

# Australian Institute of Company Directors

## *Financial Report*

Financial Report for the year ended 30 June 2022

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Financial Report for the year ended 30 June 2022

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 2022.

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 193 of the nation's ASX 200 companies have one or more AICD members serving on their board, our membership of more than 49,000 includes directors and leaders within the not-for-profit (NFP), small business and government sectors. As such, the AICD represents the diversity of Australia's governance community.

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

We deliver against these 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 were no significant changes in the nature of the AICD's activities.

Review of Operations

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

- The AICD's ongoing response to the COVID-19 crisis included:
- Updates from the AICD's Chief Economist to support members in their planning and decision making in the face of economic uncertainty;
  - Providing timely, targeted updates on COVID-19 impacts and ongoing advocacy on regulatory issues related to the impact of the pandemic on governance practices; and
  - Scheduling additional courses to provide options for learners whose courses were cancelled due to lockdowns and moving courses to larger venues to facilitate physical distancing.

During FY22, the AICD continued to deliver outcomes supporting its vision of strengthening society through world-class governance. These included:

- Delivering world-class governance education courses to more than 13,000 participants including online versions of the Company Directors Course and Foundations of Directorship;
- Providing a complimentary '*Ethics in the Boardroom*' e-learning program, with enrolment of more than 9,000 members;
- Hosting webinars on critical topics including digital capability, cybersecurity, ESG and climate governance, and organisational sustainability, resulting in 36,633 enrolments;
- Securing important legislative reform for continuous disclosure and virtual AGM laws, and input on policy issues including class actions, insolvency, NFP fundraising, Director IDs, cyber regulation and sustainability reporting;
- Launching the *Climate Governance Initiative* – a multi-partner collaboration providing director resources and briefings, with over 1,700 attendees;
- Building governance practice leadership with guidance on workplace sexual harassment, director duties and the business judgement rule, virtual AGMs and cyber governance;
- Completing an external review of AICD's first Reconciliation Action Plan (RAP) by First Nations consultants, IPS Management Consulting, and commencing work on a new RAP;
- Appointing the AICD's first 'Sector Lead – First Nations', to lift focus on First Nations governance issues and services;
- Funding 186 NFP scholarships for participants to complete the *Governance Foundations for NFP Directors* program;
- In partnership with the *Observership Program*, training 175 young observers on NFP boards;
- Delivering 54 scholarships for regional and remote women through the Federal Government *Women's Leadership and Development Program*;
- Providing high-quality governance insights for members via the Company Director magazine, membership updates and director tools and resources;
- Hosting our flagship event, the Australian Governance Summit, in a hybrid format to more than 1,500 attendees and featuring leading voices in the governance community;
- Delivering the Essential Director Update event (online and in person), complimentary to more than 8,200 members across Australia;
- Completing a review of the AICD's Governance documentation, including the adoption of a new Constitution and Division Council Charters to ensure a modern, consistent and fit-for-purpose framework;
- In partnership with the Australian Network on Disability, launching the pilot Disability Leadership Program, a 3 year initiative funded by a private philanthropic foundation;
- Deploying a new website to deliver an improved user experience and establish a platform for future growth;
- Continuing to promote board gender diversity including: 30% Club support (ASX 200 representation is at its highest level with 34.7% women directors at May 2022); and launching the 7<sup>th</sup> Chair's Mentoring Program, partnering with senior ASX 200 mentors; and
- Releasing the 2021 *NFP Governance and Performance Study* on governance issues facing the NFP sector with a new a public dashboard of key NFP governance data.

Financial Report for the year ended 30 June 2022

Directors' Report

Financial Results

The AICD's Charitable Purpose is to advance education in organisational governance, including by promoting excellence in governance practice through professional leadership and research, educational courses and programs and professional peer led learning, for the public benefit.

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

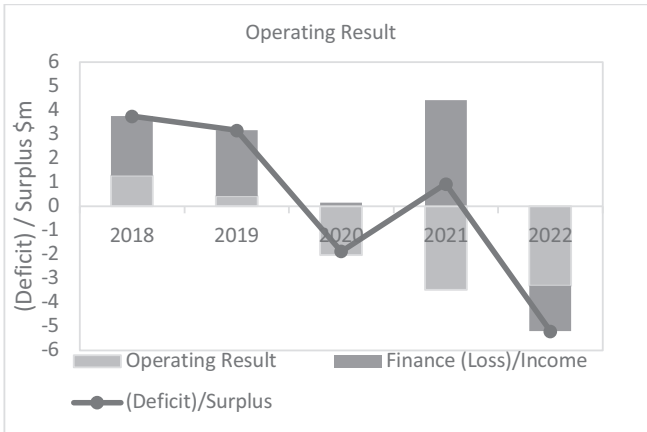
- advance the AICD's mission;
- increase and improve services to its members; and
- manage reserves for ongoing sustainability.

