ABN 11 008 484 197

Australian Institute of Company Directors

2021

Financial Report

For the year ended 30 June 2021

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 2021.

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

The AICD's mission is to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society. This supports the achievement of the AICD's purpose of *'strengthening society through world-class governance'*.

One of the AICD's strengths is its diverse and growing membership. Whilst more than 190 of the nation's ASX 200 companies have one or more AICD members serving on their board, our membership of more than 46,000 includes directors and leaders within the not-for-profit, small business and government sectors. As such, the AICD represents diversity within Australia's governance community.

Our diverse membership has three core objectives in common: 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 objectives through world-leading governance education curriculum, including the Company Directors Course; lifelong learning for directors, including events such as the Australian Governance Summit (AGS), webinars and forums; through publications, resources and toolkits; by advocating for policy settings to support good governance outcomes, and by leading debate on contemporary governance issues.

During the financial year there was no significant change in the nature of the AICD's activities.

Review of Operations

COVID-19 significantly impacted AICD operations throughout the year. Due to restrictions introduced within states at various times, the AICD paused delivery of face-to-face education programs and events and closed member lounges. The financial impact of the ongoing COVID-19 pandemic is described in the Financial Results section of this report.

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

- Hosting an increased number of webinars including critical topics focusing on a board's role in responding to a crisis and leading organisations through social and financial uncertainty. All COVID-19-related webinars were offered to members free of charge. Enrolments in webinars totalled 38,000 during the year;
- Developing an online version of the Company Directors Course and Foundations of Directorship program to provide members with greater learning flexibility. During the year, the Company Directors Course Online recorded 688 enrolments, whilst 179 members enrolled in the Foundations of Directorship Online;
- Introducing a portfolio of complimentary self-paced, online micro courses focusing on supporting directors to navigate the business and governance challenges brought on by the pandemic;
- 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;
- Increasing updates provided by the AICD's Chief Economist to support members during unprecedented economic uncertainty;
- Successfully advocating for COVID-19 regulatory relief including insolvent trading, continuous disclosure, financial reporting, NFP support and virtual AGMs; and

- Providing timely, targeted regulatory support for directors, including regular briefings on relief priorities, substantive COVID-19 related guidance and strong advocacy on director issues from the impact of the pandemic.

During FY21, the AICD continued to deliver outcomes supporting its purpose of strengthening society through world-class governance. These included:

- Delivering world-class governance education courses to 11,249 participants. New initiatives 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;
- Hosting its flagship event, the Australian Governance Summit, in a hybrid format to more than 1,100 attendees and featuring leading voices in the governance community;
- Registering more than 7,800 members across Australia for the complimentary Essential Director Update event (online and in person);
- Continuing work with First Nations communities across several states including ongoing programs in Northern Territory and launching the Aspiring Indigenous Directors program in Queensland and expansion of AICD funding support for First Nations governance education;
- Advocating for a 40:40:20 model of gender diversity on boards and promoting a minimum of 30 per cent women in the ASX 200;
- Funding 130 not-for-profit scholarships for the AICD's Governance Foundations for NFP Directors program;
- Extending the FY20 Chair's Mentoring Program to accommodate the impact of COVID-19 disruption, connecting 45 experienced and talented women with senior ASX 200 Chair and Director mentors;
- Contributing to governance law reform on priorities including COVID-19 regulatory relief, securities class action reform, Corporations Act modernisation (including virtual AGMs), NFP fundraising and ACNC review, aged care sector governance, proxy advice regulation, and global and domestic accounting standards, and sustainability reporting;
- Releasing the AICD's annual NFP Governance and Performance Study, with a specific focus on pandemic impacts across the NFP sector, and launching a new NFP sector podcast to share experienced director insights; and
- Extending governance practice leadership with substantive new guidance including: governing culture; crisis governance, stakeholder governance, and a new Governance Snapshot and Director Tool on the board's role in the prevention of workplace sexual harassment.

Financial Results

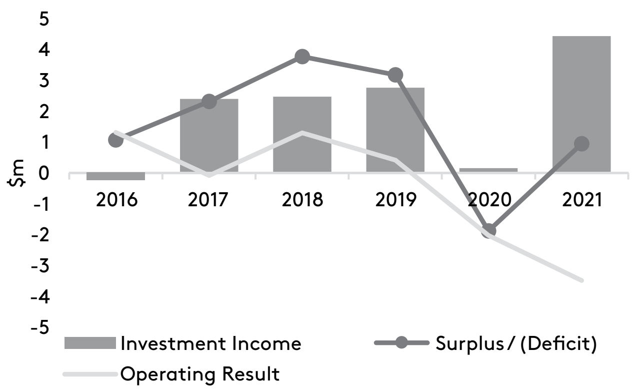
In accordance with its strategy, during the financial year, the AICD continued to utilise member funds to:

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

The AICD's surplus for the financial year ended 30 June 2021 was $0.9m (2020: deficit $1.9m). The operating result (excluding finance income) for FY21 was a deficit of $3.5m (2020: $2.0m deficit).

