017: Submission to Treasury on ASIC proposals for strengthening penalties for corporate and financial sector misconduct.

November 2017: Submission to ASIC on ASIC's performance against the Regulator Performance Framework (after consulting with members via survey).

November 2017: Submission to ATO on transparency of tax debt following participation in consultation sessions with the ATO.

December 2017: Submission to Senate Standing Committees on Economics regarding the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Bill 2017.

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

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

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

CONDUCT MATTERS 2017	
Conduct matters commenced: 55 (43 complaints and 12 concerns)	
Nature of conduct matters:	
Independence / DIRRI disclosures	14
Sale of business / assets	5
Disclosure of / excessive remuneration / disbursements	7
Communications / dealings with stakeholders	8
Appropriate discharge of duties	15
Appropriate discharge of duties – regulator actions	3
Disrepute	2
Validity of appointment	1
Conduct matters resolved (including ongoing matters at beginning of year): 60 (42 complaints and 18 concerns)	

PROFESSIONAL CONDUCT COMMITTEE	
Matters considered (including matters underway at commencement of year): 11 (7 matters determined and 4 ongoing)	
Outcomes:	
Termination of membership – Stan Traianedes, Ross McDermott	2
Resignation (accepted by Board while subject to disciplinary proceedings) – Brendan Nixon	1
Reprimand imposed – name not published by decision of the Professional Conduct Committee	1
No further action warranted (remedial action may be required) – names not published by decision of the Professional Conduct Committee	3
Automatic termination of membership – Ray Sutcliffe (due to Enforceable Undertaking with ASIC)	1

Challenging financial conditions and major project investments.

After reporting profits since 2013, ARITA reported a minor loss this financial year. The loss amounted to $71,881 (down from a profit of $252,802 in 2016) on revenue of $4,543,218 (up from $4,315,173 in 2016).

This loss was forecasted and planned for given the state of the market and association activities anticipated in 2017:

- Major events competing with our National and Division Conferences, including the INSOL Quadrennial and the International Bar Association global conferences being held in Sydney in 2017.
- Expenditure on an advertising campaign to promote ARITA members as safe harbour advisers.
- Significant investment in developing new courses, including the Law Reform Training program.
- Law Reform Training offered at close to cost price for the benefit of the profession.
- The necessary relocation of ARITA's office following the expiry of our 10-year lease.
- Maintaining membership fees at 2015 levels and leaving most major event and course prices unchanged to ensure their affordability for members in a tight market.
- Strengthening our balance sheet to fully account for exposure to long service leave and other provisions.

Despite these challenges, the final loss for the year was lower than forecast.

The Board remains of the view that our trading and strategic position remains strong despite a challenging market for our members. Our balance sheet also remains strong, with net assets of $1,613,338, down from $1,685,219 in 2016.

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

ARITA BOARD

The Board met on six occasions in 2017: February, April (via teleconference), May, August, October (via teleconference) and November.

Active Committees during the year were:

Finance Committee Michael Brereton (Chair) Alan Scott (Deputy Chair), David Lombe, Michael McCann, Cliff Rocke, John Winter.	The Finance Committee met six times throughout 2017: February, April, July, August, October and November. The Committee reviewed monthly and quarterly financial reports and provided advice to the CEO on financial accounting and reporting.
Membership Committee Robyn McKern (Chair) Cliff Rocke (Deputy Chair), Bruce Gleeson, Michael Hayes, Melissa Humann, Peter Schmidt, Natasha Toholka, John Winter.	The Membership Committee met six times in 2017: February, April, May, July, September and November. The Committee met to review membership applications and to provide advice on matters involving ARITA's membership. Several membership applications were also approved via circular.
Nominations Ross McClymont (Chair) Scott Atkins, Michael McCann.	The Nominations Committee met once in 2017 to conduct the annual review of the CEO.
Professional Conduct Committee (PCC) Scott Atkins (Chair) Peter Schmidt (Deputy Chair), Paul Cook, Anthony Elkerton, David Lombe, John Winter.	During 2017, the standing Committee met three times: January, April and May. Due to a significant matter in which a number of standing PCC members had actual, potential or perceived conflicts of interest or were otherwise unavailable, the PCC was reconstituted between 3 July 2017 and 2 March 2018. During this time, the PCC was Chaired by ARITA Honorary Member and former NSW Supreme Court judge, the Hon Robert Austin. The other members of the PCC during this period were standing member Anthony Elkerton, Board member Alan Scott, Division Committee members Michael Brennan and Kirsten Farmer and Professional Members David O'Farrell and Matthew Woods.
Small Medium Practice Committee Robyn Erskine (Chair) Michael Brennan, Jim Downey, Anthony Elkerton, Alan Hayes, Glen Oldham, Anthony Phillips, Anthony Warner, John Winter.	The newly formed Small Medium Practice Committee met once in 2017 in November. The Committee discusses the annual SMP Conference and considers issues facing ARITA's members operating in small and medium-sized practices.