Since the commencement of the COVID-19 pandemic in March 2020, the AICD's operations have been significantly disrupted, resulting in the cancellation of courses and events, and closure of member lounges. In FY22, the AICD budgeted for revenue of \$90m and an operating surplus of \$0.7m. However, due to ongoing lockdowns and various restrictions across Australia during the financial year, the AICD's ability to deliver face-to-face courses and events has been curtailed, resulting in a decrease in revenue of approximately 9% from the projected level. During this financial year, to ensure quality member services were maintained, the AICD retained its employee base without the support of government subsidies and continued to deliver projects to improve member experience, such as the implementation of a new website.

As a result of the ongoing COVID-19 pandemic, the AICD's deficit for the financial year ended 30 June 2022 was \$5.2m (2021: surplus \$0.9m). The FY22 operating result (excluding investment losses) was a deficit of \$3.2m (2021: \$3.5m deficit).

Finance losses (from investments) for the year were \$2.0m (2021: income \$4.4m) due to global volatility in the equities markets and adverse economic conditions. This has had a significant impact on the AICD's overall deficit for the year.

The following graph highlights the AICD's (deficit)/surplus and Finance (losses)/income over the past five years:

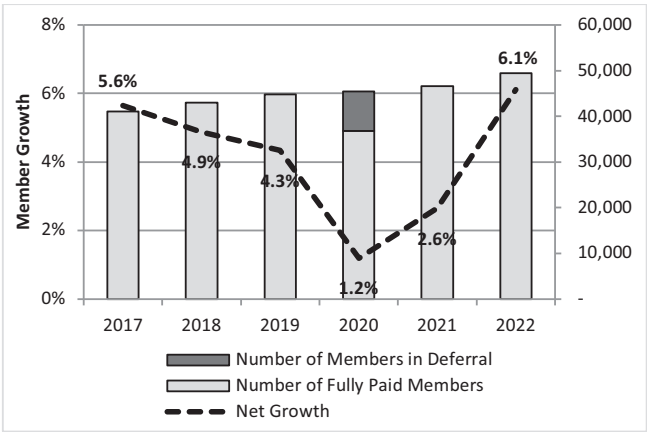


Operating Revenue and Other Income

Operating revenue (excluding (losses)/income from investments) increased by 13.4% (2021: 2.3% decrease) during the financial year to \$82.1m (2021: \$72.4m). Both 2021 and 2022 were impacted by COVID-19 lockdowns and restrictions.

In response to COVID-19 lockdowns, additional online courses were scheduled in 2022 to accommodate learners who were impacted by the cancellation of face-to-face courses.

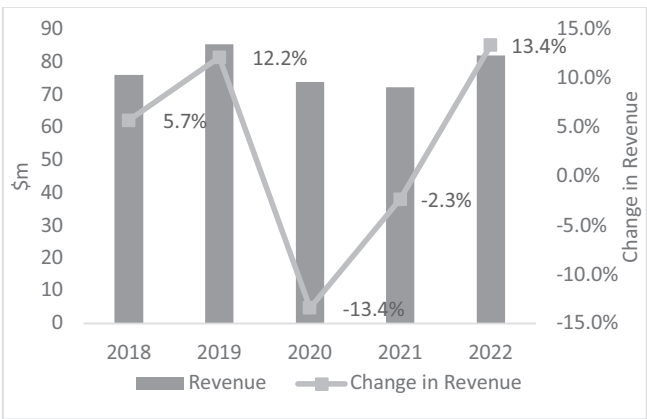
Growth in membership also contributed to additional revenue of \$1.8m in 2022. The AICD achieved a 6.1% net growth in membership to 49,456 members (2021: 46,608).



Attendance at the AICD's annual AGS conference held in Melbourne in March 2022 was 1,501 (2021: 1,114 Sydney) including 653 virtual attendees (2021: 688). The total number of attendees at events and conferences throughout the year was 26,048 (2021: 15,154).

No JobKeeper subsidies were received from the Federal Government in 2022 (2021: \$2.4m).

The following graph highlights operating revenue and the corresponding growth rate, over the past five years, which highlights the impact of COVID-19 on the AICD's operations.



Operating Expenses

Operating expenses increased by \$9.5m (12.5%) compared to the prior financial year (2021: 0.3% decrease) due to:

- Additional costs associated with program delivery (including staff costs) driven by the increase in volume of education courses delivered, and
- Project costs due to planned project initiatives.

