Australian Institute *of* Company Directors

ABN 11 008 484 197

2020

Financial Report

For the year ended 30 June 2020

Contents

Directors' Report

The Board of the Australian Institute of Company Directors® (AICD®) present their report together with the financial statements for the financial year ended 30 June 2020.

Directors

The names of directors in office during the financial year or as at the date of this report are in Note 16.

Principal Activities

In July 2018, the AICD launched a new Vision: Strengthening society through world-class governance.

We have set out to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society.

With 45,405 members, one strength of the AICD is the diversity of our community. From charities, to schools, sporting teams, small business and large listed companies we truly represent the diversity of Australia's community.

Our diverse membership has in common three core objectives: to become better individual directors; to better understand their obligations and responsibilities as directors; and to improve the governance capability of their organisation.

We deliver against these three objectives through professional development and education programs including the *Company Directors Course*; through seminars and events including our annual *Australian Governance Summit*; through publications on director and governance issues including the *Company Director* magazine; by advocating for sound policies that will strengthen society through better economic outcomes, and by promoting debate on core governance issues that will increase transparency and trust in society.

During the financial year there was no significant change in the nature of those activities.

Review of Operations

The COVID-19 crisis significantly impacted AICD operations in the final quarter of the 2020 financial year. Due to restrictions, AICD ceased delivery of all face-to-face education programs, events and closed member lounges with effect 16 March. The financial impact of the COVID-19 crisis is described in the Financial Results section of this report.

AICD's direct member response to the COVID-19 crisis included:

- Offering a three-month deferral of membership renewal for members renewing in the final quarter of the financial year.
- Developing webinars on the critical information directors required in order to respond effectively to the pandemic. Monthly enrolment numbers jumped from an average of 2,500 to close to 7,000 in the final quarter of 2020;
- Developing a temporary online version of the *Company Directors Course* and *Foundations of Directorship* program to enable members who were impacted by the deferment of face-to-face courses from March – June;
- Introducing a discrete portfolio of self-paced, online courses focused on the board's role in business recovery;
- Launching a COVID-19 Resource Hub on the AICD website, featuring articles, tools and policy updates to support the governance community in navigating the crisis;
- Advocating for COVID-19 crisis regulatory relief including insolvent trading, continuous disclosure, financial reporting, NFP support and virtual AGMs; and
- Surveying more than 2,300 AICD members from a range of sectors on the governance impact of COVID-19, providing insights into the challenges and bold steps required to navigate through the recovery phase.

During the 2020 financial year, the AICD continued to deliver outcomes supporting its vision of strengthening society through world-class governance. These outcomes included:

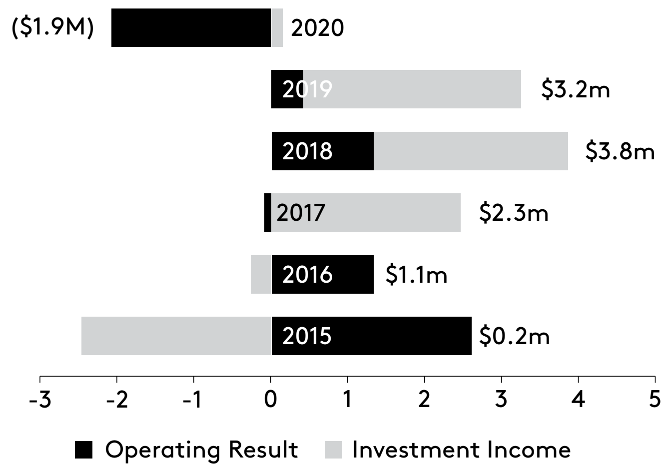
- Delivering world-class governance education courses to 12,586 participants. New initiatives have included the introduction of a portfolio of online education courses and a refreshed self-paced version of the *Company Directors Course* aimed at independent and remote learners;
- Providing high-quality governance insights for members via the *Company Director* magazine, membership updates and director tools and resources;
- Continuing work with Indigenous communities across several states including ongoing programs in the NT and launching the *Aspiring Indigenous Directors* program in QLD and expansion of AICD funding support for Indigenous governance education;
- Marking the achievement of the AICD's target of 30% gender diversity on ASX 200 boards while continuing our focus on improving board gender diversity;
- Extending the *Defence Women's Leadership Program* which has drawn 40 participants from five states;
- Hosting the *Public Sector Governance Forum* 2019 in partnership with Institute of Public Administration Australia (ACT) with over 300 attendees;
- Delivering the AICD's *Governance Diplomacy Program* to strengthen governance in developing countries in our region through scholarships and training;
- Funding 140 not-for-profit scholarships for the AICD's *Governance Foundations for NFP Directors* program;
- Continuing to promote gender diversity through the FY20 *Chair's Mentoring Program*, connecting 45 experienced and talented women with senior ASX 200 chair and director mentors;
- Contributing to governance law reform debate including the corporate criminal responsibility regime (Australian Law Reform Commission), role of the board and director accountability; and
- Releasing the AICD's annual *NFP Governance & Performance Study*, supported by new *NFP Governance 101* workshops for more than 700 directors of smaller NFPs across regional locations.

Financial Results

In accordance with its strategy, during the 2020 financial year, the AICD continued to utilise member funds to:

- Advance the AICD mission;
- Increase and improve services to its members; and
- Manage reserves for ongoing sustainability.

The AICD's deficit for the financial year ended 30 June 2020 was $1.9m (2019: surplus $3.2m).



The operating result including finance costs for the financial year was a deficit of $2.0m (2019: $0.4m surplus).

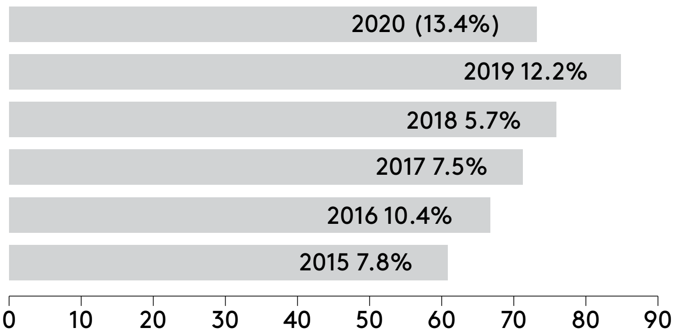
Prior to COVID-19, the AICD was on track to deliver an operating surplus for 2020.

Finance income from investments for the year was $0.1m (2019: $2.7m).

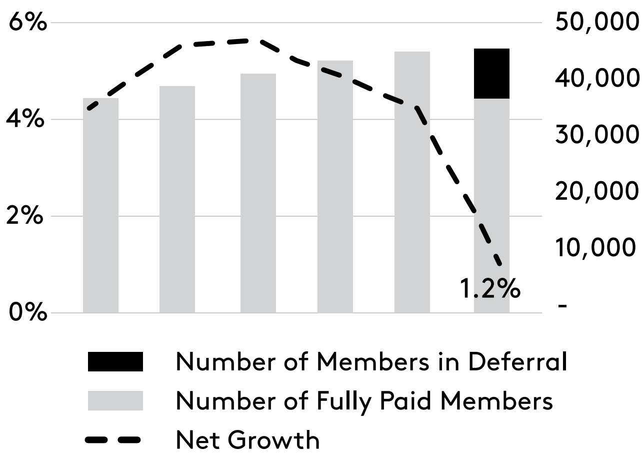
Operating Revenue and Other Income

Operating revenue (which excludes income from investments) decreased by 13.4% (2019: 12.2% increase) over the 2020 financial year to $74.1m (2019: $85.6m). The pre COVID-19 performance being the first eight months of 2020 delivered a 3% uplift in revenue compared to the prior financial year.

Operating Revenue ($m – annual growth %)



AICD delivered a 1.2% growth in membership to 45,405 (2019: 44,869). As at 30 June AICD had 36,800 financial members and 8,605 members who have deferred membership renewals due between April and June 2020 as part of AICD's COVID-19 response.



