ARITA

AUSTRALIAN RESTRUCTURING
INSOLVENCY & TURNAROUND
ASSOCIATION

ANNUAL REPORT 2018

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ASSOCIATION

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ROSS McCLYMONT
Partner, Ashurst

PRESIDENT'S MESSAGE

2018 was, again, a challenging year for ARITA, reflecting the challenges being faced by the profession as a whole.

Relatively benign economic conditions in Australia have continued to create a quiet traditional insolvency market, and this (together with other headwinds such as the introduction of the ASIC industry funding model) has been reflected in the ongoing contraction in the size of the insolvency profession.

As the profession has contracted, we have, necessarily, had to respond to that contraction. We have however remained focussed on providing the key services and support that the profession needs, and also protecting our infrastructure so as to enable us to rapidly upscale our offering to meet increased demand by the profession for training and support when the next economic downturn arrives.

Despite the contraction in the profession, the expectations of ARITA from Government have never been higher. This has placed a heavy resource demand on us as the ARITA team has over the last year provided on average almost one policy or inquiry submission every two weeks. Unfortunately, despite this apparent high level of consultation and engagement from Government, little progress on significant, positive law reform has actually been able to be achieved in the current political climate.

Given the downturn in the profession, our membership number dipped expectedly, but not markedly. The departures from membership were mainly around retirements or those exiting the profession permanently, and this seems to reflect the transition occurring in the profession as a whole rather than any particular dissatisfaction with ARITA's membership value proposition.

Despite the pressures faced, our close-to-breakeven result this calendar year has been delivered as a result of a strict and ongoing focus on cost control, and by expanding our range of products and services. This adaptability to the changing market reflects positively on the professional way in which ARITA is managed, to the benefit of all our members.

Importantly, this also means that our financial reserves remain significant. The Board has had a strong focus on this aspect of our financial management over the last five years as a strategy to cover planned upcoming capital costs including replacing our ageing CRM system, and to provide a buffer should demand for our training and other services not rebound for some time.

At the end of the day, ARITA's primary focus as a professional body is on education and connecting our members. In this context, during 2018 there were 5,970 registrations for attendance at 183 ARITA professional development sessions held in 11 locations across Australia. For a small team, heavily relying as it does on the support and effort of our volunteer committee members, that is a remarkable outcome, particularly considering the quiet state of the profession.

As my term as President concludes with the presentation of this Annual Report, I am proud to be able to assure you, as members and stakeholders in the profession, that ARITA remains focussed as always on delivering value to our members, enhancing the standing of the profession, and continuing to advocate for positive change to our insolvency laws.

Ross McClymont, President

Membership remains resilient despite contractions in the profession.

The restructuring, insolvency and turnaround profession has continued its long contraction, driven by a lack of formal insolvency work. Yet, with the number of registered liquidators dropping 10% across a similar period, ARITA's professional membership levels declined only around half that percentage (approximately 5%). Given that contraction, the resilience of our membership levels is particularly pleasing.

During 2018, ARITA voting members also approved a constitutional change that moved graduates and students from being non-voting members to being registered as subscribers. This was a governance-driven outcome that removed associated liabilities from those former categories of membership. However, our engagement with those subscribers remains unchanged.

The number of student members/subscribers was significantly down, coming off a historical high in 2017 due to the bundling of student membership with our Insolvency Law Reform training, making this fall an entirely expected one.

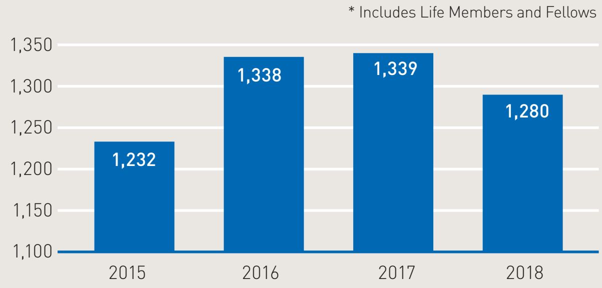
MEMBER SATISFACTION

Member satisfaction remained steady in 2018. One notable exception was the Small-Medium Practice Conference which achieved a bump in satisfaction of 8%. Attendees praised the focussed and informative program and the opportunity to network with peers from similar sized firms.

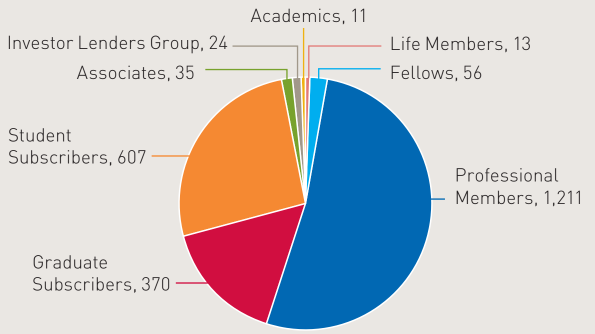
Members reported that ARITA's most valued functions were 'keeping me up-to-date with issues, changes and developments in the profession' (4.07 out of 5) and 'providing access to information that will assist me in my professional activities' (3.86 out of 5).

In respect of our products and services, members reported the ARITA Journal was their most valued, with a rating of 4.3 out of 5. This was followed by formal learning which rated 4.25 out of 5.