Financial Report for the year ended 30 June 2022

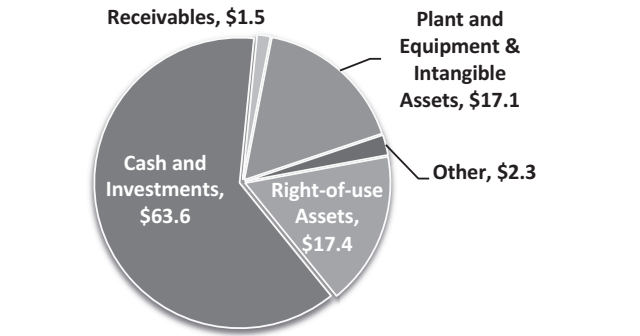
Directors' Report

Review of Financial Position

Members' Funds decreased from \$28.2m to \$23.0m during the year ended 30 June 2022.

Assets

The following chart highlights the balance of assets (\$m) for each category as at June 2022:



Assets (continued)

Cash and Investments totalled \$63.6m (2021: \$66.0m) of which \$39.4m (2021: \$41.1m) 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 totalled \$17.1m (2021: \$20.5m) including leasehold assets and investment in digital to improve the quality of member products and services.

Right of use Assets total \$17.4m (2021: \$20.5m) and represents AICD's lease portfolio of offices and IT equipment.

Cash and Investments

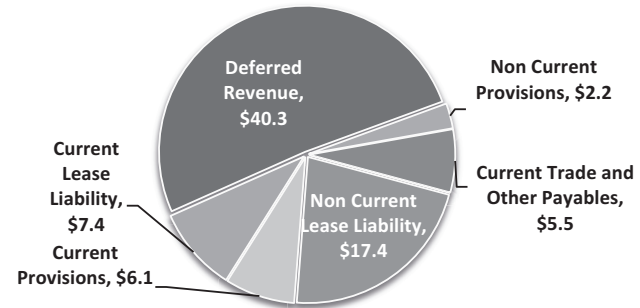
The value of cash and investments decreased by \$2.4m during the year resulting mainly from:

- investment in intangible assets;
- unfavourable market conditions impacting equities within AICD's investment portfolio, offset by,
- an increase prepaid membership fees and receipt of funds for education products to be provided in future periods (reflected in the \$4.3m increase in Deferred Revenue).

The AICD's Investment Policy sets out the risk and return expectations over a defined investment period and currently assumes a risk of a negative return every 5 years.

Liabilities

The following chart highlights the balance of liabilities (\$m) for each category as at June 2022:



Deferred Revenue increased by \$4.3m during FY22 and represents annual membership fees which are paid in advance and amortised over twelve months, and pre-paid courses and events. Course deferrals due to COVID-19 impacts also contributed to this increase.

Current Other Provisions increased by \$1.1m mainly due to employee benefits provisions moving from Non-current to Current.

Trade and Other Payables decreased by \$1.2m predominantly due to payment of historical superannuation remediation.

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 2022, the value of reserves as a percentage of operating expenses was 27% (2021: 37%) due to the deficit incurred in 2022.

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 2022 the collective liability of members was \$989,120 (2021: \$932,160).

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).

Financial Report for the year ended 30 June 2022

Directors’ Report

Significant Changes in State of Affairs

During the financial year, the company continued to be adversely affected 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 further disruption on future operations due to COVID-19 has been included the 2023 budget. Based on current estimates for the 2023 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.

The remuneration packages for the executive team comprises salary and superannuation. In accordance with our Remuneration Policy, there is no bonus component in executive remuneration and no bonuses were paid to the executive team in 2022.

Financial Report for the year ended 30 June 2022

Directors’ Report

Meeting Attendances

The meeting attendance by directors during the year 1 July 2021 to 30 June 2022 is noted below.

Director	Board	AFIC	GOVC/ NAGC	HRRC	NMC	RACC	TECC
Mr John Atkin FAICD	4 of 4	4 of 4 <sup>^</sup>	4 of 4 <sup>*</sup>	2 of 2 <sup>^</sup> 2 of 2	4 of 4 <sup>^</sup>	4 of 4	3 of 4 <sup>^</sup>
Ms Tracey Horton AO FAICD <sup>1</sup>	4 of 4		4 of 4				4 of 4
Mr Michael Coleman FAICD <sup>2</sup>	1 of 1	1 of 1 <sup>*</sup>			1 of 1		1 of 2
Ms Julie Cooper FAICD <sup>3</sup>	2 of 2			2 of 2			2 of 2
Ms Anne Cross AM FAICD <sup>4</sup>	3 of 4		4 of 4	4 of 4 <sup>*</sup>			
Ms Naomi Edwards FAICD	4 of 4	2 of 4				3 of 4 <sup>*</sup>	
Ms Kathy Gramp FAICD <sup>5</sup>	1 of 2	1 of 2		2 of 2 <sup>*</sup>			
Mr Derek La Ferla FAICD <sup>6</sup>	3 of 4		4 of 4	4 of 4	4 of 4 <sup>*</sup>		
Mr Heith Mackay-Cruise FAICD <sup>7</sup>	1 of 1 <sup>^</sup>						
Ms Rebecca McGrath FAICD	4 of 4	4 of 4					3 of 4
Dr Michael Schaper FAICD <sup>8</sup>	3 of 3	3 of 3			3 of 3		
Ms Arlene Tansey FAICD <sup>9</sup>	2 of 3	3 of 3 <sup>*</sup>			3 of 3		
Ms Nicola Wakefield Evans FAICD	4 of 4					3 of 4	
Ms Liesel Wett FAICD <sup>10</sup>	1 of 1			1 of 1	1 of 1 <sup>*</sup>		2 of 2
Mr Kee Wong FAICD	4 of 4				3 of 4	4 of 4	4 of 4 <sup>*</sup>
Mr Angus Armour FAICD	4 of 4	4 of 4	4 of 4	4 of 4	3 of 4	4 of 4	4 of 4