Revenue from education and consulting services decreased by 25.2% (2019: 11.4% increase) for the year due to COVID-19 operational restrictions. For the final quarter of the financial year, revenue from education programs decreased by 73% on prior year comparative period.

In response to COVID-19, online education offerings in the final quarter were significantly increased resulting in $3.2m of revenue being generated.

Attendance at our annual conference in Sydney was a record high at 1,507 (2019: 1,461). The total number of attendees at events and conferences throughout the year, as a result of COVID-19 restrictions, reduced to 29,970 (2019: 36,367).

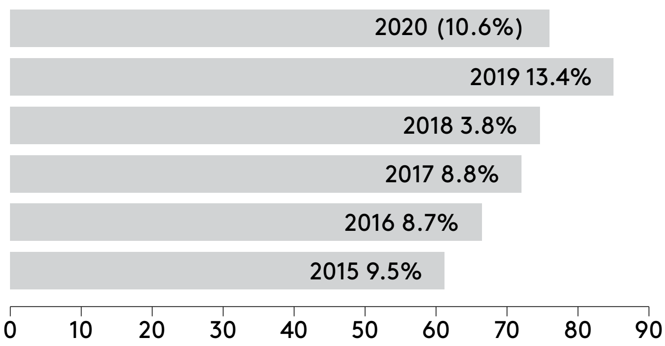
Revenue includes $2.6m Jobkeeper subsidy received from the Federal Government.

Operating Expenses

Operating expenses including finance costs decreased by $9.0m or 10.6% compared to the prior financial year (2019: 13.4% increase) due to the following COVID-19 impacts:

- Reduced education delivery expenses due to impact on face to face programs.
- Reduced staff costs due to reduced hours and voluntary pay reduction for a three-month period commencing 1 May.
- Indefinite suspension of short-term incentive program for all qualifying staff.
- Reduced discretionary spend in respect of media, advertising, research and office related expenditure.

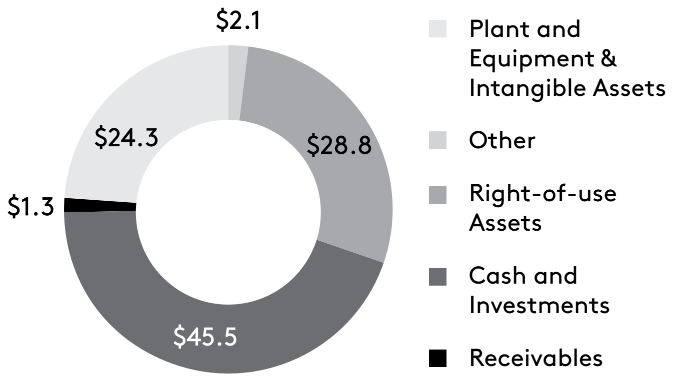
Operating Expenses (including finance costs) ($m – annual growth %)



Review of Financial Condition

Members' Funds decreased from $29.2m to $27.3m during the year ended 30 June 2020.

Assets ($m)

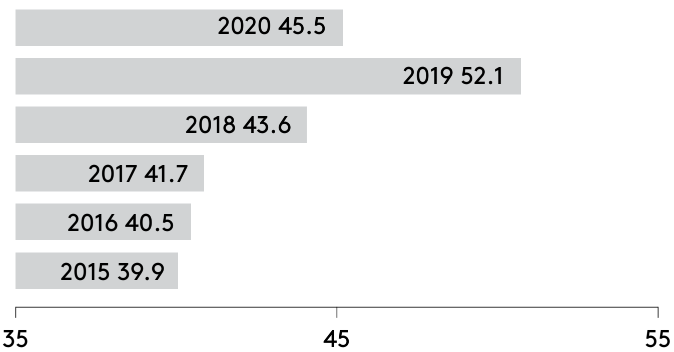


Cash and Investments total $45.5m (2019: $52.1m) of which $31.1m (2019: $35.2m) is invested in Mercer Moderate Growth fund in accordance with the Investment Policy approved by the Board.

Plant and Equipment & Intangible Assets total of $24.3m (2019: $25.4m) includes the leasehold assets across Australia and investments in software developments to improve the quality of member products and services.

Right-of-use Assets total of $28.8m recognised as a result of implementing AASB 16 Leases accounting standard. The $28.8m represents AICD's lease portfolio of offices and IT equipment.

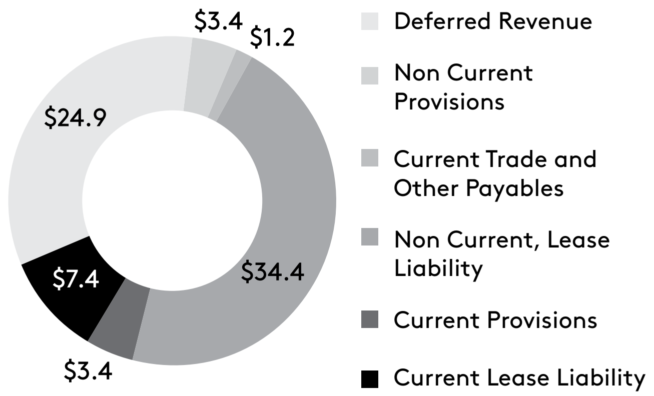
Cash and Investments ($m)



The value of cash investments decreased by $6.6m during the year, comprised of operating cash inflows of $5.7m offset by financing cash outflows of $7.1m. Cash receipts were impacted due to lower activity as a result of COVID-19. Investment cash outflows included $4.5m related to software development and $0.7m related to office refurbishments. In April, the AICD withdrew $4.0m from the Mercer fund supporting working capital requirements as a result of COVID-19 impacts.

The Investment Policy sets out the risk and return expectations over a defined investment period.

Liabilities ($m)



Deferred Revenue represents annual membership fees amortised over twelve months and pre-paid courses and events. An increase of $0.4m over the financial year is largely attributable to deferral of attendance at courses originally scheduled in April, May and June as a result of COVID-19. These courses have been re-scheduled in the 2021 financial year.

Current Other Provisions decreased by $3.1m as a result of the suspension of the short-term incentive program for all qualifying staff.

Trade and Other Payables reduced by $17.1m due to the adoption of AASB 16 Leases requiring rent provisions to offset against the right-of-use asset on the transition date of 1 July 2019. In prior year, $10.5m was previously classified as noncurrent in the Statement of Financial Position.

Reserves Policy

The AICD has a Reserves Policy which provides a framework to set aside sufficient financial reserves in order to:

- Protect and safeguard assets;
- Meet liabilities as they fall due;
- Provide resilience and capacity to manage unforeseen financial difficulties; and
- Deliver against the strategic mission and aspirations.

The following principles apply in determining the target level of reserves:

- The growth of the target level of reserves should always exceed zero in any whole financial year unless the reserve is used to fund material undertakings as set out in the strategic plan and approved by the Board;
- The target level of reserves should never fall below 25% of the annual operating expenses; and
- The goal is to maintain reserves between 25%-50% of annual operating expenses.

At 30 June 2020, the value of reserves as a percentage of operating expenses including finance costs was 36% (2019: 34%).

The AICD does not subscribe to any debt instruments to support its funding requirements.

The AICD is a company limited by guarantee and no dividends are payable.

Members' guarantee

The AICD is a company limited by guarantee. In the event of, and for the purpose of, winding up of the company, the amount capable of being called up from each member and any person who ceased to be a member in the year prior to the winding up, is limited to $20, subject to the provisions of the company's constitution.

At 30 June 2020 the collective liability of members was $908,100 (2019: $897,380).

Rounding

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report have been rounded to the nearest thousand dollars ($'000).

Significant Changes in State of Affairs

During the financial year the company was significantly impacted by COVID-19. The impact on financial year revenue and operating expenses are disclosed in the Directors Report. In response to the COVID-19 impacts, the company implemented initiatives to generate revenue via online channels and reduce operating expenses to maintain its reserves between 25%-50% of annual operating expenses per the Board approved Reserves Policy.