Members of ARITA's Division Committees in 2017.

Member	Firm
NSW/ACT	
Michael Brereton RITF, Chair	
Michael Hughes RITF, Deputy Chair	Minter Ellison
Tim Klineberg RITP, Secretary	King & Wood Mallesons
Scott Atkins RITF (INSOL Fellow & Director)	Norton Rose Fulbright
Katherine Barnet RITF	Bentleys Corporate Recovery
Andrew Bowcher RITF	RSM
Kirsten Farmer RITP	TressCox
Danielle Funston RITP	K&L Gates
Bruce Gleeson RITF	Jones Partners
Scott Hedge RITF	Colin Biggers & Paisley
Morgan Kelly RITF	Ferrier Hodgson
Jason Porter RITF	SV Partners
Chad Rapsey RITP	Rapsey Griffiths
Stephen Vaughan RITF	KPMG
QLD	
Peter Schmidt RITF, Chair	Norton Rose Fulbright
Michael Brennan RITF, Deputy Chair	Offermans Partners
Glen Oldham RITF, Secretary	Oldhams Advisory
Anthony Connelly RITF	McGrathNicol
Chris Cook RITF	Worrells
Ian Dorey RITF	K&L Gates
Matthew Joiner RITF	Cor Cordis
Tracy Knight RITP	Bentleys
Michael McCann RITF	Grant Thornton
Tim Michael RITF	Ferrier Hodgson
Michael Owen RITP	PPB Advisory
Mark Pearce RITF	Pearce & Heers
Peter Smith RITF	Herbert Smith Freehills
Kelly Trenfield RITF	FTI Consulting

Member	Firm
SA/NT	
Michael Hayes RITF, Chair	Piper Alderman
David Kidman RITF, Deputy Chair / Secretary	Ferrier Hodgson
Steven Barnett RITF	Hall Chadwick
Stephen Flamer-Smith RITP	Bendigo & Adelaide Bank
Nick Gyss RITF	DuncanPowell
Anthony Phillips RITF	Heard Phillips
Leigh Prior RITP	Pitcher Partners
Kym Ryder RITF	O'Loughlins Lawyers
Alan Scott RITF	BRI Ferrier
VIC/TAS	
Geoff Green RITP, Chair	NAB
Rachel Burdett-Baker RITF, Deputy Chair	Cor Cordis
Melissa Jeremiah RITP, Secretary	Maddocks
Leanne Chesser RITP	KordaMentha
Paul Cook RITF	Cook & Associates
Jim Downey RITF	JP Downey & Co
Michael Fung RITF	PwC
Mat Gollant RITF	Courtney Jones & Associates
Adrian Hunter RITF	Brooke Bird
Michael Lhuede RITF	Piper Alderman
John Lindholm RITF	Ferrier Hodgson
Ross McClymont RITF	Ashurst
Robyn McKern RITF	McGrathNicol
Natasha Toholka RITF	Hall & Willcox Lawyers
WA	
Joseph Abberton RITP, Chair	Lavan
Melissa Humann RITF, Deputy Chair	PPB Advisory
Jeremy Nipps RITP, Secretary	Cor Cordis
Victoria Butler RITP	Jackson McDonald
Richard Johnson RITF	HWL Ebsworth
Cliff Rocke RITF	Cor Cordis
Wayne Rushton RITP	Ferrier Hodgson
Daniel Woodhouse RITP	FTI Consulting
Vic Yaschenko RITF	NAB

ARITA
AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

FINANCIAL STATEMENTS 2017

Directors' Report

31 December 2017

The directors present their report on Australian Restructuring Insolvency and Turnaround Association (ARITA) for the financial year ended 31 December 2017.