Finance income (from investments) for the year was $4.4m (2020: $0.1m).

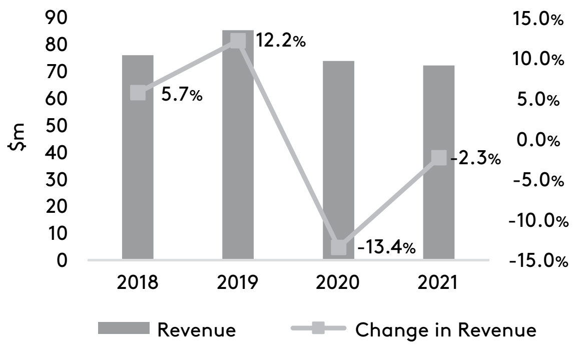
The following graph highlights the AICD's surplus/(deficit) and finance income over the past six years:



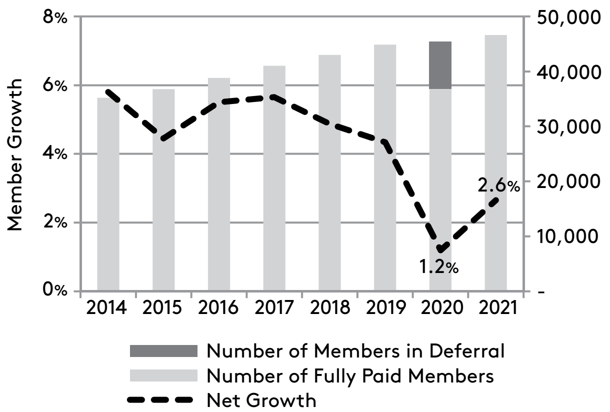
Operating Revenue and Other Income

Operating revenue (excluding income from investments) decreased by 2.3% (2020: 13.4% decrease) during the financial year to $72.4m (2020: $74.1m). This decrease is attributed to COVID-19 operational restrictions.

The following graph highlights operating revenue and the corresponding growth rate, over the past four years:



AICD delivered a 2.6% net growth in membership to 46,608 (2020: 45,405).



In response to COVID-19, online education offerings during the year were significantly increased resulting in $10.3m of revenue being generated.

Attendance at the AICD's annual AGS conference in Sydney was 1,114 (2020: 1,507), including 579 virtual attendees. The total number of attendees at events and conferences reduced throughout the year as a result of COVID-19 restrictions to 15,154 (2020: 29,970).

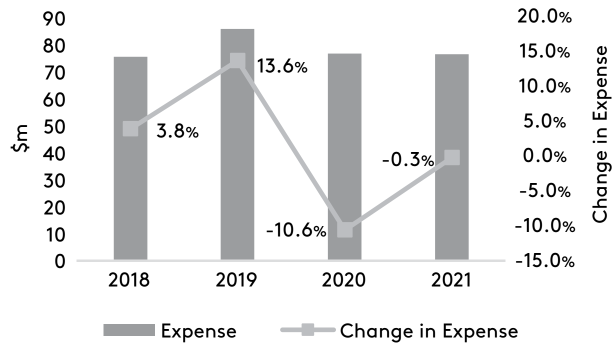
Operating Revenue includes $2.4m (2020: $2.6m) JobKeeper subsidy received from the Federal Government.

Operating Expenses

Operating expenses decreased by $0.2m compared to the prior financial year (2020: 10.6% decrease) due to:

- Additional costs associated with program delivery driven by the increase in volume of education courses delivered, and historical superannuation remediation[1] in connection with independent contractors;
- Consultants fees increased due to the easing of COVID-19 restrictions enabling the AICD to resume project initiatives; offset by
- Reduction in venue hire and catering expenses as a result of pivoting from face-to-face to online courses, due to COVID-19.

The following graph highlights total costs and the yearly movement over the past four years:

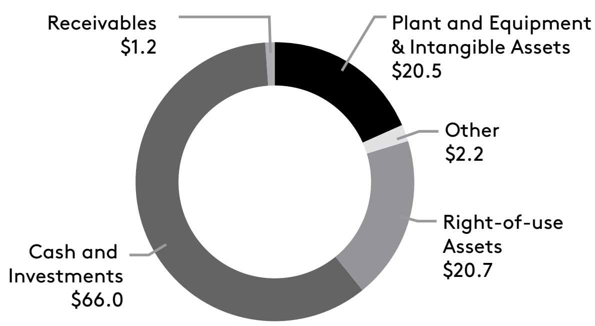


Review of Financial Condition

Members' Funds increased from $27.3m to $28.2m during the year ended 30 June 2021.