Significant Events after Year End

There has not been any matter or circumstance that has arisen in the interval between the end of the financial year and the date of this report that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

Likely Developments and Future Results

There are no likely developments in the operations of the company which would affect the results of future operations.

The impact of COVID-19 on future operations has been factored into the 2021 financial year plan. Based on current estimates for the 2021 financial year, AICD will continue to maintain its reserves between 25%-50% of annual operating expenses per the Board approved Reserves Policy.

Indemnification and Insurance of Directors and Officers

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the company and of any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' and Officers' Remuneration

The non-executive directors of the company are appointed on an honorary basis and as a result do not receive any remuneration, either directly or indirectly, in their capacity as a director from the company or any related party. The MD & CEO is appointed by the Board as an executive director and is remunerated as an employee of the company as set out in Note 16 to the Financial Statements.

No director can hold an interest in the company as it is a company limited by guarantee. Each director, being a member, is liable to the extent of the guarantee given under the company's Constitution. No director of the company has received or become entitled to receive a benefit during or since the end of the financial year because of a contract that the director or a firm of which the director is a member, or an entity in which the director has a substantial financial interest made with the company, or an entity that the company controlled, or a body corporate that was related to the company when the contract was made or when the director received or became entitled to receive a benefit.

The policy governing staff and senior executive remuneration is reviewed and approved by the AICD's Human Resources and Remuneration Committee and the Board. Remuneration is determined as part of an annual performance review, having regard to market factors and a performance evaluation process. For executive officers, remuneration packages generally comprise salary, a performance-based bonus and superannuation.

Meeting Attendances

The meeting attendance by directors during the year 1 July 2019 to 30 June 2020 is noted below.

Director	Board	AFIC	HRRC	NMC	NAGC	RACC
Mr John Atkin FAICD	7 of 7*	4 of 4 ^	4 of 4^	2 of 2 ^	3 of 3*	4 of 4^
Ms Tracey Horton AO FAICD	7 of 7		1 of 1		3 of 3	
Mr David Bayes FAICD	6 of 7	4 of 4	4 of 4*		3 of 3	
Mr Michael Coleman FAICD	7 of 7	4 of 4*		2 of 2		1 of 1
Ms Anne Cross AM FAICD	6 of 6				2 of 2	3 of 3
Ms Naomi Edwards FAICD	6 of 7	3 of 4				4 of 4*
Ms Kathy Gramp FAICD	6 of 7	3 of 4	4 of 4**			
Mr Derek La Ferla FAICD	7 of 7		3 of 3	2 of 2		
Dr Sally Pitkin FAICD	1 of 1					
Ms Nicola Wakefield Evans FAICD	6 of 7					4 of 4
Ms Liesel Wett FAICD	7 of 7		4 of 4	2 of 2*		
Mr Kee Wong FAICD	5 of 7			2 of 2		3 of 4
Mr Angus Armour FAICD	7 of 7	4 of 4	4 of 4	2 of 2	3 of 3	4 of 4

*Denotes the Chair of the Board or relevant Committee Chair as the case may be.
**Denotes the incoming Committee Chair, commencing 16 October 2019.
^ Denotes attended as a guest, not as a member of the committee.

AFIC – Audit, Finance and Investment Committee
HRRC – Human Resource and Remuneration Committee
NMC – National Membership Committee
NAGC - Nominations and Governance Committee
RACC - Risk and Compliance Committee

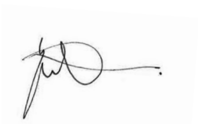
Auditor's Independence Declaration

The directors received the independence declaration from the AICD's auditor. The independence declaration forms part of the Directors' Report for the year ended 30 June 2020 and is located on the page following the Directors' Report.

Non-Audit Services

The AICD received revenue from sponsorship of events from KPMG of $151,250. KPMG did not provide any non-audit services to AICD during FY20. The directors are satisfied that the receipt of sponsorship is compatible with the general standard of independence for auditors and auditor independence requirements imposed by the Australian Charities and Not-for-Profits Commission Act 2012.

Signed in accordance with a resolution of the directors.



John Atkin FAICD
Chair

Angus Armour FAICD
Managing Director and Chief Executive Officer

Sydney, 21 August 2020

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of the Australian Institute of Company Directors

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

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

KPMG

Tracey Driver
Partner

Sydney
21 August 2020

Corporate Governance Information

The Australian Institute of Company Directors (AICD) is governed by its Constitution, By-laws and Charters.

The AICD is dedicated to making a difference to the quality of directorship and seeks to promote excellence in governance. As such, the AICD is committed to ensuring that it leads by example in how the organisation is governed.

The AICD operates within a sound corporate governance framework based on the ASX Corporate Governance Council Principles and Recommendations and ensuring compliance with the Australian Charities and Not-for-Profit Commission's (ACNC) Governance Standards.

During the financial year, the following initiatives were implemented to enhance the AICD's standard of governance:

- Conducted an external Board evaluation to ensure continuous improvement, provide greater clarity of roles and responsibilities, enrich decision making, and create efficiencies.
- Comprehensively reviewed AICD's Strategic Plan to ensure the organisation is fulfilling its Vision and Mission and is aligned with stakeholder expectations.
- Reviewed Division Council processes to ensure a consistent and standardised framework.
- Reviewed the AICD's Board skills matrix to strengthen its governance commitment, enhance decision making and ensure appropriate diversity. The skills matrix is available on the AICD's website: aicd.com.au.

The Board

The Board is responsible for the overall corporate governance of the AICD. Its powers are referred to in the AICD's Constitution, which is available on the AICD website. The adoption of any proposed changes to the Constitution are subject to the approval of members at a general meeting.

The objectives and responsibilities of the Board are set out in the Board Charter (Charter). The Charter recognises that the Board's ultimate responsibility is to approve AICD's strategy and oversee the performance of the organisation and the CEO. The Charter is reviewed annually.

Board Committees

To improve its efficiency, effectiveness and oversight, the Board has established the following Committees: Audit, Finance and Investment; Risk and Compliance; Human Resources and Remuneration; Nominations & Governance, and National Membership.

In addition, the AICD is advised on policy matters by several advisory committees of senior practising directors and technical experts. The Board approves the Terms of Reference of these committees and periodically reviews their membership.

Division Councils

There are seven Division Councils. Each Division Council has between five and ten members. Each Council elects a President. The rules for election and retirement of Division Council members are set out in the By-laws, which are available on the AICD's website: aicd.com.au.

Division Councils are advisory in nature and perform the following functions as delegated to them by the Board:

1. Advise the Board and MD & CEO on:

 (a) Policy matters affecting the role of directors;

 (b) Membership matters; and

 (c) The strategy and policies of the AICD and management issues that may arise from time to time;

2. Consider applications for membership and membership upgrades for the relevant Division;
3. Provide oversight of the Director Professional Development education system;
4. Represent the views and aspirations of the AICD in the Division's state or territory and develop relationships with leaders in directorship, regulation and politics who reside, or are active in the relevant state or territory; and
5. Support the State Manager with regard to advice on:

 (a) Events;

 (b) Member services, member recruitment and retention and member grade matters; and

 (c) The general conduct of the Division, including education programs and Director Professional Development.

The State Managers' reporting line is through the General Manager, Members & Clients to the CEO. The Division Council Charter is available on the AICD's website: aicd.com.au.

The AICD's Corporate Governance Statement is publicly available on the AICD website: aicd.com.au.

Refer to the AICD website: aicd.com.au for further information on policies that have been approved and adopted by the Board.