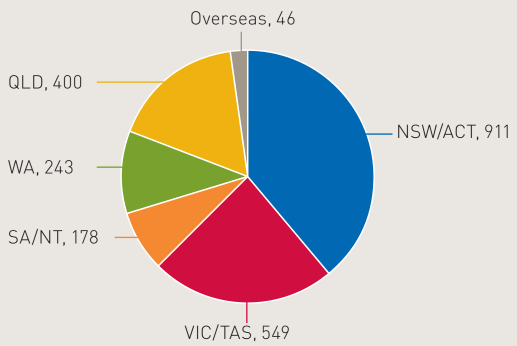
PROFESSIONAL MEMBERS 2015-2018*



2018 MEMBERSHIP BY CATEGORY



2018 MEMBERSHIP BY DIVISION



Continuing our leadership in restructuring, insolvency and turnaround education.

ARITA's education courses where well attended in 2018 despite the quieter period in the profession. Our mainstay courses including the Introduction to Insolvency Program (IIP) and ARITA Advanced Certification continue to play an important role in professional development.

Responding to our member feedback, we spent considerable effort developing new courses in 2018.

ESSENTIAL SKILLS SERIES EXPANDED IN 2018

We have expanded the Essential Skills Series to cover a wider range of restructuring, insolvency and turnaround topics.

Delivered on a two-year rotation, the new subjects in corporate insolvency, bankruptcy, restructuring and insolvency law, appeal to the full breath of our membership.

While still popular, enrolments were noticeably lower in 2018, in particular at the face-to-face sessions. There were a total of 1,112 enrolments spread over 87 courses delivered face-to-face and online.

LAW REFORM REFRESHER TRAINING

The Insolvency Law Reform Act (ILRA) introduced changes both large and small to the requirements for insolvency appointments through a complex legislative framework.

The breadth and complexity of the reforms means that there is significant risk of unintentional non-compliance through lack of familiarity with the new requirements.

One year in, we reviewed the changes introduced by the ILRA and revealed the compliance issues that continue to challenge practitioners.

In total, the four sessions delivered online had nearly 100 enrolments.

CPD EVENTS

In 2018, 4,273 people attend 77 topical CPD events including Conferences, Forums and Young Professionals Seminars in 11 locations across Australia. This number included our major events: The National Conference held in Sydney, our five Division Conferences in Perth, Adelaide, Melbourne, Sydney and Brisbane, and the third annual Small-Medium Practice Conference held in Port Douglas.

ATTENDANCE AT FORMAL COURSES

Course		Number of attendees	Number of courses held
IIP		227	12
Essential Skills	Bankruptcy	277	17
	Insolvency Law	208	16
	Insolvency	455	40
	Restructuring	172	14
Advanced Certification	Fundamentals of Restructuring Insolvency & Turnaround	136	1
	Advanced Insolvency	98	1
	Advanced Restructuring & Turnaround	26	1
Law Reform Refresher		98	4
Total		**1,697**	**106**

Delivering policy leadership on behalf of the profession.

A great deal of ARITA's resources are focussed on representing the profession in various inquiries, hearings and policy exposures. Over the course of 2018, ARITA was engaged in the following:

ARITA SUBMISSIONS AND CONSULTATIONS IN 2018

January 2018

- Submission on the Bankruptcy Amendment (Enterprise Incentives) Bill 2017 (on proposed one-year bankruptcy).

February 2018

- Submission on exposure draft for Bankruptcy Amendment (Debt Agreement Reform) Bill 2018.
- Joint submission (with Australian Finance Industry Association and Australian Institute of Credit Management) on transparency of tax debts.

April 2018

- Submission to the Consultation Regulation Impact Statement for the clarification, simplification and modernisation of the consumer guarantee framework in respect of goods sold at auction.

May 2018

- Submission on exposure drafts for exclusions from stay of enforcement of *ipso facto* clauses.
- Submission to the review of Queensland's Environmental Chain of Responsibility laws.
- Submission on exposure draft of Treasury Laws Amendment (2018 Measures No. 4) Bill 2018 on superannuation guarantee integrity package.

June 2018

- Submission to review into the ATO use of garnishee notices.

July 2018

- Submission on exposure draft for proposed reforms to the *Corporations Act 2001* (Cth) to address corporate misuse of Fair Entitlements Guarantee scheme.

August 2018

- Submission to Treasury in response to Modernising Business Registers discussion paper.

September 2018

- Submission on exposure draft for reforms to *Corporations Act 2001* (Cth) to combat illegal phoenix activity.
- Feedback to AFSA on proposed updates to statement of affairs form.
- Feedback on draft of *Inspector-General's Practice Decision 7*.

October 2018

- Submission on exposure draft of Treasury Laws Amendment (ASIC Enforcement) Bill 2018 to strengthen penalties for corporate and financial sector misconduct.
- Submission on draft legislation for the Modernising Business Registers (MBR) and Director Identification Number (DIN) regimes.
- Submission to the Australian National Audit Office (ANAO) audit into the effectiveness of the Phoenix Taskforce to combat illegal phoenix activities.