<sup>\*</sup>Denotes the Chair of the Board or relevant Committee Chair as the case may be.

<sup>^</sup>Denotes attended as a guest, not as a member of the committee.

1. Retired 9 June 2022.
2. Retired 5 November 2021.
3. Appointed 22 December 2021.
4. Appointed HRRC Chair effective 22 December 2021, following the retirement of Ms Gramp.
5. Retired 21 December 2021.
6. Appointed NMC Chair effective 6 November 2021, following the retirement of Ms Wett.
7. Appointed 10 June 2022.
8. Appointed 6 November 2021.
9. Appointed 6 November 2021.
10. Retired 5 November 2021.

AFIC – Audit, Finance and Investment Committee  
GOVC – Governance Committee / NAGC – Nominations and Governance Committee  
HRRC – Human Resources and Remuneration Committee  
NMC – National Membership Committee  
RACC – Risk and Compliance Committee  
TECC – Technology Committee



Financial Report for the year ended 30 June 2022  
Directors' Report

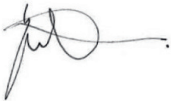
Auditor's Independence Declaration

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 2022 and is located on the page following the Directors' Report.

Non-Audit Services

KPMG did not provide any non-audit services to AICD during FY22. The AICD received sponsorship from KPMG of \$14,575. Refer to Note 15 Remuneration of auditors.

Signed in accordance with a resolution of the directors.



John Atkin FAICD  
Chair

Sydney  
2 September 2022



Angus Armour FAICD  
Managing Director & Chief Executive Officer



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 2022 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



Jessica Davis  
Partner

Sydney  
2 September 2022

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Financial Report for the year ended 30 June 2022  
Corporate Governance Information

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

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

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

- A review of the AICD's Governance documentation, including the adoption of a new Constitution and Division Council Charters to ensure a modern, consistent and fit-for-purpose framework.
- A review of the role of Division Councils, with the introduction of standard document templates to facilitate meeting effectiveness and to improve the effectiveness of Division Councils as advisory bodies.
- An internal Board evaluation to ensure continuous improvement, provide greater clarity of roles and responsibilities, enrich decision-making, and create efficiencies.
- Internal Committee evaluations to facilitate continuous improvement and to ensure that each Committee remains focussed on its agreed responsibilities.
- A review of our Board Committees which has led to a consolidation of certain committees with a reduction in their overall number and a streamlining of their Charters to facilitate meeting effectiveness.
- A review of the AICD's Board skills matrix to identify skills and diversity gaps. The skills matrix is available on the AICD's website: [aicd.companydirectors.com.au](http://aicd.companydirectors.com.au).
- Board succession planning to ensure critical skills are maintained and effective renewal is achieved.
- A review of the Director Code of Conduct and Employee Code of Conduct, merging into one document to reflect best practice governance.

The Board

The Board is responsible for the overall corporate governance of the AICD. Its powers are defined 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.

Board Committees

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

Following a review of the Committee structure and to further enhance their efficiency, effective from 1 July 2022, the Committees have been consolidated as follows:

- Audit and Risk;
- Membership, Nominations and Governance;
- People and Culture; and
- Technology, Innovation and Major Projects.

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

Division Councils

There are seven Division Councils; one for each Australian state and one for the Australian Capital Territory. Each Division Council (Council) has between five and eleven members. Each Council elects a President. The rules for election and retirement of Council members are set out in the Division Council Charter, which is available on the AICD's website.