A description of the AICD's operations and its principal activities are included in the Directors Report on pages 4 to 11.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020	Note	2020 $'000	2019* $'000
Operating revenue	4	71,173	84,764
Other income	4	2,905	792
Total revenue		**74,078**	**85,556**
Operating expenses			
Education and events		(24,679)	(30,375)
Membership		(24,830)	(24,776)
Publishing		(3,327)	(3,356)
Grants and donations		(6)	-
Administration		(20,567)	(25,883)
Strategic initiatives		(907)	(756)
Total expenses		**(74,316)**	**(85,146)**
Results from operating activities		**(238)**	**410**
Finance income		145	2,746
Finance costs		(1,785)	-
Net finance cost	6	**(1,640)**	**2,746**
(Deficit)/Surplus for the year		**(1,878)**	**3,156**
Total comprehensive (loss)/income for the year		**(1,878)**	**3,156**

*Operating expenses within the comparative period have been reclassified during the year, refer to Note 3 (e) for further details.

The Notes are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2020	Note	2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	7	14,452	16,846
Trade and other receivables	8	1,291	2,235
Prepayments		2,108	2,136
Total current assets		**17,851**	**21,217**
Non-current assets			
Plant and equipment	9	16,291	19,369
Right-of-use assets	14	28,750	-
Intangible assets	10	8,020	6,049
Financial assets	11	31,093	35,241
Total non-current assets		**84,154**	**60,659**
Total assets		**102,005**	**81,876**
Liabilities			
Current liabilities			
Trade and other payables		1,254	7,839
Employee benefits provisions	5	3,241	6,465
Lease liability	14	7,374	-
Other provisions	12	173	-
Deferred revenue	13	24,876	24,525
Total current liabilities		**36,918**	**38,829**
Non-current liabilities			
Trade and other payables		-	10,543
Employee benefits provisions	5	528	463
Lease liability	14	34,392	-
Other provisions	12	2,874	2,870
Total non-current liabilities		**37,794**	**13,876**
Total liabilities		**74,712**	**52,705**
Net assets		**27,293**	**29,171**
Members' funds			
Retained surpluses		27,293	29,171
Total members' funds		**27,293**	**29,171**

The Notes are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2020	Note	2020 $'000	2019 $'000
Opening members' funds		29,171	26,015
Total comprehensive (loss)/income for the year		(1,878)	3,156
Members' funds		**27,293**	**29,171**

The Notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2020	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers and sponsors		77,850	92,274
Payments to suppliers and employees		(70,361)	(68,988)
Interest paid		(1,785)	-
Net cash flows from operating activities	7(b)	**5,704**	**23,286**
Cash flows from investing activities			
Interest received		117	147
Distribution received		1,877	1,732
Franking credits received		176	73
Sale of other financial assets		4,000	9,000
Purchase of other financial assets		(1,877)	(14,732)
Payment for plant and equipment		(745)	(14,719)
Payment for intangible assets		(4,512)	(2,973)
Net cash flows used in investing activities		**(964)**	**(21,472)**
Cash flows from financing activities			
Payment of lease liabilities		(7,133)	-
Net cash flows from financing activities		**(7,133)**	-
Net increase in cash and cash equivalents		(2,393)	1,814
Cash and cash equivalents at the beginning of the period		16,846	14,968
Effect of exchange rate fluctuations on cash held		(1)	64
Cash and cash equivalents at the end of the period	7(a)	**14,452**	**16,846**

The Notes are an integral part of these financial statements.

Notes to the Financial Statements

1. Corporate Information

The financial report of the not for profit company Australian Institute of Company Directors (AICD) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 21 August 2020.

The Australian Institute of Company Directors is a company limited by guarantee incorporated in Australia and by licence ("ASIC Licence") that was in force immediately before 1 July 1998 and is allowed to omit "Limited" from its name.

The AICD is incorporated and domiciled in Australia.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASB's) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-Profits Commission Act 2012.

This is the first set of annual financial statements in which AASB 16 Leases, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities has been applied. Changes to significant accounting policies are described in Note 3(d).

(b) Basis of measurement

The financial report has also been prepared on a historical cost basis, except for Financial Assets, which have been measured at fair value through profit or loss.

(c) Functional and presentation currency

The financial report is presented in Australian dollars which is the AICD's functional currency.

(d) Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 12 – Other Provisions, in relation to property "make-good" provisions.

3. Summary of significant accounting policies

(a) Income tax

Section 50 of the Income Tax Assessment Act 1997 provides that certain institutions will be exempt from income tax. The AICD falls specifically under section 50-B of the Act.

(b) Other taxes

(i) GST

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

GST exemption on public education courses was approved by Private Ruling on the 13 July 2007.

GST exemption on public events was applied from 1 January 2009 pursuant to section 38-250 Goods and Services Tax Act 1999. (ii) Payroll tax

The AICD is exempt from payroll tax in Queensland, New South Wales and Tasmania.

(c) Going concern

Current liabilities exceed current assets due to deferred revenue for education, events and membership. These are classified as current liabilities under deferred revenue. These amounts represent a liability for services not yet performed as distinct from a liability for unpaid amounts.

There is a national policy applied uniformly across each state governing the refund of any education and event. Membership fees are not refunded. Management believes the accountability surrounding the application of the policy, specifically refunds, is such that any future financial obligation is mitigated.

Due to COVID-19, revenue has materially reduced in the 2020 financial year due to the inability to deliver face to face education programs. The AICD implemented actions to generate revenue via online channels and reduce operating expenses to maintain its reserves between 25%-50% of annual operating expenses per the Board approved Reserves Policy. The AICD has maintained a strong cash position throughout the COVID-19 crisis to ensure adequate funding is available to meet all current and future financial obligations.

Based on current estimates for the 2021 financial year, the forecast cash position for the next twelve months confirms there are sufficient funding levels to meet all current and future financial obligations. In preparing the 2021 financial year forecast, the AICD has adopted very conservative settings across membership and education programs. The online education offerings provide opportunities for AICD to continue to deliver its education programs throughout 2021 mitigating the risk of any potential second wave complications.

(d) Changes in significant accounting policies

The company initially applied AASB 16 Leases, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities from 1 July 2019. A number of other new standards are also effective from 1 July 2019, but they do not have a material effect on the company's financial statements.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

The adoption of AASB 15 has not resulted in any impact on the company's statement of financial position or its statement of profit or loss for the year ended 30 June 2020. For additional information about the company's accounting policies relating to revenue recognition, see Note 4.

AASB 1058 requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements. The company has adopted the standard with no material impacts noted.

AASB 16 Leases

The company applied AASB 16 using the modified retrospective approach; there was no adjustment made to retained earnings. Accordingly, the comparative information presented for 2019 is not restated- i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 14.

B. As a lessee

As a lessee, the company leases many assets including property and IT equipment. The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the company. Under AASB 16, the company recognises right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet.

Previously, the company classified property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 July 2019 (see impact on transition below). Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the company applied this approach to all other leases.

The company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on transition

On transition to AASB 16, the company recognised additional right-of-use assets less the write back of lease incentives, and additional lease liabilities.

The company has applied AASB 16 from 1 July 2019 using the modified retrospective approach. On initial application, the following has been recognised:

- A lease liability measured at the present value of remaining lease payments, discounted using the incremental borrowing rate as at 1 July 2019
- A right-of-use-asset measured equal to the lease liability less any lease incentives at the date of initial application

When measuring lease liabilities for leases that were classified as operating leases, the AICD discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 4%.

The impact of the transition is summarised below.

Impact on transition (continued)

	1 July 2019 $'000
Right-of-use assets – IT Equipment	1,945
Right-of-use assets – Office	32,807
Provision for lease straight-line and incentives	13,873
Lease liabilities	(48,625)
Net nil impact on retained earnings	-
Operating lease commitments at 30 June 2019	55,734
Discounted using the incremental borrowing rate as at 1 July 2019	48,843
Recognition exemption for leases of low-value assets	(2)
Recognition exemption for leases of leases for less than 12 months	(216)
Lease liabilities recognised under AASB 16 at 1 July 2019	**48,625**

(e) Allocation of expenses across products and services

In 2020, AICD revised its internal allocation methodology for expenses across Education and events, Membership and Administration. The revised approach considers recent changes in the operating model across and reflects a more targeted allocation of property costs, specifically, AICD Business Centre Member lounges and training rooms. The 2019 comparatives have been re-classified to reflect the revised methodology. There is no impact on prior year total operating expenses due to re-classification.