Directors

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

Name	Position	Appointed/Resigned
Scott Atkins	Deputy President	
Kate Barnet	Director	
Michael Brereton	Vice President	
Robyn Erskine	Director	
Geoff Green	Director	Appointed on 31 May 2017
David Lombe	Director	
Michael McCann	Immediate Past President	
Ross McClymont	President	
Robyn McKern	Vice President	
Cliff Rocke	Director	
Peter Schmidt	Director	
Alan Scott	Director	
John Winter	Company Secretary / Director	
John Lindholm	Director	Resigned on 31 May 2017

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

Principal activities

The principal activities of the Company 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 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.

31 December 2017

Information on directors

Director	Qualifications	Committee and Liaison Responsibilities
Scott Atkins NSW/ACT nominee *Deputy President*	B.Ec LLB, LLM, RITF Fellow – INSOL International Partner – Norton Rose Fulbright	Professional Conduct (Chair) Nominations INSOL International Director ASIC/AFSA Joint Liaison
Kate Barnet NSW/ACT nominee	B.Com (Finance), M.Com, FCA, RITF Partner – Bentleys Corporate Recovery Registered Trustee – 2008 Official Liquidator – 2006 Registered Liquidator – 2004	Membership (Chair, 2016-2017) Communications AFSA Liaison ASIC Liaison
Michael Brereton NSW/ACT nominee *Vice President*	B.Com, B.Com (Honours), H.Dip Company Law, CA, MBA, RITF Official Liquidator – 2013 Registered Liquidator – 2005	Finance (Chair)
Robyn Erskine CPA Nominee	B.Bus, FCPA, CA, RITF Partner – Brooke Bird Official Liquidator – 1993 Registered Liquidator – 1992 Registered Trustee – 1992	Small-Medium Practice (Chair) Nominations (2016-2017) AFSA Liaison ASIC Liaison ASIC/AFSA Joint Liaison
Geoff Green VIC/TAS nominee	B.Econ, CA, RITP Head of SBS – NAB Former Registered Liquidator	Communications (Chair) ASIC Liaison ASIC/AFSA Joint Liaison
David Lombe CAANZ nominee	B.Com, FCA, RITF, JP Partner – Deloitte Registered Trustee – 2000 Official Liquidator – 1993 Registered Liquidator – 1991	Finance Nominations (2016-2017) Professional Conduct AFSA Liaison (2016-2017)
Michael McCann *Immediate Past President*	B.Econ, CA, RITF, GAICD Partner – Grant Thornton Australia Official Liquidator – 2001 Registered Liquidator – 1998	Nominations (Chair, 2016-2017) Finance AFSA Liaison (2016-2017) ASIC Liaison (2016-2017) ATO Liaison (2016-2017)
Ross McClymont VIC/TAS nominee *President*	LLB, B.Com, RITF Partner – Ashurst	Nominations (Chair) AFSA Liaison (Chair) ASIC Liaison (Chair) ASIC/AFSA Joint Liaison (Chair)
Robyn McKern s 20.2 Appointee *Vice President*	B.Econ, FCA, RITF Partner – McGrathNicol Registered Liquidator – 2000	Membership (Chair) Professional Conduct (2016-2017)
Cliff Rocke WA nominee	B.Bus, FCA, RITF Partner – Cor Cordis Official Liquidator – 2004 Registered Liquidator – 1985	Finance Membership Communications

Information on Directors *(continued)*

Director	Qualifications	Committee and Liaison Responsibilities
Peter Schmidt QLD nominee	B.Com, LLB, RITF Partner – Norton Rose Fulbright	Professional Conduct Membership
Alan Scott SA/NT nominee	BA (Acctg), FCA, RITF Principal – BRI Ferrier Official Liquidator – 1996 Registered Liquidator – 1992 Registered Trustee – 1992	Finance AFSA Liaison ASIC Liaison ASIC/AFSA Joint Liaison
John Winter Chief Executive Officer *Company Secretary*	B.Com (Econ & Finance), MAICD	Communications Finance Membership Nominations Professional Conduct Small-Medium Practice AFSA Liaison ASIC Liaison ASIC/AFSA Joint Liaison

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. Appointments held before the 2017 AGM have been marked as '2016-2017'.