Assets

The following chart highlights the balance of assets ($m) for each category as at June 2021.



1. Statutory lliability arising from the *Superannuation Guarantee (Administration) Act 1992*

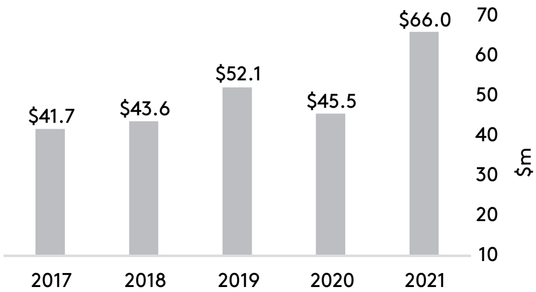
Cash and Investments total $66.0m (2020: $45.5m) of which $41.1m (2020: $31.1m) is invested in Mercer's 'Moderate Growth Fund' and 'Growth Fund', in accordance with the Investment Policy approved by the Board.

Plant and Equipment & Intangible Assets total $20.5m (2020: $24.3m) including leasehold assets across Australia and investments in software developments to improve the quality of member products and services.

Right-of-use Assets total $20.7m (2020 $28.8m), recognised as a result of implementing AASB 16-Leases standard and represents AICD's lease portfolio of offices and IT equipment.

Cash and Investments

The movement of cash and investments over the past 5 years is highlighted in the following graph:



The value of cash and investments increased by $20.5m during the year resulting mainly from:

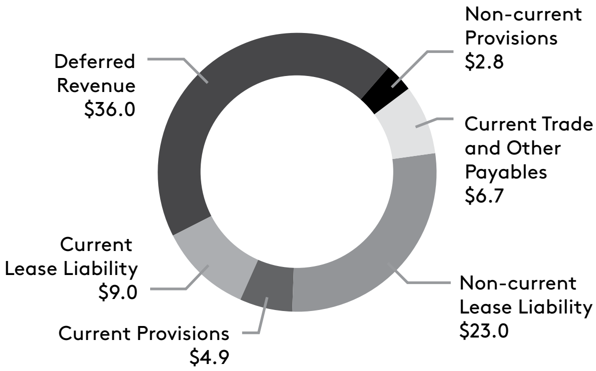
- Prepaid membership fees and receipt of funds for education products to be provided in future periods (reflected in the $11.1m increase in Deferred Revenue); and
- substantial capital growth due to the rebound in the equities market and distributions within AICD's investment portfolio.

$6m was transferred from cash to the AICD's investment portfolio to replenish the $4m withdrawn in FY20 to support COVID-19 impacts.

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

Liabilities

The following chart highlights the balance of liabilities ($m) for each category as at June 2021.



Deferred Revenue increased by $11.1m during FY21 and represents annual membership fees which are paid in advance and amortised over twelve months, and pre-paid courses and events. COVID-19 related course deferrals also contributed to this increase.

Current Other Provisions increased by $1.2m due to make good provisions moving from Non-current to Current.

Trade and Other Payables increased by $5.5m due to a $2.1m accrual for historical superannuation remediation in connection with independent contractors[2], and an increase in accrued expenses relating to FY21.

2. Statutory lliability arising from the *Superannuation Guarantee (Administration) Act 1992*

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 in 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 2021, the value of reserves as a percentage of operating expenses was 37% (2020: 36%).

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 upon 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 2021 the collective liability of members was $932,160 (2020: $908,100).

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 period 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

The impact of COVID-19 on future operations has been factored into the budget for FY22. Based on current estimates for the 2022 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 executive officers of the company 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 2020 to 30 June 2021 is noted below.

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

*Denotes the Chair of the Board or relevant Committee Chair as the case may be.

^Denotes attended as a guest, not as a member of the committee.

AFIC – Audit, Finance and Investment Committee
GOVC – Governance Committee
HRRC – Human Resource and Remuneration Committee
NMC – National Membership Committee
RACC – Risk and Compliance Committee
TECC – Technology 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 2021 and is located on the page following the Directors' Report.

Non-Audit Services

KPMG did not provide any non-audit services or sponsorship to the AICD during FY21.

Signed in accordance with a resolution of the directors.