November 2018

- Submission on the exposure draft of the Treasury Laws Amendment (Measures for Later Sitting) Bill 2018 on electronic DIRRIs and other matters.
- Submission on exposure draft of National Health Amendment (Pharmaceutical Benefits) Bill 2018 regarding the supply of pharmaceutical benefits following bankruptcy or external administration.
- Submission to Senate Inquiry into credit and financial services targeted at Australians at risk of financial hardship to raise concerns over untrustworthy advisers.

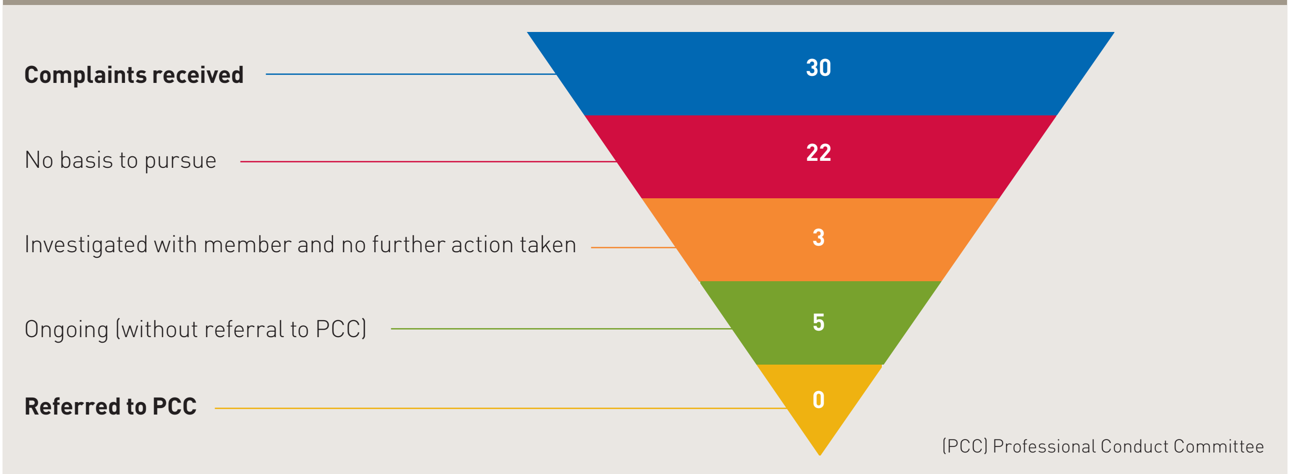
NB: In addition to the above list ARITA was also involved in a number of confidential submissions and responses and follow up discussions in respect of the above submissions.

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

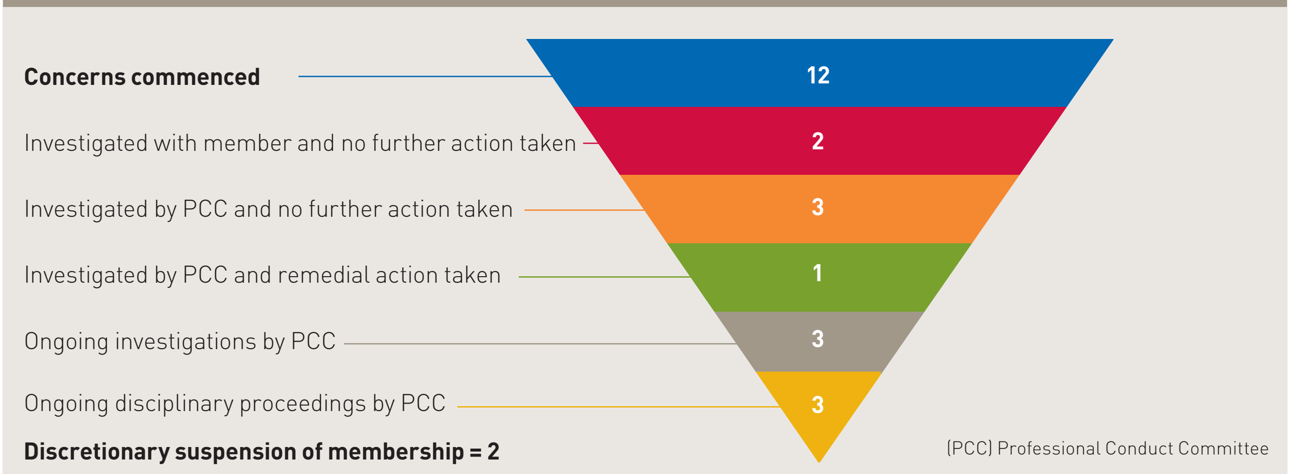
ARITA receives and investigates complaints about the professional conduct of members, and about the professional processes of ARITA members' firms. We also investigate concerns about the professional conduct of members that arise other than by way of a complaint.