	2019 (re-classified) $'000	2019 $'000
Operating expenses		
Education and events	30,375	36,058
Membership	24,776	19,004
Publishing	3,356	3,356
Grants and donations	-	**12**
Administration	25,883	25,960
Strategic initiatives	756	756
Total expenses	85,146	85,146

4. Operating Revenue

	2020 $'000	2019 $'000
Education	40,137	53,695
Events and Conferences	3,994	4,841
Membership	26,075	25,181
Publishing	967	1,047
	71,173	**84,764**

Other Income

	2020 $'000	2019 $'000
Government grants	273	732
Jobkeeper Subsidy	2,602	-
Other income	30	60
	2,905	792

(a) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines and the timing of revenue recognition.

	Education	Events and Conferences	Membership	Publishing
2020	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from contracts with customers	40,137	3,994	26,075	967
Timing of Revenue Recognition				
At a point in time	31,930	3,994	1,304	967
Over time	8,207	-	24,771	-
Total	**40,137**	**3,994**	**26,075**	**967**
2019				
Revenue from contracts with customers	53,695	4,801	25,221	1,047
Timing of Revenue Recognition				
At a point in time	46,724	4,801	1,346	1,047
Over time	6,971	-	23,875	-
Total	**53,695**	**4,801**	**25,221**	**1,047**

Education

Education revenue is recognised as the associated performance obligations are satisfied. Payments are received in advance except in a small number of cases where customers are invoiced, and payment is due within 30 days. Revenue that relates to future periods is shown in the Statement of Financial Position as subscriptions and fees in advance under the heading of 'current liabilities – deferred revenue".

Events and Conferences

Professional development revenue is recognised at a point in time as events are delivered or as goods are transferred to customers. Payments are generally received in advance; where customers are invoiced, payment is due within 30 days. Revenue that relates to future periods are shown in the Statement of Financial Position as subscriptions and fees in advance under the heading of 'current liabilities – deferred revenue'.

Member fees and subscriptions

The membership subscriptions are payable annually in advance. Only those membership fees and subscriptions that are attributable to the current financial year are recognised as revenue over time. Fees and subscription payments that relate to future periods are shown in the Statement of Financial Position as subscriptions and fees in advance under the heading of 'current liabilities – deferred revenue'.

Publishing

Revenue from publications activity is recognised at the time of the publication issue. Payment is due from customers within 30 days of invoicing. Where payment is received in advance, it is recognised as a liability until the performance obligation is satisfied.

Government Grants

Grants received from Federal and State Governments primarily relate to education program deliveries and scholarships. Revenue from grants is recognised when performance obligations are satisfied.

Jobkeeper Subsidy

Jobkeeper government grant income is accounted for under AASB 1058 Income of Not-for-Profit Entities. As the Jobkeeper arrangement with Government does not contain sufficiently specific performance obligations, AASB 15 Revenue from Contracts with Customers does not apply, and income is recognised in profit or loss (AASB 1058, paragraph 10). The continued employment of staff is an internal activity and does not represent the transfer of goods or services to a customer, there is no sufficiently specific performance obligation. AASB 1058 does not provide a choice to offset the government grant against the salary expense. Jobkeeper payments are therefore presented as Other Income.

Other revenue- generating activities

Revenue from other contracts with customers is transferred at a point in time when performance obligations are satisfied by transferring promised goods or services to customers. Payment is due from customers within 30 days of invoicing.

(b) Accounting policy for revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the AICD and the revenue can be reliably measured. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Revenue type	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15	Revenue recognition under AASB 118
(i) Education and Events	Performance obligations are satisfied upon delivery of program.	No change to policy under AASB 118.	Revenue recognised upon delivery of program.
(ii) Membership	Membership subscriptions are payable annually in advance. Joining fees are satisfied at point of membership.	No change to policy under AASB 118.	Revenue recognised for membership fees over the 12 months. Joining fees are recognised up-front.

In response to COVID-19, the AICD offered temporary relief to members who had membership renewals due between April and June 2020 by deferring the due date of their membership fee for three months. Membership renewal payments deferred for the April to June 2020 period are not recognised in the current financial year revenue unless the money has been received. Revenue will be recognised for the respective months of membership in the 2021 financial year.

5. Employee benefits expenses and provisions

	2020 $'000	2019 $'000
a) Employee benefits expenses:		
Salary and wages	28,235	28,614
Superannuation	2,695	2,813
Short term incentive	-	3,491
Long service leave	331	447
Annual leave	579	435
	31,840	**35,800**
b) Employee benefits provisions:		
Current provisions:		
Short term incentive	-	3,512
Annual leave	2,013	1,775
Long service leave	1,228	1,178
	3,241	**6,465**
Non-current provisions:		
Long service leave	528	463
	528	**463**

(c) Accounting policy for employee leave benefits

Wages, salaries, annual leave

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised as employee benefits liability in respect of employees' services up to the reporting date on an undiscounted basis. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on Milliman corporate discount rates with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

6. Finance income and finance costs

	2020 $'000	2019 $'000
Finance income		
Interest	117	147
Distribution	1,877	1,732
Franking credits	176	73
Fair value movements of financial assets held at fair value	(2,024)	730
Foreign exchange gain	(1)	64
	145	**2,746**
Finance cost		
Financial liabilities measured at amortised cost – interest expense	(1,785)	-
Net finance income recognised in surplus or (deficit)	**(1,640)**	**2,746**

(a) Accounting policy for financial income and costs

Financial income includes distribution, interest and other financial income. Distribution income is recognised in the Statement of Profit or Loss and Other Comprehensive Income, when the AICD's right to receive payment is established. Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income, as it accrues in the surplus or deficit, using the effective interest rate method. Other financial income includes changes in the fair value of financial assets held at fair value. These are recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

7. Cash and cash equivalents

	2020 $'000	2019 $'000
(a) Reconciliation to cash flow statement		
Cash and cash equivalents comprise the following at 30 June:		
Cash at bank and on hand	9,337	9,846
Secured term deposit	5,115	7,000
	14,452	**16,846**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Secured term deposit is a fixed term bank deposit with a term ranging from one month and three months that is used as security for the leased properties bank guarantee facility, merchant forward delivery facility and corporate credit card facility.

	2020 $'000	2019 $'000
(b) Reconciliation of net surplus to net cash flows from operations		
Net (loss)/income	(1,878)	3,156
Adjustments for:		
Fair value movements of financial assets held at fair value	2,024	(730)
Depreciation/amortisation of non-current assets	12,638	5,986
Impairment charge on asset	-	603
Loss on disposal of plant and equipment	2	48
Interest received	(117)	(147)
Distribution received	(1,877)	(1,732)
Franking credits received	(176)	(73)
Foreign exchange gain	1	(64)
Net cash provided by operating activities before changes in net assets and liabilities	10,617	7,047
Changes in assets and liabilities		
(Increase)/Decrease in:		
Trade and other receivables	944	527
Prepayments	28	(217)
Changes in provisions:		
Provision for employee benefits	(3,159)	3,251
Property make-good provision	177	1,027
Increase in:		
Trade and other payables	(3,254)	10,660
Deferred revenue	351	991
Net cash from operating activities	5,704	23,286

The AICD has bank guarantees in respect of leased properties to the amount of $6,985,767 (2019: $6,813,502) at year-end. The bank guarantees are secured through the use of the secured term deposit which restricts the use of this facility.

The AICD's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 17.