John Atkin FAICD
Chair

Angus Armour FAICD
Managing Director and Chief Executive Officer

Sydney, 27 August 2021

KPMG

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 2021 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

27 August 2021

Corporate Governance Information

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

The AICD operates within a sound corporate governance framework based on the ASX Corporate Governance Council's Corporate Governance 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 internal Board evaluation to ensure continuous improvement, provide greater clarity of roles and responsibilities, enrich decision-making, and create efficiencies.
- Conducted internal Committee evaluations to facilitate continuous improvement and to ensure that each Committee remains focussed on its agreed responsibilities.
- Comprehensively reviewed AICD's Strategic Plan to ensure the organisation is fulfilling its Purpose and Mission and is aligned with stakeholder expectations.
- Commenced a review of its Governance documentation framework, including the Constitution and Division Council Charters to ensure a modern, consistent and fit-for-purpose framework. The revised Constitution is scheduled to be presented to members for adoption at the November 2021 AGM.
- 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.companydirectors.com.au**.
- Conducted Board succession planning to ensure critical skills are maintained and seamless renewal is achieved.

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 currently being reviewed.

Board Committees

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

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.companydirectors.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.companydirectors.com.au**.

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

Refer to the AICD website: **aicd.companydirectors.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 2021	Note	2021 $'000	2020 $'000
Operating revenue	4a	72,372	74,078
Finance income	6	4,414	145
Total revenue and other income		**76,786**	**74,223**
Expenses			
Employee benefits and staff related expense	4b	(34,451)	(34,946)
Advertising and promotion expense		(801)	(856)
Program expenses	4c	(12,629)	(11,944)
Technology expenses (excluding depreciation and amortisation)	4d	(4,273)	(4,089)
Property and outgoings expense	4e	(1,720)	(1,469)
Travel and accommodation expense		(594)	(1,552)
Printing and publications expense	4f	(4,374)	(4,215)
Professional services expense	4g	(3,954)	(2,541)
Depreciation and amortisation expense	4h	(11,626)	(12,638)
Finance costs	6	(1,366)	(1,785)
Other expenses		(65)	(66)
Total expenses		**(75,853)**	**(76,101)**
Surplus/(Deficit) for the year		**933**	**(1,878)**
Total comprehensive income/(loss) for the year		**933**	**(1,878)**

The Notes are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2021	Note	2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	7(a)	24,537	14,452
Trade and other receivables	8	1,167	1,291
Prepayments		2,194	2,108
Total current assets		**27,898**	**17,851**
Non-current assets			
Plant and equipment	9	13,200	16,291
Right-of-use assets	14	20,732	28,750
Intangible assets	10	7,341	8,020
Financial assets	11	41,437	31,093
Total non-current assets		**82,710**	**84,154**
Total assets		**110,608**	**102,005**
Liabilities			
Current liabilities			
Trade and other payables		6,732	1,254
Employee benefits provisions	5	3,566	3,241
Lease liability	14	8,955	7,374
Other provisions	12	1,362	173
Deferred revenue	13	36,033	24,876
Total current liabilities		**56,648**	**36,918**
Non-current liabilities			
Trade and other payables		-	-
Employee benefits provisions	5	575	528
Lease liability	14	22,957	34,392
Other provisions	12	2,202	2,874
Total non-current liabilities		**25,734**	**37,794**
Total liabilities		**82,382**	**74,712**
Net assets		**28,226**	**27,293**
Members' funds			
Retained surpluses		28,226	27,293
Total members' funds		**28,226**	**27,293**

The Notes are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2021	Note	2021 $'000	2020 $'000
Opening members' funds		27,293	29,171
Total comprehensive (loss)/income for the year		933	(1,878)
Members' funds		**28,226**	**27,293**

The Notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2021	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers and sponsors		87,840	77,850
Payments to suppliers and employees		(60,764)	(70,361)
Interest paid		(1,366)	(1,785)
Net cash flows from operating activities	7(b)	**25,710**	**5,704**
Cash flows from investing activities			
Interest received		22	117
Distribution received		2,083	1,877
Franking credits received		83	176
Sale of other financial assets		-	4,000
Purchase of other financial assets		(8,084)	(1,877)
Payment for plant and equipment		(588)	(745)
Payment for intangible assets		(1,557)	(4,512)
Net cash flows used in investing activities		**(8,041)**	**(964)**
Cash flows from financing activities			
Payment of lease liabilities		(7,550)	(7,133)
Net cash flows from financing activities		**(7,550)**	**(7,133)**
Net increase in cash and cash equivalents		10,119	(2,393)
Cash and cash equivalents at the beginning of the period		14,452	16,846
Effect of exchange rate fluctuations on cash held		(34)	(1)
Cash and cash equivalents at the end of the period	7(a)	**24,537**	**14,452**

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 2021 was authorised for issue in accordance with a resolution of the directors on 20 August 2021.

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 allowing the omission of "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*.

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 judgements

The preparation of the financial statements requires management to make judgements, 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 judgements 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

As the AICD is a registered charity, in accordance with Section 50-B of the *Income Tax Assessment Act 1997* the AICD is exempt from income tax.

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 and New South Wales.

c. Going concern

Current liabilities exceed current assets due to deferred revenue for education, events and membership. 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 product. Membership fees are not refunded. There are sufficient reserves to meet future obligations, including any refunds.