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

COMPLAINTS 2018



CONCERNS 2018

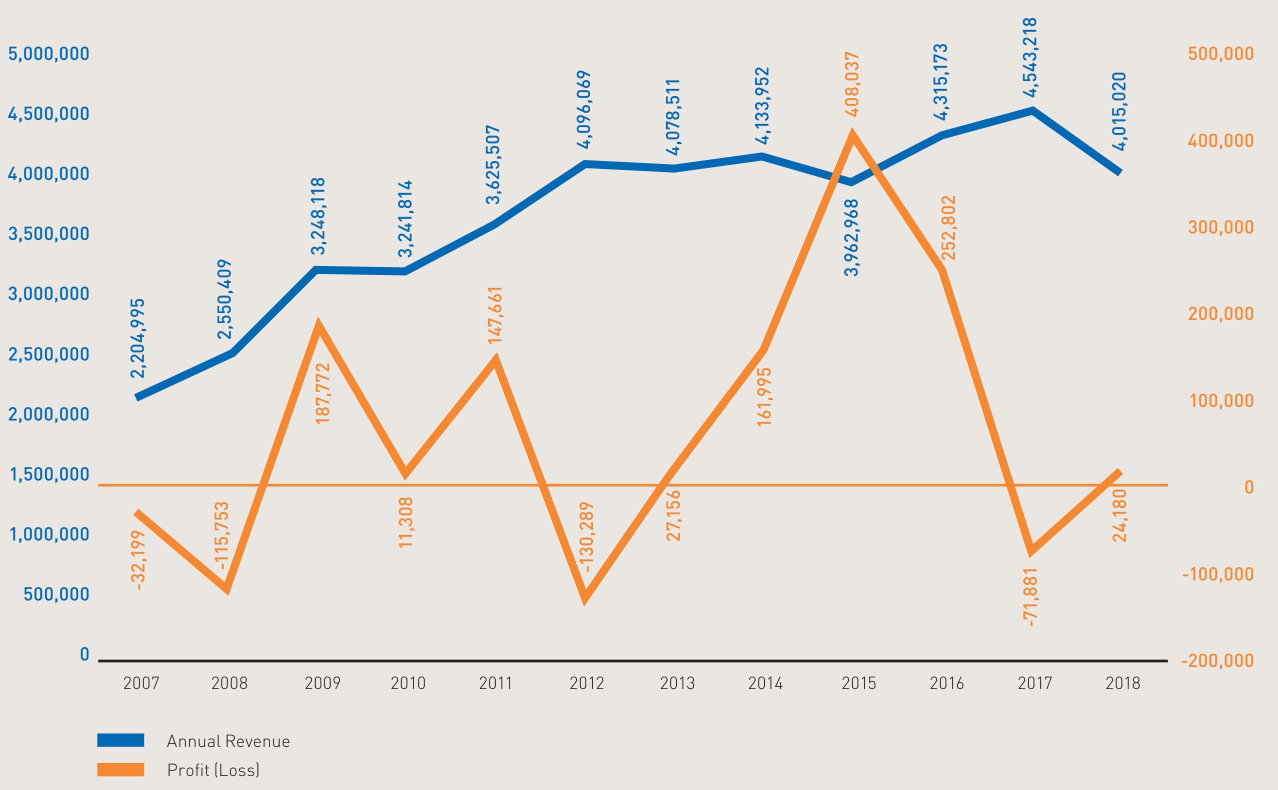


A balanced financial outcome.

Despite the contraction in the market, ARITA has achieved a balanced financial result with a small surplus of $24,180. Against a noticeable fall in revenue, this is a pleasing outcome that was delivered as a result of a significant internal focus on cost control and responsible deployment of limited resources.

Following the planned losses of 2017, driven by our strategic decision to invest in the 'Safest Harbour' advertising campaign, the better-than-breakeven result generally preserves our reserves for the continued challenging trading environment of the profession.

ARITA ANNUAL REVENUE v PROFIT (LOSS)



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

ARITA completed a significant overhaul of its Constitution during 2018 with a project leading into 2019. Those governance changes were designed to increase the voice of members and ensure a more robust governance structure for the future.

Key amongst those changes was the move to online voting for future changes to our Constitution and the election of office bearers in our Divisions.

ARITA also continued to engage with our members around reforms and improvements to our Board election and appointment arrangements, with a suite of proposals to go to our members in early 2019.

ARITA BOARD

The Board met in person on four occasions in 2018: March, May, August, and November. A number of other decisions were taken by circular in the intervening periods.

Other than the CEO, none of ARITA's Board are remunerated for their directorship.

Board Committees active during the year were:

AFSA Liaison Committee Ross McClymont (Chair) Alan Scott (Deputy Chair), Robyn Erskine, Jason Porter, John Winter.	The AFSA Liaison Committee met with AFSA representatives three times in 2018: in March, June and September. The Committee discussed issues relevant to ARITA members who are registered trustees.
ASIC Liaison Committee Ross McClymont (Chair) Alan Scott (Deputy Chair), Robyn Erskine, Geoff Green, Jason Porter, John Winter.	The ASIC Liaison Committee met with ASIC representatives twice in 2018, in May and October. The Committee discussed issues relevant to ARITA members who are registered liquidators.
ASIC/AFSA Joint Liaison Committee Ross McClymont (Chair) Scott Atkins (Deputy Chair), Robyn Erskine, Geoff Green, Jason Porter, Alan Scott, John Winter.	The ASIC/AFSA Joint Liaison Committee met with ASIC and AFSA representatives twice in 2018, in June and December. The Committee discussed issues relevant to ARITA members who are registered liquidators and registered trustees.