(c) Accounting policy for cash and cash equivalents

Cash and secured term deposits in the Statement of Financial Position comprise cash at bank and in hand and secured term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

8. Trade and other receivables

	2020 $'000	2019 $'000
Current		
Trade receivables	1,128	1,767
Less allowance for doubtful debts	(50)	(44)
	1,078	1,723
Other receivables	213	481
Accrued income	-	31
	1,291	**2,235**

(a) Past due but not impaired

	2020 $'000	2019 $'000
Not past due or impaired	914	882
30 to 60 days	5	453
61 to 90 days	11	176
Over 90 days	198	256
Total trade receivables	**1,128**	**1,767**

Trade receivables are non-interest bearing and are generally on 30-day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

(b) Bad and doubtful debts expense

	2020 $'000	2019 $'000
Bad and doubtful debts expense	50	44

(c) Accounting policy for trade and other receivables

Trade and other receivables are recognised initially at fair value (the original invoice amount) and subsequently measured at amortised cost less provision for impairment and expected credit losses (ECLs). Loss allowances for trade and other receivables are always measured as an amount equal to lifetime ECLs. Receivable balances for courses and events are not considered collectible until after the course or event has occurred.

When determining whether the credit risk of trade and other receivables has increased significantly since initial recognition and when estimating ECLs, AICD considers both quantitative and qualitative information and analysis, based on AICD's historical experience and informed credit assessment and including forward-looking information. AICD assumes that the credit risk on trade and other receivables has increased significantly if it is more than 180 days past due.

(d) Credit risk

Credit risk is the risk of financial loss if a customer fails to meet their contractual obligations and arises principally from the AICD's receivables from customers. The AICD's Membership, Events and Conferences, Sponsorship and Education courses are paid in advance and therefore mitigate the exposure to credit risk. Receivable balances for courses and events are not considered collectible until after the course or event has occurred.

Receivable balances are monitored on an ongoing basis with the result that exposure to bad debts is minimal. The carrying amount of financial assets and liabilities as shown on the face of the Statement of Financial Position represents the maximum credit risk to which the AICD is exposed.

9. Plant and equipment

	Plant and equipment	Leasehold improvements $'000	Total $'000
Year ended 30 June 2020			
At 1 July 2019, net of accumulated depreciation and impairment	3,945	15,424	19,369
Additions	136	609	745
Disposals	(2)	-	(2)
Depreciation charge for the year	(1,144)	(2,677)	(3,821)
At 30 June 2020, net of accumulated depreciation and impairment	**2,935**	**13,356**	**16,291**
At 30 June 2020			
Cost	7,731	20,179	27,910
Accumulated depreciation and impairment	(4,796)	(6,823)	(11,619)
Net carrying amount	**2,935**	**13,356**	**16,291**

9. Plant and equipment (continued)

	Plant and equipment	Leasehold improvements $'000	Total $'000
Year ended 30 June 2019			
At 1 July 2018, net of accumulated depreciation and impairment	2,484	6,010	8,494
Additions	2,661	12,058	14,719
Disposals	(48)	-	(48)
Depreciation charge for the year	(1,152)	(2,645)	(3,797)
At 30 June 2019, net of accumulated depreciation and impairment	**3,945**	**15,424**	**19,369**
At 30 June 2019			
Cost	7,612	19,570	27,182
Accumulated depreciation and impairment	(3,667)	(4,146)	(7,813)
Net carrying amount	**3,945**	**15,424**	**19,369**

(a) Accounting policy for plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	Life	Method
Office plant and equipment	2-6 years	Straight Line
Leasehold improvements	4-10 years	Straight Line

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the AICD.

10. Intangible assets

	Development costs (website) $'000	Software $'000	Total $'000
Year ended 30 June 2020			
At 1 July 2019, net of accumulated amortisation and impairment	1,560	4,489	6,049
Additions	3,322	1,190	4,512
Amortisation charge for the year	(752)	(1,789)	(2,541)
At 30 June 2020, net of accumulated amortisation and impairment	4,130	3,890	8,020
At 30 June 2020			
Cost (gross carrying amount)	7,920	14,180	22,100
Accumulated amortisation and impairment	(3,790)	(10,290)	(14,080)
Net carrying amount	**4,130**	**3,890**	**8,020**
Year ended 30 June 2019			
At 1 July 2018, net of accumulated amortisation and impairment	2,545	3,323	5,868
Additions	510	2,463	2,973
Impairment charge	(603)	-	(603)
Amortisation charge for the year	(892)	(1,297)	(2,189)
At 30 June 2019, net of accumulated amortisation and impairment	**1,560**	**4,489**	**6,049**
At 30 June 2019			
Cost (gross carrying amount)	5,202	12,991	18,193
Accumulated amortisation and impairment	(3,642)	(8,502)	(12,144)
Net carrying amount	**1,560**	**4,489**	**6,049**

(a) Accounting policy for intangible assets

Intangible assets consist of development activities and those intangible assets acquired by the AICD. Those acquired are initially measured at cost.

Expenditure on research activities for development of products and services and software related projects is not capitalised and is charged against the profit or loss in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any ongoing accumulated impairment losses.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the AICD intends to and has sufficient resources to complete development and use or sell the asset. The expenditure capitalised includes professional service fees, direct labour and licence fees that are directly attributable to preparing the asset for its intended use. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

The useful life of intangible assets has been assessed to be finite. They are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for the intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income as an amortised expenditure.

A summary of the policies applied to the AICD's intangible assets is as follows:

	Development costs – website	Development costs – software
Useful life	Finite (2019: Finite)	Finite (2019: Finite)
Amortisation method used	Amortised over the period of expected future sales (as recorded through the website) on a straight-line basis (2 to 5 years).	Amortised over the period of expected time in which the software will be upgraded (2 to 5 years) on a straight-line basis.
Impairment testing	Is conducted annually, with the volume of sales activity used as a measure of useful life. The amortisation method is reviewed at each financial year-end.	Is conducted annually, with the upgrade of software as a measure of useful life. The amortisation method is reviewed at each financial year-end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the surplus or deficit when the asset is derecognised.

Impairment

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have been reversed.

11. Financial assets

(a) Measurement of fair values

A number of the AICD's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the AICD uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used to the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Year ended 30 June 2020				
Current assets:				
Financial assets	-	-	-	-
Non-current assets:				
Financial assets	-	31,093	-	31,093
Total	**-**	**31,093**	**-**	**31,093**
Year ended 30 June 2019				
Current assets:				
Financial assets	-	-	-	-
Non-current assets:				
Financial assets	-	35,241	-	35,241
Total	-	35,241	-	35,241

The Financial assets classified as non-current assets are part of a medium to long-term strategic investment fund. As the intent is to hold these assets for strategic wealth creation purposes for a period greater than 12 months, they have been classified as non-current. Although non-current in nature, the financial assets can be converted into cash within 10 days' notice.

(b) Accounting policy for financial assets

Recognition

Financial instruments are designated at fair value through profit or loss in accordance with the AICD documented investment strategy. Upon initial recognition, directly attributable transaction costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein, including any interest or distribution income, are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(i) The rights to receive cash flows from the asset have expired;

(ii) The AICD retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

(iii) The AICD has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the AICD has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

12. Other provisions

	Make good provision $'000	Total $'000
Year ended 30 June 2020		
At 1 July 2019	2,870	2,870
Provided	7	7
Utilised	(7)	(7)
Discount rate adjustment	177	177
At 30 June 2020	**3,047**	**3,047**
Current	173	173
Non-current	2,874	2,874
	3,047	**3,047**
Year ended 30 June 2019		
At 1 July 2018	1,843	1,843
Provided	2,998	2,998
Utilised	(1,971)	(1,971)
Discount rate adjustment	-	-
At 30 June 2019	**2,870**	**2,870**
Current	-	-
Non-current	2,870	2,870

12. Other provisions (continued)

	Make good provision $'000	Total $'000
	2,870	**2,870**

(a) Accounting policy for provisions

Provisions are recognised when the AICD has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

13. Deferred revenue

	2020 $'000	2019 $'000
Current		
Courses and events	13,566	10,590
Membership	10,212	13,122
Sponsorship and publications	1,098	813
	24,876	**24,525**

Refer to Note 4 for details on AICD's revenue recognition policy.