In accordance with the Division Council Charter, the role of a Council is to provide advice to the Board and to support the Board and Management in their fulfilment of the AICD's purpose. In fulfilling its role, a Council is expected to:

- act as a key champion and engager for the Council at AICD and industry events, and with members and stakeholders;
- positively promote the AICD to members, prospective members and stakeholders to further its purpose and objectives;
- nominate a Council member for appointment by the Board as Division Director, in accordance with the Constitution;
- provide input to the Board on strategy and policy matters of the AICD;
- consider some applications for membership of the AICD, including transition between membership statuses;
- provide suggestions to the Board and support to Management in relation to the AICD's events, member services, education products, thought leadership and emerging local issues, and the general conduct of the corresponding Division; and
- develop relationships with leaders in directorships, regulation and politics who reside or are active in the Division's area.

Corporate Governance Statement and policies

The AICD's Corporate Governance Statement is publicly available on the AICD website.

Refer to the AICD website: [aicd.companydirectors.com.au](http://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 3 to 8.

Financial Report for the year ended 30 June 2022  
Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022	Note	2022 \$'000	2021 \$'000
Operating revenue	4a	81,336	69,304
Other income	4b	753	3,068
<b>Total revenue and other income</b>		<b>82,089</b>	<b>72,372</b>
<b>Expenses</b>			
Employee benefits and staff related expense	5a	(41,205)	(34,451)
Program expenses	5b	(13,654)	(12,629)
Depreciation and amortisation expense	5c	(11,167)	(11,626)
Technology expense		(4,570)	(4,273)
Professional services expense		(7,248)	(7,271)
Other expenses		(6,621)	(4,237)
<b>Total expenses</b>		<b>(84,465)</b>	<b>(74,487)</b>
<b>Operating (deficit)/surplus</b>		<b>(2,376)</b>	<b>(2,115)</b>
Finance income	7	1,833	4,414
Finance cost	7	(4,695)	(1,366)
<b>Net finance costs</b>		<b>(2,862)</b>	<b>3,048</b>
<b>(Deficit)/Surplus for the year</b>		<b>(5,238)</b>	<b>933</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(5,238)</b>	<b>933</b>

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2022  
Statement of Financial Position

As at 30 June 2022	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8(a)	24,226	24,537
Trade and other receivables	9	1,470	1,167
Prepayments		2,253	2,194
<b>Total current assets</b>		<b>27,949</b>	<b>27,898</b>
<b>Non-current assets</b>			
Plant and equipment	10	9,228	13,200
Right-of-use assets	14	17,442	20,732
Intangible assets	11	7,877	7,341
Financial assets	12	39,356	41,437
<b>Total non-current assets</b>		<b>73,903</b>	<b>82,710</b>
<b>Total assets</b>		<b>101,852</b>	<b>110,608</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		5,510	6,732
Employee benefits provisions	6	4,036	3,566
Lease liability		7,375	8,955
Other provisions		2,038	1,362
Deferred revenue	13	40,328	36,033
<b>Total current liabilities</b>		<b>59,287</b>	<b>56,648</b>
<b>Non-current liabilities</b>			
Employee benefits provisions	6	252	575
Lease liability		17,415	22,957
Other provisions		1,910	2,202
<b>Total non-current liabilities</b>		<b>19,577</b>	<b>25,734</b>
<b>Total liabilities</b>		<b>78,864</b>	<b>82,382</b>
<b>Net assets</b>		<b>22,988</b>	<b>28,226</b>
<b>Members' funds</b>			
Retained surpluses		22,988	28,226
<b>Total members' funds</b>		<b>22,988</b>	<b>28,226</b>

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2022  
Statement of Changes in Equity

For the year ended 30 June 2022	Note	2022 \$'000	2021 \$'000
Opening members' funds		28,226	27,293
Total comprehensive (loss)/income for the year		(5,238)	933
<b>Members' funds</b>		<b>22,988</b>	<b>28,226</b>

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2022  
Statement of Cash Flows

For the year ended 30 June 2022	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers and sponsors		89,969	87,840
Payments to suppliers and employees		(76,668)	(60,764)
<b>Net cash flows from operating activities</b>	8(b)	<b>13,301</b>	<b>27,076</b>
<b>Cash flows from investing activities</b>			
Interest received		32	22
Distribution received		1,717	2,083
Franking credits received		74	83
Purchase of other financial assets		(1,717)	(8,084)
Payment for plant and equipment		(656)	(588)
Payment for intangible assets		(2,582)	(1,557)
<b>Net cash flows used in investing activities</b>		<b>(3,132)</b>	<b>(8,041)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(898)	(1,366)
Payment of lease liabilities		(9,592)	(7,550)
<b>Net cash flows from financing activities</b>		<b>(10,490)</b>	<b>(8,916)</b>
<b>Net change in cash and cash equivalents</b>			
Net (decrease)/increase in cash and cash equivalents		(321)	10,119
Cash and cash equivalents at the beginning of the period		24,537	14,452
Effect of exchange rate fluctuations on cash held		10	(34)
<b>Cash and cash equivalents at the end of the period</b>	8(a)	<b>24,226</b>	<b>24,537</b>

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2022  
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 2022 was authorised for issue in accordance with a resolution of the directors on 2 September 2022.