Finance Committee Michael Brereton (Chair) Alan Scott (Deputy Chair), David Lombe, Jason Porter, Cliff Rocke, Michael McCann, John Winter.	The Finance Committee met three times throughout 2018: May, August, and November. The Committee reviewed monthly and quarterly financial reports and provided advice to the CEO and Financial Controller 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 once in February 2018 and approved membership applications on a regular basis via circular. The Committee also provided advice on matters involving ARITA's membership.
Nominations Committee Ross McClymont (Chair) Scott Atkins (Deputy Chair), Michael McCann.	The Nominations Committee met once in 2018, in December, to conduct the annual review of the CEO.
Professional Conduct Committee Scott Atkins (Chair) Peter Schmidt (Deputy Chair), Paul Cook, Anthony Elkerton, Geoff Green, David Lombe, Mark Robinson, Alan Scott, John Winter.	During 2018, the Professional Conduct Committee met seven times: March, July, August, October (twice, including a full-day roundtable session), November and December. The Committee considered complaints and concerns against ARITA members and provided guidance on matters involving the professional conduct of members.
Small Medium Practice Committee Robyn Erskine (Chair) Michael Brennan, Jim Downey, Anthony Elkerton, Mathew Gollant, Alan Hayes, Glen Oldham, Anthony Phillips, Chad Rapsey, Anthony Warner, John Winter.	The Small Medium Practice Committee met twice in 2018, in April and in November. The Committee discussed the annual SMP Conference and considered issues facing ARITA's members operating in small and medium-sized practices.

Members of ARITA's Division Committees in 2018.

Division Committees serve a vital role in representing the views of the profession to ARITA and its Board. In addition, Divisions are key organisers of forums and events in local markets. Divisions also undertake the initial review of all Professional and Associate membership applications.

Member	Firm
NSW/ACT	
Michael Brereton RITF, Chair, Vice President	William Buck
Tim Klineberg RITP, Deputy Chair	King & Wood Mallesons
Danielle Funston RITP, Secretary	Maddocks
Scott Atkins RITF, Deputy President	Norton Rose Fulbright
Marcus Ayres RITP	EY
Andrew Bowcher RITF	RSM Australia
Kirsten Farmer RITP	DWF Australia
Bruce Gleeson RITF	Jones Partners
Alan Hayes RITP	Hayes Advisory
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
Michael Fingland RITP	Vantage Performance
Matthew Joiner RITF	Cor Cordis
Tracy Knight RITP	Bentleys
Tim Michael RITF	Ferrier Hodgson
Michael Owen RITP	PwC
Mark Pearce RITF	Pearce & Heers
Peter Smith RITF	Herbert Smith Freehills
Kelly Trenfield RITF	FTI Consulting

Member	Firm
SA/NT	
David Kidman RITF, Chair	Ferrier Hodgson
Steven Barnett RITF, Deputy Chair/Secretary	Hall Chadwick
Samuel Black RITP	O'Loughlins Lawyers
Stephen Flamer-Smith RITP	Bendigo and Adelaide Bank
Nick Gyss RITF	DuncanPowell
Michael Hayes RITF	Piper Alderman
Alan Scott RITF	BRI Ferrier
VIC/TAS	
Geoff Green RITP, Chair	Harbourside Advisory
Rachel Burdett-Baker RITF, Deputy Chair	Cor Cordis
Melissa Jeremiah RITP, Secretary	Maddocks
Ross McClymont RITF, President	Ashurst
Robyn McKern RITF, Vice President	McGrathNicol
Leanne Chesser RITP	KordaMentha
Paul Cook RITF	Cook & Associates
Jim Downey RITF	JP Downey & Co
Michael Fung RITF	PwC
Mathew Gollant RITF	Courtney Jones & Associates
Adrian Hunter RITF	Brooke Bird
Michael Lhuede RITF	Piper Alderman
John Lindholm RITF	Ferrier Hodgson
Natasha Toholka RITF	Norton Rose Fulbright
WA	
Wayne Rushton RITP, Chair	Ferrier Hodgson
Michelle Dean RITP, Deputy Chair	Corrs Chambers Westgarth
Malcolm Field RITP, Secretary	SV Partners
Rebecca Collins RITP	Quayside Chambers
Matthew Donnelly RITP	Deloitte
Cliff Rocke RITF	Cor Cordis
Daniel Woodhouse RITP	FTI Consulting

ARITA
AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

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Directors' Report

31 December 2018

The directors present their report on Australian Restructuring Insolvency and Turnaround Association (ARITA) for the financial year ended 31 December 2018.

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

Name	Position	Appointed/Resigned
Scott Atkins	Deputy President	
Kate Barnet	Director	Resigned on 30 May 2018
Michael Brereton	Vice President	
Robyn Erskine	Director	
Geoff Green	Director	
David Lombe	Director	
Ross McClymont	President	
Robyn McKern	Vice President	
Jason Porter	Director	Appointed on 30 May 2018
Cliff Rocke	Director	
Peter Schmidt	Director	
Alan Scott	Director	
John Winter	Company Secretary / Director	
Non-Director Board Participant		
Michael McCann	Immediate Past President	

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 2020 Strategic Plan' was developed as a result of intensive facilitated sessions with the Board and senior ARITA staff. The Strategic Plan outlines a framework for progressive improvements that build on the already strong foundations.