14. Leases

The company leases office premises. The leases typically run for a period of between 5 and 8 years, with an option to renew the lease after that date. Lease payments and associated timing of reviews are negotiated prior to lease execution, typically, leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the company is restricted from entering into any sub-lease arrangements.

The company leases IT equipment with contract terms of 3 to 5 years.

Information about leases for which the company is a lessee is presented below.

	IT Equipment $'000	Office $'000	Total $'000
Right-of-use assets			
Year ended 30 June 2020			
At 1 July 2019, net of accumulated amortisation and impairment	1,902	32,850	34,752
Additions	267	7	274
Depreciation charge for the year	(765)	(5,511)	(6,276)
At 30 June 2020, net of accumulated depreciation	**1,404**	**27,346**	**28,750**

	2020 $'000
Lease Liability	
At 1 July 2019 (on adoption of AASB 16)	48,625
Additions to lease liability	274
Interest	1,785
Payments	(8,918)
Total lease liabilities at 30 June 2020	**41,766**
Current	7,374
Non-current	34,392
Amounts Recognised in profit or loss	
2020 – Leases under AASB 16	
Interest on lease liabilities	1,785
Expenses relating to leases of short-term leases	216
Expenses relating to leases of low-value assets	2
2019 – Operating leases under AASB 117	
Lease expense	7,485
2020 – Amount recognised in the statements of cash flows	**8,918**

Extension options

Some property leases contain extension options exercisable by the company. Where practicable, the company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the company and not by the lessors. The company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

(a) Accounting policy for leases

The AICD applied AASB 16 from 1 July 2019 using the modified retrospective approach. On initial application, the following has been recognised:

- A lease liability measured at the present value of remaining lease payments, discounted using the incremental borrowing rate as at 1 July 2019
- A right-of-use-asset measured equal to the lease liability less any lease incentives at the date of initial application

When measuring lease liabilities for leases that were classified as operating leases, the AICD discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 4%. The impact of the transition is summarised below.

Policy applicable from 1 July 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16. This policy is applied to contracts entered into, on or after 1 July 2019.

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The company recognises a right-of-use asset and a lease liability at the lease commencement date, The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. The company uses its incremental borrowing rate as the discount rate.

The company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The AICD has seven leased offices in Australia. In response to COVID-19, five lessors agreed to defer lease payments for a term of six months commencing in April 2020. These agreements were signed and entered to prior to 30 June 2020 except for the leased office in Sydney. The signed agreements defer a portion of the lease rental payments for six months with the AICD to repay in in full all deferred amounts by June 2021. There was nil impact of these agreements on the Statement of Profit or Loss and Other Comprehensive Income. The lease liability is not remeasured and will be reduced according to the adjusted timing of the rent deferrals.

15. Remuneration of auditors

KPMG is the external auditor of the company. The amounts below were paid during the year or remain payable to KPMG.

	2020 $	2019 $
Audit of the financial report	86,700	75,000
Audit related services	-	-
Total audit related services	**86,700**	**75,000**
Non-audit services	-	30,426
KPMG affiliated entities* Digital Indigenous Cultural Competency Training	-	59,345

The AICD received revenue from sponsorship of events from KPMG of $151,250^ (2019: $127,750). The directors are satisfied that the receipt of sponsorship is compatible with the general standard of independence for auditors and auditor independence requirements imposed by the Australian Charities and Not-for-Profits Commission Act 2012.

* Amounts disclosed relate to payments made to Arrilla, a Partnership with KPMG, to deliver indigenous services.

^ Included in sponsorship is KPMG payment for Corporate Partner Program Fees, consistent with prior years. The program includes access to branding and recognition in addition to education, membership and events.

16. Related party disclosures

(a) Key management personnel

(i) Directors

Director	Title	Appointed/Retired
Mr John Atkin FAICD	Chair National Director	Appointed 30 November 2018
Ms Tracey Horton AO FAICD	National Director Deputy Chair	Appointed 24 May 2016 (First Term) Appointed 10 June 2019 (Second Term) Appointed 29 August 2019
Mr David Bayes FAICD	Division Director and President, VIC	Appointed 2 July 2013 (First Term)
Mr Gene Tilbrook FAICD	Division Director, WA Deputy Chair	Appointed 2 July 2016 (Second Term)
Ms Anne Cross AM FAICD	Division Director, QLD	Retired 2 July 2019
Ms Naomi Edwards FAICD	Division Director, TAS	Appointed 6 April 2016
Ms Kathy Gramp FAICD	Division Director, SA and NT	Appointed 22 December 2015 (First Term) Appointed 22 December 2018 (Second Term)
Mr Derek La Ferla FAICD	Division Director, WA	Appointed 8 July 2019
Dr Sally Pitkin FAICD	Division Director, QLD	Appointed 7 November 2014 (First Term) Appointed 7 November 2017 (Second Term) Retired 29 August 2019
Ms Nicola Wakefield Evans FAICD	National Director	Appointed 10 November 2016 (First Term) Appointed 22 November 2019 (Second Term)
Ms Liesel Wett FAICD	Division Director, ACT	Appointed 6 November 2015 (First Term) Appointed 6 November 2018 (Second Term)
Mr Kee Wong FAICD	National Director	Appointed 23 May 2016 (First Term) Appointed 28 June 2019 (Second Term)
Mr Angus Armour FAICD	Managing Director & Chief Executive Officer	Appointed 5 October 2017

(ii) Executives

Executive	Title
Mr Antonio Checchia MAICD	Chief Financial Officer, General Manager, Corporate Services
Mr Marcel Mol GAICD	General Manager, Education
Mr Vince Di Chiara	Chief Digital & Information Officer (appointed 4 May 2020)
Ms Louise Petschler GAICD	General Manager, Advocacy
Mr Ben Ryan MAICD	General Manager, Marketing & Communications
Ms Luisa Pastrello MAICD	General Manager, Members & Clients

(b) Compensation of key management personnel

The AICD recognises and rewards performance and behaviour that support our core values and strategic themes. The AICD values employee contribution through our remuneration and benefits philosophy. The philosophy is based on five principles:

- Share information of business achievements and financials to show how people can make a difference;
- Reward results with variable pay to motivate top performing team members;
- Create a positive experience through our reward mechanisms;
- Align our rewards with business goals to create a winning partnership; and
- Provide a competitive fixed remuneration structure.

Rewards and benefits are made up of base salary and a variable pay component.

KMP are those in permanent executive positions and having the authority and responsibility for planning, directing and controlling the activities of the AICD. Those employees covering executive leave absences are not included as they do not meet the definition of KMP.

(i) Human Resources and Remuneration Committee of the Board

The Human Resources and Remuneration Committee ("the Committee") is responsible for reviewing compensation arrangements for the CEO and all other key management personnel and making recommendations to the Board.

The Committee assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions and information.

(ii) Director Compensation

The non-executive directors of the AICD are appointed on an honorary basis and as a result do not receive any remuneration either directly or indirectly in their capacity as a director of the company or any related party. Non-executive directors are reimbursed for travel and accommodation expenses incurred for performing their duties as a director. The MD & CEO was appointed by the Board as an executive director and was remunerated as an employee of the AICD.

Transactions with directors and their related parties have been under the AICD's normal terms and conditions of trading, the exception being the provision of discounts on education courses.

The AICD is committed to providing an avenue for its non-executive directors to undertake AICD education courses whilst engaged with the AICD. The AICD provides a 50% discount on the cost of all AICD education courses to the non-executive directors of AICD, capped at two course discounts in every calendar year. All appointees to the AICD Board are offered the opportunity to undertake one of either the Company Directors Course, the International Company Directors Course or the Boardroom Mastery course. Should a non-executive director choose to undertake one of these courses, the cost of the chosen course will be waived. The non-executive director is entitled to only one waiver during their appointment to the AICD Board.