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.

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 2017, the total amount that members of the company are liable to contribute if the company is wound up is $245,300 (2016: $238,400).

31 December 2017

Meetings of Directors

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

	Directors Meetings	
	Number eligible to attend	Number attended
Scott Atkins	6	4
Kate Barnet	6	6
Michael Brereton	6	6
Robyn Erskine	6	5
Geoff Green	3	3
David Lombe	6	5
Michael McCann	6	5
Ross McClymont	6	6
Robyn McKern	6	6
Cliff Rocke	6	6
Peter Schmidt	6	6
Alan Scott	6	6
John Winter	6	6
John Lindholm	3	3

Auditor's independence declaration

The auditor's independence declaration in accordance with s 307C of the *Corporations Act 2001*, for the year ended 31 December 2017 has been received and can be found on page 16 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Ross McClymont
11 April 2018

Scott Atkins
11 April 2018

Nexia Australia

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 2017, 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.

Nexia Duesburys (Audit)
Canberra, 11 April 2018

G J Murphy
Partner

Canberra Office
Level 7, St George Centre
60 Marcus Clarke Street
Canberra ACT 2601
GPO Box 500
Canberra ACT 2601
p +61 2 6279 5400
f +61 2 6279 5444
e mail@nexiacanberra.com.au
w nexia.com.au

Statement of Comprehensive Income

for the year ended 31 December 2017

	Note	2017 $	2016 $
Income			
Advertising and marketing		84,811	94,736
Education and training		1,720,486	1,466,213
Events management		1,104,455	1,180,806
Interest		19,496	36,161
Membership		1,279,932	1,267,905
Sale of Precedents		96,000	–
Sponsorship		238,038	269,352
		4,543,218	**4,315,173**
Expenditure			
Accounting and auditing fees		24,312	21,496
Advertising and marketing expenses		163,680	135,411
Consulting and professional fees		–	49,818
Depreciation and amortisation		218,517	58,056
Education and training expenses		902,261	731,368
Employee expenses		1,643,374	1,444,325
Events management expenses		628,873	619,312
Information technology expenses		120,281	87,286
Loss on disposal of assets		21,873	–
Membership expenses		207,730	181,932
Occupancy expenses		218,759	164,895
Office and administration expenses		193,199	353,469
Precedent development		62,892	–
Superannuation		145,117	122,029
Travel and accommodation		92,978	92,866
		4,643,846	**4,062,263**
Surplus / (deficit) before income tax		(100,628)	252,910
Income tax (expense) / benefit	10	28,747	(108)
Total comprehensive income / (loss) for the year		(71,881)	252,802

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2017

	Note	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	2	2,313,468	2,377,571
Trade and other receivables	3	85,643	70,893
Other assets	4	140,040	241,620
Total current assets		**2,539,151**	**2,690,084**
Non-current assets			
Intangible assets	5	–	70,513
Property, plant and equipment	6	341,532	65,010
Deferred tax assets	10	120,062	91,315
Total non-current assets		**461,594**	**226,838**
Total assets		**3,000,745**	**2,916,922**
LIABILITIES			
Current liabilities			
Trade and other payables	7	369,764	246,774
Provisions	8	78,243	106,227
Unearned revenue	9	794,399	878,702
Total current liabilities		1,242,406	1,231,703
Non-current liabilities			
Provisions	8	145,001	–
Total non-current liabilities		**145,001**	**–**
Total liabilities		**1,387,407**	**1,231,703**
Net assets		**1,613,338**	**1,685,219**
EQUITY			
Accumulated funds		1,613,338	1,685,219
Total equity		**1,613,338**	**1,685,219**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2017

	Accumulated Funds $	Total $
2017		
Balance at the beginning of the year	1,685,219	1,685,219
Total comprehensive income / (loss) for the year	(71,881)	(71,881)
Balance at the end of the year	**1,613,338**	**1,613,338**
2016		
Balance at the beginning of the year	1,432,417	1,432,417
Total comprehensive income / (loss) for the year	252,802	252,802
Balance at the end of the year	**1,685,219**	**1,685,219**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2017