Key Performance Measures
ARITA measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of ARITA and whether the short-term and long-term objectives are being achieved.

31 December 2018

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 nominee *Deputy President*	B.Econ LLB, LLM, RITF Fellow – INSOL International Partner – Norton Rose Fulbright	Professional Conduct (Chair) ASIC/AFSA Joint Liaison (Deputy Chair) Nominations (Deputy Chair) INSOL International Director
Kate Barnet NSW/ACT nominee (until 30 May 2018)	B.Com (Finance), M.Com, RITF, FCA Partner – Bentleys Corporate Recovery Registered Trustee – 2008 Registered Liquidator – 2004	AFSA Liaison (until 30 May 2018, Deputy Chair) ASIC Liaison (until 30 May 2018, Deputy Chair) ASIC/AFSA Joint Liaison (until 30 May 2018) Communications (until 30 May 2018, Deputy Chair)
Michael Brereton NSW/ACT nominee *Vice President*	B.Com, B.Com (Honours), H.Dip Company Law, MBA, RITF, CA Director – William Buck Registered Liquidator – 2005	Finance (Chair)
Robyn Erskine CPA Nominee	B.Bus, RITF, FCPA, CA Partner – Brooke Bird Registered Trustee – 1992 Registered Liquidator – 1992	Small-Medium Practice (Chair) AFSA Liaison ASIC Liaison ASIC/AFSA Joint Liaison
Geoff Green VIC/TAS nominee	B.Econ, RITP, CA Principal – Harbourside Advisory	Communications (Chair 2017-2018) Professional Conduct (2018-2019) ASIC Liaison ASIC/AFSA Joint Liaison
David Lombe CAANZ nominee	B.Com, RITF, FCA, JP Partner – Deloitte Registered Trustee – 2000 Registered Liquidator – 1991	Finance Professional Conduct
Ross McClymont VIC/TAS nominee *President (2017-2018)*	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 (2017-2018)*	B.Econ, RITF, FCA, GAICD Partner – McGrathNicol Registered Liquidator – 2000	Membership (Chair)
Jason Porter NSW/ACT nominee (from 30 May 2018)	B.Com, RITF, JP Partner – SV Partners Registered Liquidator – 2011 Registered Trustee – 2005	Finance (from 30 May 2018) AFSA Liaison (from 30 May 2018) ASIC Liaison (from 30 May 2018) ASIC/AFSA Joint Liaison (from 30 May 2018)
Cliff Rocke WA nominee	B.Bus, RITF, FCA Partner – Cor Cordis Registered Liquidator – 1995	Membership (Deputy Chair) Finance Communications (2017-2018)

Information on Directors *(continued)*

Director	Qualifications	Committee and Liaison Responsibilities
Peter Schmidt QLD nominee	B.Com, LLB, RITF Partner – Norton Rose Fulbright	Professional Conduct (Deputy Chair) Membership
Alan Scott SA/NT nominee	BA (Acctg), RITF, FCA Principal – BRI Ferrier Registered Trustee – 1992 Registered Liquidator – 1992	Finance (Deputy Chair) Professional Conduct (2018-2019) AFSA Liaison (Member 2017-2018, Deputy Chair 2018-2019) ASIC Liaison (Member 2017-2018, Deputy Chair 2018-2019) ASIC/AFSA Joint Liaison
John Winter Chief Executive Officer *Company Secretary*	B.Com (Econ & Finance), MAICD	Communications (2017-2018) Finance Membership Professional Conduct Small-Medium Practice AFSA Liaison ASIC Liaison ASIC/AFSA Joint Liaison
Non-Director Board Participant		
Michael McCann *Immediate Past President (2017-2018)*	B.Econ, RITF, CA, GAICD Partner – Grant Thornton Australia Registered Liquidator – 1998	Finance Nominations

Note that Committee and Liaison appointments generally rotate at the Board meeting following the AGM (usually held in May). This table represents directors having held an appointment to one of these groups over the annual reporting period. Appointments held before the 2018 AGM have been marked as '2017-2018' and those held only after the 2018 AGM are marked '2018-2019'. Committee appointments with no years specified were held for the entire financial year (2018).

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. Michael McCann became the Immediate Past President after the May 2017 AGM and will remain so until the 2019 AGM.

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 2018, the total amount that members of the company are liable to contribute if the company is wound up is $131,500 (2017: $245,300 – noting that ARITA amended its Constitution in May 2018, removing the categories of Graduate Member and Student Member. These former categories are now offered as subscriptions).

31 December 2018

Meetings of Directors

During the financial year, four 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	4	4
Kate Barnet	2	1
Michael Brereton	4	4
Robyn Erskine	4	4
Geoff Green	4	4
David Lombe*	2	1
Ross McClymont	4	4
Robyn McKern	4	4
Jason Porter	2	2
Cliff Rocke	4	4
Peter Schmidt	4	4
Alan Scott	4	4
John Winter	4	4
Non-Director Board Participant		
Michael McCann	4	4

* Six months leave of absence granted to David Lombe on 30 May 2018.