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 (AASBs) (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) Going concern basis of accounting

At 30 June 2022 there is a current asset deficiency of \$31.3m (2021: \$28.8m) 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. This is also a result of the Financial Assets of the Company's investments being classified as non-current, as described in Note 12. These assets, if required, can be readily converted to cash with 10 days' notice.

There is a national policy applied uniformly across each state governing the refund of any education and event products. Membership fees are not refunded. There are sufficient reserves to meet future obligations, including any refunds.

Due to COVID-19, revenue was materially affected in the 2021 and 2022 financial years 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 2023 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 2023 financial year mitigating the risk of any significant future disruption.

(e) 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.

3. Summary of significant accounting policies

The Company has consistently applied the accounting policies to all periods in these financial statements. These accounting policies have been included in the respective notes to the financial statements, and below.

(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) Changes in significant accounting policies disclosures, standards and interpretation

A number of new standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted, however, the Company has not early adopted the new or amended standards in preparing these financial statements. These new or amended standards are not



Financial Report for the year ended 30 June 2022  
Notes to the Financial Statements

(c) Changes in significant accounting policies disclosures, standards and interpretation (continued)

expected to have a significant impact on the Company's financial statements.

A number of other new standards were also effective from 1 July 2021, but they do not have a material effect on the company's financial statements.

**(d) Comparatives**  
Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year. This is consistent with the principles and requirements of AASB 101 Presentation of Financial Statements.

Financial Report for the year ended 30 June 2022  
Notes to the Financial Statements

4. Revenue and Other Income

	2022 \$'000	2021 \$'000
<b>(a) Revenue</b>		
Education	49,224	40,256
Events and Conferences	2,941	1,851
Membership	28,203	26,438
Publishing	968	759
<b>Total</b>	<b>81,336</b>	<b>69,304</b>
<b>(b) Other Income</b>		
Government grants	750	714
Job Keeper Subsidy	-	2,354
Other Income	3	-
<b>Total</b>	<b>753</b>	<b>3,068</b>

**(c) 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
<b>2022</b>				
Revenue from contracts with customers	49,224	2,941	28,803	968
Timing of Revenue Recognition				
At a point in time	30,648	2,941	1,610	968
Over time	18,576	-	26,593	-
<b>Total</b>	<b>49,224</b>	<b>2,941</b>	<b>28,203</b>	<b>968</b>
<b>2021</b>				
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	-
<b>Total</b>	<b>40,256</b>	<b>1,851</b>	<b>26,438</b>	<b>759</b>

**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 under the heading of '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 'deferred revenue'.

**Membership**  
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 'deferred revenue'.

Financial Report for the year ended 30 June 2022  
Notes to the Financial Statements

4. Revenue and Other Income (continued)

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

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

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

**Accounting policy for revenue recognition**  
AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

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. 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.

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	Performance obligations are satisfied upon delivery of program.	Revenue recognised upon delivery of program.
(ii) Events and conferences	Performance obligations are satisfied upon event taking place.	Revenue recognised upon event taking place.
(iii) 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.
(iv) Publishing	Performance obligations are satisfied at the time of the publication issue.	Revenue is recognised at the time of the publication issue.

Financial Report for the year ended 30 June 2022  
Notes to the Financial Statements

5. Expenses

	2022	2021
	\$'000	\$'000
(a) Employee benefits and staff related expenses		
Salaries and other benefits	(34,380)	(29,286)
Superannuation	(3,302)	(2,606)
Other staff costs	(3,523)	(2,559)
Total	(41,205)	(34,451)
(b) Program expenses		
Facilitators and speakers	(7,152)	(7,744)
Venue hire and catering	(2,724)	(1,624)
Other program expenses	(3,778)	(3,261)
Total	(13,654)	(12,629)
(c) Depreciation and amortisation expense		
Depreciation of property, plant and equipment	(3,363)	(3,676)
Software amortisation	(2,047)	(2,236)
Depreciation of ROU assets	(5,757)	(5,714)
Total	(11,167)	(11,626)

6. Employee benefits provisions

	2022	2021
	\$'000	\$'000
(a) Employee benefits provisions:		
Current provisions:		
Annual leave	2,537	2,177
Long service leave	1,499	1,389
	4,036	3,566
Non-current provisions:		
Long service leave	252	575
	252	575

(b) 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.

## Financial Report for the year ended 30 June 2022

### Notes to the Financial Statements

#### 6. Employee benefits provisions (continued)

##### (b) Accounting policy for employee leave benefits (continued)

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 dated June 2022, with terms to maturity and currencies that match as closely as possible, the estimated future cash outflows.