Due to COVID-19, revenue has materially reduced in the 2021 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 2022 financial year, the forecast cash position for the next twelve months confirms there are sufficient funds to meet all current and future financial obligations. The online education offerings provide opportunities for AICD to continue to deliver its education programs throughout 2022 financial year mitigating the risk of any potential future disruption.

d. 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.

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.

e. AASB 16 Leases

A. Definition of a lease
The company 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. the leases are disclosed on-balance sheet.

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 has 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.

f. Changes in significant accounting policies

A number of other new standards were also effective from 1 July 2020, but they do not have a material effect on the company's financial statements.

g. Reclassification of Statement of Profit or Loss and Other Comprehensive Income

The company has changed the presentation of its 'Statement of Profit or Loss and Other Comprehensive Income' from 'function' to 'nature' as it' was deemed more reliable and relevant. This is consistent with the principles and requirements of AASB 101 Presentation of Financial Statements.

4. Revenue and expenses

		2021 $'000	2020 $'000
a.	**Revenue and other income**		
	Education	40,256	40,137
	Events and Conferences	1,851	3,994
	Membership	26,438	26,075
	Publishing	759	967
	Government grants	714	273
	Job Keeper Subsidy	2,354	2,602
	Other Income	-	30
	Total	**72,372**	**74,078**
b.	**Employee benefits and staff related expense**		
	Salaries and other benefits	(29,286)	(29,145)
	Superannuation	(2,606)	(2,695)
	Staff training	(303)	(415)
	Staff recruitment	(957)	(572)
	Casual	(556)	(971)
	Other staff costs	(743)	(1,148)
	Total	**(34,451)**	**(34,946)**
c.	**Program expenses**		
	Facilitators and speakers	(7,744)	(5,282)
	Venue hire and catering	(1,624)	(2,913)
	Program development	(526)	(717)
	Course materials	(923)	(1,353)
	Scholarships	(472)	(239)
	Assessment and marking	(697)	(520)
	Production/technical costs	(643)	(919)
	Total	**(12,629)**	**(11,944)**

4. Revenue and expenses (continued)

		2021 $'000	2020 $'000
d.	**Technology expenses (excluding depreciation and amortisation)**		
	Hardware and software	(3,359)	(3,319)
	Internet and telephone connection	(511)	(543)
	Equipment rental	(403)	(227)
	Total	**(4,273)**	**(4,089)**
e.	**Property and outgoings expense**		
	Property and outgoings	(1,652)	(1,164)
	Other premises expenses	(68)	(305)
	Total	**(1,720)**	**(1,469)**
f.	**Printing and publication expense**		
	Printing	(243)	(401)
	Postage and freight	(547)	(238)
	Publications	(3,387)	(3,301)
	Subscriptions	(197)	(274)
	Total	**(4,374)**	**(4,215)**
g.	**Professional services expense**		
	Consultants	(2,283)	(1,300)
	Legal	(565)	(233)
	Audit fees	(85)	(86)
	Merchant fees	(681)	(595)
	Media Monitoring	(82)	(100)
	Insurance	(258)	(227)
	Total	**(3,954)**	**(2,541)**
h.	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	(3,676)	(3,821)
	Software amortisation	(2,236)	(2,541)
	Depreciation of premises ROU Assets	(5,714)	(6,276)
	Total	**(11,626)**	**(12,638)**

4. Revenue and expenses (continued)

i. 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 $'000	Events and Conferences $'000	Membership $'000	Publishing $'000
2021				
Revenue from contracts with customers	40,256	1,851	26,438	759
Timing of Revenue Recognition				
At a point in time	31,939	1,851	1,490	759
Over time	8,317	-	24,948	-
Total	**40,256**	**1,851**	**26,438**	**759**
2020				
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**

Revenue

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 is 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.

4. Revenue and expenses (continued)

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 or 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 recognised 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.

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
i. Education and Events	Performance obligations are satisfied upon delivery of program.	Revenue recognised upon delivery of program.
ii. Membership	Membership subscriptions are payable annually in advance. Joining fees are satisfied at point of membership.	Revenue recognised for membership fees over the 12 months. Joining fees are recognised upfront.

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 was recognised for the respective months of membership in the 2021 financial year.

5. Employee benefits expenses and provisions

	2021 $'000	2020 $'000
a. Employee benefits expenses:		
Salary and wages	27,903	28,235
Superannuation	2,606	2,695
Long service leave	553	331
Annual leave	830	579
	31,982	**31,840**
b. Employee benefits provisions:		
Current provisions:		
Short term incentive	-	-
Annual leave	2,177	2,013
Long service leave	1,389	1,228
	3,566	**3,241**
Non-current provisions:		
Long service leave	575	528
	575	**528**

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 based on corporate discount rates published in the Milliman Group of 100 Report, with terms to maturity and currencies that match as closely as possible, the estimated future cash outflows.