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 2018 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
17 April 2019

Scott Atkins
17 April 2019

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 2018, 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, 17 April 2019

G J Murphy
Partner

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Statement of Comprehensive Income

for the year ended 31 December 2018

	Note	2018 $	2017 $
Income			
Advertising and marketing		26,153	84,811
Education and training		1,335,898	1,720,486
Events management		1,023,994	1,104,455
Interest		19,375	19,496
Membership		1,257,664	1,279,932
Sale of Precedents		179,400	96,000
Sponsorship		172,536	238,038
		4,015,020	**4,543,218**
Expenditure			
Accounting and auditing fees		25,073	24,312
Advertising and marketing expenses		207,358	163,680
Depreciation and amortisation		85,763	218,517
Education and training expenses		703,187	902,261
Employee expenses		1,517,830	1,643,374
Events management expenses		644,197	628,873
Information technology expenses		53,432	120,281
Loss on disposal of assets		–	21,873
Membership expenses		155,244	207,730
Occupancy expenses		169,880	218,759
Office and administration expenses		156,898	193,199
Precedent development		62,431	62,892
Superannuation		148,270	145,117
Travel and accommodation		93,246	92,978
		4,022,809	**4,643,846**
Surplus / (deficit) before income tax		(7,789)	(100,628)
Income tax (expense) / benefit	9	31,969	28,747
Total comprehensive income / (loss) for the year		**24,180**	**(71,881)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2018

	Note	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	2	2,489,728	2,313,468
Trade and other receivables	3	79,724	85,643
Other assets	4	264,857	140,040
Total current assets		**2,834,309**	**2,539,151**
Non-current assets			
Property, plant and equipment	5	265,901	341,532
Deferred tax assets	9	152,031	120,062
Total non-current assets		**417,932**	**461,594**
Total assets		**3,252,241**	**3,000,745**
LIABILITIES			
Current liabilities			
Trade and other payables	6	417,086	369,764
Provisions	7	84,937	78,243
Unearned revenue	8	963,039	794,399
Total current liabilities		**1,465,062**	**1,242,406**
Non-current liabilities			
Provisions	7	149,661	145,001
Total non-current liabilities		**149,661**	**145,001**
Total liabilities		**1,614,723**	**1,387,407**
Net assets		**1,637,518**	**1,613,338**
EQUITY			
Accumulated funds		1,637,518	1,613,338
Total equity		**1,637,518**	**1,613,338**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2018

	Accumulated Funds $	Total $
2018		
Balance at the beginning of the year	1,613,338	1,613,338
Total comprehensive income / (loss) for the year	24,180	24,180
Balance at the end of the year	**1,637,518**	**1,637,518**
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**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2018

	Note	2018 $	2017 $
Cash flows from operating activities:			
Receipts from operations		4,538,274	4,643,539
Payments to suppliers and others		(2,715,075)	(2,718,604)
Payments for employees		(1,654,746)	(1,802,369)
Net cash provided by / (used in) operating activities		**168,453**	**122,566**
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(10,132)	(332,687)
Acquisition of intangible assets		–	(13,712)
Interest received		19,375	26,257
Decrease/(Increase) in term deposit investments		(1,436)	133,473
Net cash provided by / (used in) investing activities		**7,807**	**(186,669)**
Net increase/(decrease) in cash and cash equivalents held		176,260	(64,103)
Cash and cash equivalents at beginning of year		2,313,468	2,377,571
Cash and cash equivalents at end of financial year	2	**2,489,728**	**2,313,468**

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.

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) New Accounting Standards and Interpretations

The Company has adopted all of the new, revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Company in either the current or prior financial reporting periods.

AASB 9: Financial Instruments

In the current year, the the Company has applied AASB 9: Financial Instruments and the related consequential amendments to other AASBs. AASB 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities and impairment for financial assets. Details of these new requirements as well as their impact on the Company's financial statements are described below.

Classification and measurement of financial assets

The date of initial application is 1 January 2018. The Company has applied the requirements of AASB 9 retrospectively. The adoption of the standard has had no impact on comparative amounts.

All recognised financial assets that are within the scope of AASB 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the above, the Company may irrevocably elect to present subsequent changes in the fair value of particular equity instruments in other comprehensive income. The Company may also irrevocably designate a financial asset that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a financial asset measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity instrument designated as measured at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Financial assets that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Impairment of financial assets

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Classification and measurement of financial liabilities

The application of AASB 9 has had no impact on the classification and measurement of the Company's financial liabilities.

The following table illustrates the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 January 2018.

None of the reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income.

1 Summary of Significant Accounting Policies *(continued)*

(a) New Accounting Standards and Interpretations *(continued)*

	Original measurement category under AASB 139	New measurement category under AASB 9	Original carrying amount under AASB 139	Adjustment recognised under AASB 9	New carrying amount under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	2,313,468	–	2,313,468
Other financial assets	Held-to-maturity	Financial assets at amortised cost	62,440	–	62,440
Trade receivables	Loans and receivables	Financial assets at amortised cost	37,432	–	37,432
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	320,422	–	320,422

(b) 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.

(c) 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 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.

1 Summary of Significant Accounting Policies *(continued)*

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

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.