#### 7. Finance income and finance costs

	2022 \$'000	2021 \$'000
<b>Finance income</b>		
Interest	32	22
Distribution	1,717	2,083
Franking credits	74	83
Fair value movements of financial assets held at fair value	-	2,260
Foreign exchange gain/(loss)	10	(34)
	<b>1,833</b>	<b>4,414</b>
<b>Finance cost</b>		
Fair value movements of financial assets held at fair value	(3,797)	-
Interest expense - leases	(898)	(1,366)
	<b>(4,695)</b>	<b>(1,366)</b>
<b>Net finance income recognised in (deficit) or surplus</b>	<b>(2,862)</b>	<b>3,048</b>

##### (a) Accounting policy for finance income and costs

Finance income includes distributions, interest and other financial income. Finance costs include interest expense on leases. 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 and expense 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.

#### 8. Cash and cash equivalents

	2022 \$'000	2021 \$'000
<b>(a) Reconciliation to cash flow statement</b>		
Cash and cash equivalents comprise the following at 30 June:		
Cash at bank and on hand	17,096	17,422
Secured term deposit	7,130	7,115
	<b>24,226</b>	<b>24,537</b>

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

The AICD has bank guarantees in respect of leased properties to the amount of \$6,816,327 (2021: \$6,919,156) at year-end. The bank guarantees are secured through the use of the secured term deposit which restricts the use of this facility.

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

## Financial Report for the year ended 30 June 2022

### Notes to the Financial Statements

#### 8. Cash and cash equivalents (continued)

	2022 \$'000	2021 \$'000
<b>(b) Reconciliation of net surplus to net cash flows from operations</b>		
Net (deficit)/ surplus	(5,238)	933
Adjustments for:		
Fair value movements of financial assets held at fair value	3,797	(2,260)
Depreciation/amortisation of non-current assets	11,170	11,626
Loss on disposal of plant and equipment	1,265	3
Interest received	(32)	(22)
Interest paid	898	1,366
Distribution received	(1,717)	(2,083)
Franking credits received	(74)	(83)
Foreign exchange gain	(10)	34
Net cash provided by operating activities before changes in net assets and liabilities	10,059	9,514
Changes in assets and liabilities		
(Increase)/Decrease in:		
Trade and other receivables	(303)	124
Prepayments	(59)	(86)
Changes in provisions:		
Provision for employee benefits	147	372
Property other provision	384	517
Increase in:		
Trade and other payables	(1,222)	5,478
Deferred revenue	4,295	11,157
<b>Net cash from operating activities</b>	<b>13,301</b>	<b>27,076</b>

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

Financial Report for the year ended 30 June 2022  
Notes to the Financial Statements

9. Trade and other receivables

	2022 \$'000	2021 \$'000
<b>Current</b>		
Trade receivables	1,057	829
Less allowance for doubtful debts	(9)	(33)
	1,048	796
Other receivables	422	371
	<b>1,470</b>	<b>1,167</b>
<b>(a) Aging of Trade Receivables</b>		
Not past due or impaired	635	334
30 to 60 days	276	104
61 to 90 days	84	95
Over 90 days	62	296
<b>Total trade receivables</b>	<b>1,057</b>	<b>829</b>

Trade receivables are non-interest bearing and are generally on 30-day terms.

(b) 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 have 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.

(c) 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.

Financial Report for the year ended 30 June 2022  
Notes to the Financial Statements

10. Plant and equipment

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
<b>Year ended 30 June 2022</b>			
At 1 July 2021, net of accumulated depreciation and impairment	2,216	10,984	13,200
Additions	43	613	656
Disposals	(165)	(1,100)	(1,265)
Depreciation charge for the year	(600)	(2,763)	(3,363)
<b>At 30 June 2022, net of accumulated depreciation and impairment</b>	<b>1,494</b>	<b>7,734</b>	<b>9,228</b>
<b>At 30 June 2022</b>			
Cost	7,581	19,074	26,655
Accumulated depreciation and impairment	(6,086)	(11,341)	(17,427)
<b>Net carrying amount</b>	<b>1,495</b>	<b>7,733</b>	<b>9,228</b>

A loss on disposal of plant and equipment was recognised in the profit or loss of \$1,265.