6. Finance income and finance costs

	2021 $'000	2020 $'000
Finance income		
Interest	22	117
Distribution	2,083	1,877
Franking credits	83	176
Fair value movements of financial assets held at fair value	2,260	(2,024)
Foreign exchange gain	(34)	(1)
	4,414	145
Finance cost		
Financial liabilities measured at amortised cost – interest expense	(1,366)	(1,785)
Net finance income recognised in surplus or (deficit)	**3,048**	**(1,640)**

a. Accounting policy for finance income and costs

Finance income includes distributions, 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

	2021 $'000	2020 $'000
a. Reconciliation to cash flow statement		
Cash and cash equivalents comprise the following at 30 June:		
Cash at bank and on hand	17,422	9,337
Secured term deposit	7,115	5,115
	24,537	**14,452**

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.

7. Cash and cash equivalents (continued)

	2021 $'000	2020 $'000
b. Reconciliation of net surplus to net cash flows from operations		
Net income/(loss)	933	(1,878)
Adjustments for:		
Fair value movements of financial assets held at fair value	(2,260)	2,024
Depreciation/amortisation of non-current assets	11,626	12,638
Impairment charge on asset	-	-
Loss on disposal of plant and equipment	3	2
Interest received	(22)	(117)
Distribution received	(2,083)	(1,877)
Franking credits received	(83)	(176)
Foreign exchange gain	34	1
Net cash provided by operating activities before changes in net assets and liabilities	8,148	10,617
Changes in assets and liabilities		
(Increase)/Decrease in:		
Trade and other receivables	124	944
Prepayments	(86)	28
Changes in provisions:		
Provision for employee benefits	372	(3,159)
Property make-good provision	517	177
Increase in:		
Trade and other payables	5,478	(3,254)
Deferred revenue	11,157	351
Net cash from operating activities	**25,710**	**5,704**

The AICD has bank guarantees in respect of leased properties to the amount of $6,919,156 (2020: $6,985,767) at year-end. The bank guarantees are secured through the use of the secured term deposit which restricts the use of this facility.

JobKeeper receipts are included in 'net cash from operating activities'.

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 in 7(a).

8. Trade and other receivables

	2021 $'000	2020 $'000
Current		
Trade receivables	829	1,128
Less allowance for doubtful debts	(33)	(50)
	796	1,078
Other receivables	371	213
	1,167	**1,291**

a. Past due but not impaired

Not past due or impaired	334	914
30 to 60 days	104	5
61 to 90 days	95	11
Over 90 days	296	198
Total trade receivables	**829**	**1,128**

Trade receivables are non-interest bearing and are generally on 30-day terms. In the period between year-end and the signing of the financial report, approximately $70,285 of the $295,000 in the Over 90 Days balance was received.

b. Bad and doubtful debts expense

Bad and doubtful debts expense	33	50

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 collectable 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 collectable until after the course or event has occurred.

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

9. Plant and equipment

	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Year ended 30 June 2021			
At 1 July 2020, net of accumulated depreciation and impairment	2,935	13,356	16,291
Additions	126	462	588
Disposals	(3)	-	(3)
Depreciation charge for the year	(842)	(2,834)	(3,676)
At 30 June 2021, net of accumulated depreciation and impairment	**2,216**	**10,984**	**13,200**
At 30 June 2021			
Cost	7,829	20,641	28,470
Accumulated depreciation and impairment	(5,613)	(9,657)	(15,270)
Net carrying amount	**2,216**	**10,984**	**13,200**
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**

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 improvement	4-10 years	Straight Line

9. Plant and equipment (continued)

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 $'000	Software $'000	Total $'000
Year ended 30 June 2021			
At 1 July 2020, net of accumulated amortisation and impairment	4,130	3,890	8,020
Additions	938	619	1,557
Amortisation charge for the year	(264)	(1,972)	(2,236)
At 30 June 2021, net of accumulated amortisation and impairment	**4,804**	**2,537**	**7,341**
At 30 June 2021			
Cost (gross carrying amount)	8,858	14,800	23,658
Accumulated amortisation and impairment	(4,054)	(12,263)	(16,317)
Net carrying amount	**4,804**	**2,537**	**7,341**
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**

10. Intangible assets (continued)

a. Accounting policy for intangible assets

Intangible assets consist of development activities and 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 minimum, 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	**Development costs – software**
Useful life	Finite (2020: Finite)	Finite (2020: Finite)
Amortisation method used	Amortised over the period of expected future benefits 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 nonfinancial 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 2021				
Current assets:				
Financial assets	-	-	-	-
Non-current assets:				
Financial assets	-	41,437	-	41,437
Total	**-**	**41,437**	**-**	**41,437**
Year ended 30 June 2020				
Current assets:				
Financial assets	-	-	-	-
Non-current assets:				
Financial assets	-	31,093	-	31,093
Total	**-**	**31,093**	**-**	**31,093**

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.