(d) 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.

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.

(e) 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.

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or amortised cost using the effective interest rate method. The subsequent measurement depends on the classification of the financial instrument as described below.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

1 Summary of Significant Accounting Policies *(continued)*

(f) Financial Instruments *(continued)*

(i) Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the above, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity instrument in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a financial asset that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration of an acquirer in a business combination, held for trading, or it is designated as at FVTPL.

(iii) Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The Company recognises lifetime expected credit losses for trade receivables. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(g) Impairment of Non-Financial Assets

At each reporting date, the directors assess whether there is an indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which it belongs.

(h) 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.

1 Summary of Significant Accounting Policies *(continued)*

(h) Employee Benefits *(continued)*

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.

(i) 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.

(j) 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.

(k) 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).

(l) 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.

(m) 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.

	2018 $	2017 $
2 Cash and Cash Equivalents		
Cash at bank and in hand	2,489,728	2,313,468
	2,489,728	**2,313,468**

Cash at bank includes $139,113 (2017: $136,842) relating to the Terry Taylor Scholarship Fund which is earmarked for specific purposes.

	2018 $	2017 $
3 Trade and Other Receivables		
Trade receivables	29,496	37,432
Other receivables	50,228	48,211
	79,724	**85,643**

Of the above receivables $29,042 (2017: $36,355) are overdue.
None of the receivables are considered to be impaired.

	2018 $	2017 $
4 Other Assets		
Term deposit – bank guarantee	63,876	62,440
Prepayments	200,981	77,600
	264,857	**140,040**

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.

	2018 $	2017 $
5 Property, Plant and Equipment		
Furniture and equipment – at cost	49,708	39,579
Less accumulated depreciation	(37,067)	(34,285)
	12,641	**5,294**
Leasehold improvements – at cost	401,781	401,781
Less accumulated depreciation	(148,521)	(65,543)
	253,260	**336,238**
Computer equipment – at cost	60,575	60,575
Less accumulated depreciation	(60,575)	(60,575)
	–	**–**
	265,901	**341,532**

Movement in Carrying Amount

	Furniture and equipment $	Leasehold improvements $	Computer equipment $	Total $
Balance at the beginning of year	5,294	336,238	–	341,532
Additions	10,132	–	–	10,132
Depreciation expense	(2,785)	(82,978)	–	(85,763)
Balance at the end of the year	**12,641**	**253,260**	**–**	**265,901**

for the year ended 31 December 2018

	2018 $	2017 $
6 Trade and Other Payables		
Trade payables	205,221	141,110
GST payable/(receivable)	84,705	49,342
Accrued expenses and other payables	127,160	179,312
	417,086	**369,764**
7 Provisions		
Current		
Annual leave	54,345	46,039
Long service leave	30,592	32,204
	84,937	**78,243**
Non-current		
Long service leave	49,661	45,001
Lease make good	100,000	100,000
	149,661	**145,001**
	234,598	**223,244**
8 Unearned Revenue		
Membership subscriptions	900,382	768,015
Education, events and other income in advance	62,657	26,384
	963,039	**794,399**
9 Income Tax		
(a) The components of tax expense / (benefit) are:		
– current tax	–	–
– deferred tax	(31,969)	(28,747)
	(31,969)	**(28,747)**
(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% (2017: 27.5%)	(2,142)	27,673
Increase in income tax expense / (benefit) due to non-tax deductible items:		
– expenses attributable to members	858,409	988,575
Decrease in income tax expense / (benefit) due to non-tax assessable items:		
– income attributable to members	(890,386)	(997,803)
	(34,119)	(36,901)
Effect of change in tax rates	–	7,610
Non-deductible expenses and temporary differences	2,150	544
Income tax attributable to surplus / (deficit)	**(31,969)**	**28,747**
(c) Deferred Tax Assets:		
Non-current		
Deferred tax assets comprise:		
Provisions and accruals	13,362	12,937
Tax losses	138,669	107,125
	152,031	**120,062**

	Note	2018 $	2017 $
10 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 six (2017: seven) key management personnel during the year are as follows:			
– Total key management personnel compensation		**896,892**	**1,120,194**

In addition to the above compensation, the Company has paid an insurance premium of $6,229 (2017: $4,491) 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.

11 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.

12 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 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 $	2017 $
Financial assets			
Financial assets measured at amortised cost			
– Cash and cash equivalents	2	2,489,728	2,313,468
– Trade receivables	3	29,496	37,432
– Term deposit investment	4	63,876	62,440
Total financial assets		**2,583,100**	**2,413,340**
Financial liabilities			
Financial liabilities at amortised cost			
– Trade and other payables	6	332,381	320,422
Total financial liabilities		**332,381**	**320,422**

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.

	2018 $	2017 $
13 Leasing Commitments		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments:		
– no later than twelve months	156,564	149,573
– between twelve months and five years	335,232	491,796
	491,796	**641,369**

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.

14 Contingent Liabilities and Contingent Assets

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

15 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.

16 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 29, 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 2018 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
17 April 2019

Scott Atkins
17 April 2019

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 2018, 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 2018 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 2018 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.

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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 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, 17 April 2019

G J Murphy
Partner

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