No other transactions with related parties have occurred during the financial year.

(iii) Executive Compensation

Fixed Compensation

The AICD aims to reward executives in accordance with their position, responsibilities and relativity to market. In response to the COVID-19 crisis, members of the Executive Committee voluntarily offered a pay reduction of 20% and the MD & CEO volunteered a 25% pay reduction.

Variable Compensation

The AICD has in place a Short-Term Incentive scheme for its staff. Executives are rewarded from this scheme. In response to the impact of COVID-19, a decision was taken to indefinitely suspend the scheme.

Compensation of key management personnel

	2020 $'000	2019 $'000
Compensation by category		
Short-term employee benefits (1)	2,275	3,421
Post-employment benefits (2)	129	156
Other long-term employee benefits (3)	348	332
Termination benefits	-	394
	2,752	**4,303**

1. Short-term employee benefits are fixed compensation, variable compensation and all other short-term payments
2. Post-employment benefits are superannuation contributions
3. Other long-term employee benefits are leave entitlements

Included in the above compensation is the amount paid to the MD & CEO of $503,125 inclusive of fixed compensation and superannuation.

The number of Executives, excluding the MD & CEO, as at 30 June 2020 whose remuneration falls within the following bands is:

	2020	2019
$0 - $49,999	-	1
$50,000 - $99,999	1	1
$200,000 - $250,000	-	1
$350,000 - $399,999	1	-
$400,000 - $449,999	4	2
$450,000 - $499,999	-	1
$500,000 - $549,999	-	1
$550,000 - $599,999	-	1
$800,000 - $849,999	-	1

The 2019 financial year included four executive positions filled by different individuals during the reporting period.

Compensation of executives comprises amounts paid or payable to executive officers domiciled in Australia, directly or indirectly, by the AICD or any related party in connection with the management of the affairs of the entity, whether as executive officers or otherwise.

The number of Directors during the year, excluding the MD & CEO, was 13 and their total remuneration was $nil (2019 - $nil).

17. Financial Risk Management

(a) Risk management, objectives and policies

The AICD's principal financial instrument is in the Mercer Moderate Growth Fund, a diversified unit trust comprising a mix of growth and defensive assets. The AICD has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the AICD's financial instruments are credit risk, market risk and currency risk. The AICD has no borrowings and as such there are no exposures to cash flow interest rate risk and liquidity risk. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 11 to the financial statements.

(b) Investment policy

The AICD has an investment policy which sets out the investment goals and objectives of the portfolio. The intended use of the portfolio is to:

- Help manage business risk, including reserves for working capital and uninsured risks; and
- Build sustainable wealth to support the delivery of expanded services to members and other stakeholders.

The investment objective is to return CPI + 3% over a four-year time horizon and the risk profile is considered to be medium. The mix of defensive assets (fixed interest and cash) is between 30% - 60% and the mix of growth assets (including Australian and International shares, property and infrastructure) is between 40% - 70%.

(c) Market risk

Changes in unit prices for investments held in unit funds will affect income and the value of its holdings.

A 1% change in unit prices at reporting date would have increased/decreased the surplus and investments by an estimated $310,930.

(d) Liquidity and interest risk

The AICD manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows. Detailed cashflow forecasts provide comfort that AICD is in a strong position to meet current and future financial obligations. To help reduce liquidity risk, the AICD maintains a Reserves Policy which states the goal is to maintain reserves between 25% - 50% of annual operating expenses.

17. Financial Risk Management (continued)

	1 year or less $'000	1 – 2 years $'000	2 – 6 years $'000	Non-interest bearing $'000	Total $'000	Weighted average effective interest rate %
Year ended 30 June 2020						
Financial assets						
Fixed rate						
Fixed Term Deposit	5,115	-	-	-	**5,115**	1.5%
Floating rate						
Cash and cash equivalents	9,337	-	-	-	**9,337**	0.05%
Unit funds	-	-	-	31,093	**31,093**	
Trade and other receivables	-	-	-	1,291	**1,291**	
	14,452	**-**	**-**	**32,384**	**46,836**	
Financial liabilities						
Floating rate						
Trade and other payables	-	-	-	1,254	**1,254**	
Subscriptions and fees in advance	-	-	-	24,876	**24,876**	
	7,374	7,391	27,001	-	**41,766**	
	7,374	**7,391**	**27,001**	**26,130**	**67,896**	
Year ended 30 June 2019						
Financial assets						
Fixed rate						
Fixed Term Deposit	7,000	-	-	-	**7,000**	2.30%
Floating rate						
Cash and cash equivalents	9,846	-	-	-	**9,846**	0.10%
Unit funds	-	-	-	35,241	**35,241**	
Trade and other receivables	-	-	-	2,235	**2,235**	
	16,846	**-**	**-**	**37,476**	**54,322**	
Financial liabilities						
Floating rate						
Trade and other payables	-	-	-	7,839	**7,839**	
Subscriptions and fees in advance	-	-	-	24,525	**24,525**	
	-	**-**	**-**	**32,364**	**32,364**	

Directors' Declaration

In the opinion of the directors of the Australian Institute of Company Directors:

a. the financial statements and notes that are set out on pages 12 to 36 are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:

(i) giving a true and fair view in all material respects of the AICD's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Australian Charities and Not-for-Profits Commission Regulation 2013; and

b. there are reasonable grounds to believe that the AICD will be able to pay its debts as and when they become due and payable.

The directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with Australian Accounting Standards.

Signed in accordance with a resolution of the directors.

John Atkin FAICD
Chair

Angus Armour FAICD
Managing Director and Chief Executive Officer

Sydney, 21 August 2020

Independent Auditor's Report

To the members of Australian Institute of Company Directors

Opinion

We have audited the ***Financial Report***, of the Australian Institute of Company Directors (the Company).

In our opinion the accompanying ***Financial Report*** of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* including:

- giving a true and fair view of the Company's financial position as at 30 June 2020, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2020;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition and Other Income ($74,078,000)	
Refer to Note 4 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Company has three distinct revenue streams, each with distinct recognition requirements dependent on the terms of the underlying contracts. • Education and events require that the revenue be recognised as the associated performance obligations are satisfied, primarily at a point in time when the service is provided; • Membership requires that the revenue be recognised primarily over time, being the period of membership; and • Publishing requires that the revenue be recognised as the associated performance obligations are satisfied, primarily at a point in time when the publication is issued. The Company receives payments in advance of when the revenue is able to be recognised, resulting in the recognition of deferred revenue. The Company qualified for the Australian Government COVID 19 wage subsidy scheme, JobKeeper, in the final quarter of the financial year. This is disclosed as Other Income. We focused on this area as a key audit matter due to the quantum of revenue recognised combined with the large volume of transactions. Additional disclosure considerations were also required in accordance with AASB 15 *Revenue from contracts with customers.* This necessitated significant audit effort across the transactions and disclosure.	Our procedures included: • We evaluated the Company's policy for revenue recognition for each stream including deferral of advanced payments in accordance with the accounting standards; • We selected a sample of deferred revenue transactions, using statistical sampling software and assessed the accounting treatment of the deferral by comparing to underlying documentation such as invoices detailing the related dates of membership, event or publication, bank statements and against the criteria in the accounting standards; • We selected a sample of revenue transactions using statistical sampling software and checked recognition against underlying documentation such as invoices detailing the related dates of membership, event or publication and the Company's revenue recognition policy. • We evaluated the Company's eligibility for the JobKeeper scheme and vouched all amounts received to bank statement.

Other information

Other Information is financial and non-financial information in Australia Institute of Company Director's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC.
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

KPMG

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Financial Report of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Tracey Driver

Partner

Sydney

21 August 2020

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