11. Financial assets (continued)

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 2021		
At 1 July 2020	3,047	3,047
Provided	1,779	1,779
Utilised	(1,246)	(1,246)
Discount rate adjustment	(16)	(16)
At 30 June 2021	**3,564**	**3,564**
Current	1,362	1,362
Non-current	2,202	2,202
	3,564	**3,564**
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**

12. Other provisions (continued)

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

	2021 $'000	2020 $'000
Current		
Courses and events	21,531	13,566
Membership	13,961	10,212
Sponsorship and publications	541	1,098
	36,033	**24,876**

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

14. Leases

a. The company leases office premises. The leases are typically 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 2021			
At 1 July 2020, net of accumulated amortisation and impairment	1,404	27,346	28,750
Additions	410	6	416
Reassessment/modification	1	(2,721)	(2,720)
Depreciation charge for the year	(525)	(5,189)	(5,714)
At 30 June 2021, net of accumulated depreciation	**1,290**	**19,442**	**20,732**
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**

14. Leases (continued)

	Lease Liability $'000
Lease Liability	
At 1 July 2020	41,766
Additions to lease liability	416
Reassessment/modification	(2,720)
Interest	1,366
Payments	(8,916)
Total lease liabilities at 30 June 2021	**31,912**
Current	8,955
Non-current	22,957
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

	2021 $'000	2020 $'000
Amounts recognised in profit or loss		
Interest on lease liabilities	1,366	1,785
Expenses relating to leases of short-term leases	575	216
Expenses relating to leases of low-value assets	7	2
	1,948	**2,003**
Amount recognised in the statements of cash flows	**8,916**	**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.

14. Leases (continued)

b. Accounting policy for leases

The AICD applied AASB 16 from 1 July 2019 using the modified retrospective approach. On initial application, the following have 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, and
- 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.

14. Leases (continued)

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.

	2021 $	2020 $
Audit of the financial report	85,200	86,700
Audit related services	-	-
Total audit related services	**85,200**	**86,700**
Non-audit services	**-**	**-**

The AICD received nil revenue from sponsorship of events from KPMG (2020: $151,250^). 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*.

^ *Included in sponsorship is KPMG's payment for Corporate Partner Program Fees. 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 7 November 2014 (First Term) Appointed 7 November 2017 (Second Term) Retired 6 November 2020
Mr Michael Coleman FAICD	Division Director, NSW	Appointed 6 November 2015 (First Term) Appointed 6 November 2018 (Second Term)
Ms Anne Cross AM FAICD	Division Director and President, QLD	Appointed 29 August 2019
Ms Naomi Edwards FAICD	Division Director, TAS	Appointed 30 August 2018 (First Term) Appointed 30 August 2021 (Second Term)
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
Ms Rebecca McGrath FAICD	Division Director and President, VIC	Appointed 13 November 2020
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

16. Related party disclosures (continued)

ii. Executives

Executive	Title
Mr Antonio Checchia MAICD	Chief Financial Officer, General Manager, Corporate Services (to 31 March 2021)
Ms Helen Wild FAICD	Chief Financial Officer and Company Secretary, General Manager, Corporate Services
Mr Marcel Mol GAICD	General Manager, Education
Mr Vince Di Chiara	Chief Digital & Information Officer
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

Key Management Personnel (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 and recommending compensation arrangements for the CEO and all other KMP, to the Board. The Committee assesses the appropriateness of the nature and amount of compensation of KMP 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 is 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.

16. Related party disclosures (continued)

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 for a period of between three and five months.

Variable Compensation

The AICD had in place a Short-Term Incentive scheme for its staff. In response to the impact of COVID-19, a decision was taken to indefinitely suspend the Short-Term Incentive scheme, and in February 2021, the Board resolved to remove this scheme and replace with a total remuneration framework which has a greater focus on career development and does not include a variable incentive.

Compensation of key management personnel

	2021 $'000	2020 $'000
Compensation by category		
Short-term employee benefits (1)	3,167	2,275
Post-employment benefits (2)	166	129
Other long-term employee benefits (3)	236	348
Termination benefits	43	-
	3,612	**2,752**

(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 $493,679 (2020: $503,125) inclusive of fixed compensation and superannuation.

The number of Executives, excluding the MD & CEO as at June 30, 2021 whose remuneration falls within the following bands is:

	2021	2020
$0 - $99,999	-	1
$100,000 - $199,999	-	-
$200,000 - $299,999	2	-
$300,000 - $399,999	3	1
$400,000 - $499,999	2	4
$500,000 - $599,999	-	-

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 Executive Directors during the year, other than the MD & CEO, was nil and their total remuneration was $nil (2020 - $nil).