	Note	2017 $	2016 $
Cash flows from operating activities:			
Receipts from operations		4,643,539	4,524,473
Payments to suppliers and others		(2,718,604)	(2,940,859)
Payments for employees		(1,802,369)	(1,548,094)
Net cash provided by / (used in) operating activities		**122,566**	**35,520**
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(332,687)	(54,325)
Acquisition of intangible assets		(13,712)	–
Interest received		26,257	36,735
Decrease / (increase) in held-to-maturity investments		133,473	(65,157)
Net cash provided by / (used in) investing activities		**(186,669)**	**(82,747)**
Net increase / (decrease) in cash and cash equivalents held		(64,103)	(47,227)
Cash and cash equivalents at beginning of year		2,377,571	2,424,798
Cash and cash equivalents at end of financial year	2	**2,313,468**	**2,377,571**

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.

The financial statements are presented in Australian dollars and are rounded to the nearest dollar.

A number of Australian Accounting Standards have been issued or amended prior to the date of these statements but are only applicable to future reporting periods and accordingly have not been applied in preparing these financial statements. On the introduction of various standards there will be minor disclosure changes and operating leases will come 'on balance sheet'. Apart from this the directors are of the opinion that when the Accounting Standards are first applied there will be no material impact on the accounting policies of the company and no material impact on the statement of comprehensive income or statement of financial position of the Company.

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.

1 Summary of Significant Accounting Policies *(continued)*

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

Depreciation

The depreciable amount of plant and equipment is depreciated on either a diminishing value or 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	Depreciation method
Furniture and equipment	13.33%-40%	Diminishing value
Leasehold improvements	20.87%	Straight line
Computer equipment	33.33%	Straight line

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. 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
iMIS	20%-33.33%
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 period.

1 Summary of Significant Accounting Policies *(continued)*

(e) Financial Instruments *(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 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.

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.

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 period, 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.

for the year ended 31 December 2017

	2017 $	2016 $
2 Cash and Cash Equivalents		
Cash at bank and in hand	2,313,468	1,123,348
Short term deposits	–	1,254,223
	2,313,468	**2,377,571**

Cash at bank includes $136,842 relating to the Terry Taylor Scholarship Fund which is earmarked for specific purposes.

	2017 $	2016 $
3 Trade and Other Receivables		
Trade receivables	37,432	24,352
Deposits	48,211	39,780
Other receivables	–	6,761
	85,643	**70,893**

Of the above receivables $36,355 (2016: $16,244) are overdue.
None of the receivables are considered to be impaired.

	2017 $	2016 $
4 Other Assets		
Term deposit – Terry Taylor Scholarship Fund	–	134,291
Term deposit – bank guarantee	62,440	61,622
Prepayments	77,600	45,707
	140,040	**241,620**

The term deposits are not considered to form part of cash and cash equivalents.
The term deposit at year end is provided as security for a bank guarantee related to the rental of premises. The term deposit has an initial term to maturity of 12 months.

	2017 $	2016 $
5 Intangible Assets		
iMIS – at cost	227,364	213,871
Less accumulated amortisation	(227,364)	(145,202)
	–	**68,669**
Website development – at cost	110,161	110,161
Less accumulated amortisation	(110,161)	(108,317)
	–	1,844
	–	**70,513**

Movement in Carrying Amount

	iMIS $	Website development $	Total $
Balance at the beginning of year	68,669	1,844	70,513
Additions	13,712	–	13,712
Amortisation expense	(82,381)	(1,844)	(84,225)
Balance at the end of the year	–	–	–

for the year ended 31 December 2017

	2017 $	2016 $
6 Property, Plant and Equipment		
Furniture and equipment – at cost	39,579	81,200
Less accumulated depreciation	(34,285)	(41,950)
	5,294	**39,250**
Leasehold improvements – at cost	401,781	–
Less accumulated depreciation	(65,543)	–
	336,238	**–**
Computer equipment – at cost	60,575	128,826
Less accumulated depreciation	(60,575)	(103,066)
	–	25,760
	341,532	**65,010**