17. Financial risk management

a. Risk management, objectives and policies

The AICD's principal financial instruments are the Mercer 'Moderate Growth Fund' and Mercer 'Growth Fund', which are diversified unit trusts 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-high. The mix of defensive assets (fixed interest and cash) is between 20% - 60% and the mix of growth assets (including Australian and International shares, property and infrastructure) is between 40% - 80%.

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 $414,370.

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)

Year ended 30 June 2021	1 year or less $'000	1 – 2 years $'000	2 – 6 years $'000	Non-interest bearing $'000	Total $'000	Weighted average effective interest rate %
Financial assets						
Fixed rate						
Fixed Term Deposit	7,115	-	-	-	**7,115**	0.3%
Floating rate						
Cash and cash equivalents	17,422	-	-	-	**17,422**	0.01%
Unit funds	-	-	-	41,437	**41,437**	
Trade and other receivables	-	-	-	1,167	**1,167**	
	24,537	**-**	**-**	**42,604**	**67,141**	
Financial liabilities						
Floating rate						
Trade and other payables	-	-	-	6,732	**6,732**	
Subscriptions and fees in advance	-	-	-	36,033	**36,033**	
Lease liabilities	8,955	5,734	17,224	-	**31,913**	
	8,955	**5,734**	**17,224**	**42,765**	**74,678**	

17. Financial risk management (continued)

Year ended 30 June 2020	1 year or less $'000	1 – 2 years $'000	2 – 6 years $'000	Non-interest bearing $'000	Total $'000	Weighted average effective interest rate %
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**	
Lease liabilities	7,374	7,391	27,001	-	**41,766**	
	7,374	**7,391**	**27,001**	**26,130**	**67,896**	

18. Commitments

There were no commitments as at 30 June 2021 and 30 June 2020.

19. Contingent liabilities

There were no contingent liabilities as at 30 June 2021 and 30 June 2020.

20. Subsequent events after year end

There are no matters or circumstances that have arisen since 30 June 2021 up to the date of this report that has significantly affected or may significantly affect the Company's operations in future financial years, the results of those operations in future financial years or the Company's state of affairs in future financial years.

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 15 to 44 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

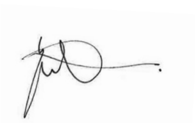
   i. giving a true and fair view in all material respects of the AICD's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

   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, 27 August 2021

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 2021, 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 2021;
- 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 ($72,372,000)	
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 the revenue be recognised as the associated performance obligations are satisfied, primarily at the point in time when the service is provided; • Membership requires the revenue be recognised over time, being the period of membership; and • Publishing requires the revenue be recognised as the associated performance obligations are satisfied, being at the point in time when the publication is issued. The Company receives payments in advance for certain performance obligations which is before the revenue is able to be recognised, resulting in the deferral of this revenue. Additionally during the year ended 30 June 2021 the Company qualified for the Australian Government COVID 19 wage subsidy scheme, JobKeeper. This is presented 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 and the diverse revenue streams. 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 revenue 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. This was performed by comparing the underlying documentation such as invoices detailing the related dates of membership, event or publication, 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 checked the amounts received to bank statement; and • We considered the disclosures included in the financial statements compared to the required disclosures outlined in the accounting standards.

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; and
- 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.

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; and
- 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

27 August 2021

National Office
18 Jamison Street
Sydney NSW 2000
t: 1300 739 119
e: contact@aicd.com.au

Queensland
GPO Box 73
Brisbane QLD 4001
t: +617 3222 5500
e: qld@aicd.com.au

Victoria
PO Box 380 Collins Street West
Melbourne VIC 8007
t: +613 9245 4200
e: vic@aicd.com.au

Australian Capital Territory
Ground Floor, 15 National Circuit
Barton ACT 2600
t: +612 6132 3200
e: act@aicd.com.au

South Australia/Northern Territory
GPO Box 482
Adelaide SA 5001
t: +618 8236 2800
e: sa-nt@aicd.com.au

Western Australia
PO Box Z5333
St Georges Terrace WA 6831
t: +618 9320 1700
e: wa@aicd.com.au

New South Wales
18 Jamison Street
Sydney NSW 2000
t: +612 8248 8400
e: nsw@aicd.com.au

Tasmania
GPO Box 681
Hobart TAS 7001
t: +613 6242 2200
e: tas@aicd.com.au

International
18 Jamison Street
Sydney NSW 2000
t: +612 8248 6600
e: international@aicd.com.au

For more information, please contact
t: 1300 739 119
e: contact@aicd.com.au
aicd.com.au/annualreport

Publication Date: October 2021

08168-2_21