Movement in Carrying Amount

	Furniture and equipment $	Leasehold improvements $	Computer equipment $	Total $
Balance at the beginning of year	39,250	–	25,760	65,010
Additions	12,339	401,781	18,567	432,687
Disposals	(21,873)	–	–	(21,873)
Depreciation expense	(24,422)	(65,543)	(44,327)	(134,292)
Balance at the end of the year	**5,294**	**336,238**	**–**	**341,532**

	2017 $	2016 $
7 Trade and Other Payables		
Trade payables	141,110	145,260
GST payable / (receivable)	49,342	(735)
Accrued expenses and other payables	179,312	102,249
	369,764	**246,774**
8 Provisions		
Current		
Annual leave	46,039	52,374
Long service leave	32,204	28,953
Lease make good	–	24,900
	78,243	**106,227**
Non-current		
Long service leave	45,001	–
Lease make good	100,000	–
	145,001	**–**
9 Unearned Revenue		
Membership subscriptions	768,015	818,869
Education, events and other income in advance	26,384	59,833
	794,399	**878,702**

for the year ended 31 December 2017

	2017 $	2016 $
10 Income Tax		
(a) The components of tax expense / (benefit) are:		
– current tax	–	–
– deferred tax	(28,747)	108
	(28,747)	**108**
(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 27.5% (2016: 30%)	(27,673)	75,873
Increase in income tax expense / (benefit) due to non-tax deductible items:		
– expenses attributable to members	988,575	969,884
Decrease in income tax expense / (benefit) due to non-tax assessable items:		
– income attributable to members	(997,803)	(1,048,192)
	(36,901)	(2,435)
Effect of change in tax rates	7,610	–
Non-deductible expenses and temporary differences	544	2,543
Income tax attributable to surplus / (deficit)	**(28,747)**	**108**
(c) Deferred Tax Assets:		
Non-current		
Deferred tax assets comprise:		
Provisions and accruals	12,937	9,973
Tax losses	107,125	81,342
	120,062	**91,315**

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 seven (2016: six) key management personnel during the year are as follows:

	2017 $	2016 $
Total key management personnel compensation	**1,120,194**	**873,560**

In addition to the above compensation, the Company has paid an insurance premium of $4,491 (2016: $5,030) 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.

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	2017 $	2016 $
Financial assets			
Cash and cash equivalents	2	2,313,468	2,377,571
Loans and receivables	3	85,643	70,893
Held-to-maturity investment	4	62,440	195,913
Total financial assets		**2,461,551**	**2,644,377**
Financial liabilities			
Financial liabilities at amortised cost:			
– Trade and other payables	7	320,422	247,509
– Unearned revenue	9	794,399	878,702
Total financial liabilities		**1,114,821**	**1,126,211**

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

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	2017 $	2016 $
Payable – minimum lease payments:		
– no later than twelve months	149,573	163,456
– between twelve months and five years	491,796	672,240
	641,369	**835,696**

Operating leases relate to the premises. In December 2016 the Company entered into a lease for new premises for a period of five years commencing 10 January 2017.

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 and reissue 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, 191 Clarence Street, Sydney NSW 2000

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 17 to 28, 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 2017 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.

Ross McClymont
11 April 2018

Scott Atkins
11 April 2018

Nexia Australia

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Australian Restructuring Insolvency and Turnaround Association (the Company), which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial statements of Australian Restructuring Insolvency and Turnaround Association 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 2017 and of its financial performance for the year then ended; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's directors' report and annual report for the year ended 31 December 2017 but does not include the financial statements and the auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Canberra Office
Level 7, St George Centre
60 Marcus Clarke Street
Canberra ACT 2601
GPO Box 500
Canberra ACT 2601
p +61 2 6279 5400
f +61 2 6279 5444
e mail@nexiacanberra.com.au
w nexia.com.au

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view 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 give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

Nexia Duesburys (Audit)
Canberra, 11 April 2018

G J Murphy
Partner

Australian Restructuring Insolvency and Turnaround Association
ABN: 28 002 472 362

Level 5, 191 Clarence Street,
Sydney NSW 2000
P +61 2 8004 4344
W arita.com.au

www.arita.com.au

Level 5
191 Clarence Street
Sydney NSW 2000

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