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)
<b>At 30 June 2021, net of accumulated depreciation and impairment</b>	<b>2,216</b>	<b>10,984</b>	<b>13,200</b>

At 30 June 2021

Cost	7,829	20,641	28,470
Accumulated depreciation and impairment	(5,613)	(9,657)	(15,270)
<b>Net carrying amount</b>	<b>2,216</b>	<b>10,984</b>	<b>13,200</b>

(a) Accounting policy for plant and equipment

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

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

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

Derecognition and disposal

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

Subsequent expenditure

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



Financial Report for the year ended 30 June 2022  
Notes to the Financial Statements

11. Intangible assets

	Development costs \$'000	Software \$'000	Total \$'000
Year ended 30 June 2022			
At 1 July 2021, net of accumulated amortisation and impairment	4,804	2,537	7,341
Additions	2,210	372	2,582
Amortisation charge for the year	(346)	(1,700)	(2,047)
At 30 June 2022, net of accumulated amortisation and impairment	6,668	1,209	7,877
At 30 June 2022			
Cost (gross carrying amount)	11,068	15,172	26,240
Accumulated amortisation and impairment	(4,400)	(13,963)	(18,363)
Net carrying amount	6,668	1,209	7,877
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

(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.

Financial Report for the year ended 30 June 2022  
Notes to the Financial Statements

11. Intangible assets (continued)

Amortisation is calculated on a straight-line basis over the estimated useful life of the intangible assets as follows:

	Life	Method
Development costs	2-5 years	Straight Line
Software	2-5 years	Straight Line

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.

12. Financial assets

(a) Measurement of fair values

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Year ended 30 June 2022				
Current assets:				
Financial assets	-	-	-	-
Non-current assets:				
Financial assets	-	39,356	-	39,356
Total	-	39,356	-	39,356
Year ended 30 June 2021				
Current assets:				
Financial assets	-	-	-	-
Non-current assets:				
Financial assets	-	41,437	-	41,437
Total	-	41,437	-	41,437

Financial Report for the year ended 30 June 2022

Notes to the Financial Statements

12. Financial assets (continued)

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

(b) Accounting policy for financial assets

Recognition

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

Derecognition

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

- (i) the rights to receive cash flows from the asset have expired;
- (ii) the AICD retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- (iii) the AICD has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when 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.

13. Deferred revenue

	2022 \$'000	2021 \$'000
Current		
Courses and events	25,516	21,531
Membership	14,179	13,961
Sponsorship and publications	633	541
	40,328	36,033

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

Financial Report for the year ended 30 June 2022

Notes to the Financial Statements

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 2022			
At 1 July 2021, net of accumulated amortisation and impairment	1,290	19,442	20,732
Additions	440	-	440
Reassessment/modification	-	2,029	2,029
Depreciation charge for the year	(412)	(5,347)	(5,759)
At 30 June 2022, net of accumulated depreciation	1,318	16,124	17,442

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

	2022 \$'000	2021 \$'000
Amounts Recognised in profit or loss		
Interest on lease liabilities	898	1,366
Expenses relating to leases of short-term leases	320	575
Expenses relating to leases of low-value assets	5	7
	1,223	1,948
Amount recognised in the statements of cash flows	10,490	8,916

(a) Accounting policy for leases

As a lessee, the company leases many assets including property and IT equipment.

To assess whether a contract contains a lease and conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

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

Financial Report for the year ended 30 June 2022

Notes to the Financial Statements

(a) Accounting policy for leases (continued)

before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, 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. 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 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, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

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 for which the lease term end within 12 months of the date of initial application. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

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.

	2022	2021
	\$	\$
Audit of the financial report	100,600	85,200
Audit related services	-	-
<b>Total audit related services</b>	<b>100,600</b>	<b>85,200</b>
<b>Non-audit services</b>	-	-
<b>KPMG affiliated entities*</b>	20,570	-
Arrilla Digital licences		

The AICD received \$14,575^ (2021: \$nil) revenue from sponsorship of events from KPMG. The directors are satisfied that the receipt of sponsorship is compatible with the general standard of independence for auditors and auditor independence requirements imposed by the *Australian Charities and Not-for-Profits Commission Act 2012*.

\* Amounts disclosed relate to payments make to Arrilla, a Partnership with KPMG, to deliver Indigenous training services.

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

Financial Report for the year ended 30 June 2022

Notes to the Financial Statements

16. Related party disclosures

(a) Key management personnel

(i) Directors

Director	Title	Appointed/Retired
Mr John Atkin FAICD	Chair National Director	Full year
Ms Tracey Horton AO FAICD	National Director Deputy Chair	Retired 9 June 2022
Mr Michael Coleman FAICD	Division Director, NSW	Retired 5 November 2021
Ms Julie Cooper FAICD	Division Director, SA and NT	Appointed 22 December 2021
Ms Anne Cross AM FAICD	Division Director, QLD Deputy Chair	Full year <sup>(1)</sup> Appointed 10 June 2022
Ms Naomi Edwards FAICD	Division Director, TAS	Full year
Ms Kathy Gramp FAICD	Division Director, SA and NT	Retired 21 November 2021
Mr Derek La Ferla FAICD	Division Director, WA	Full year <sup>(1)</sup>
Ms Rebecca McGrath FAICD	Division Director and President, VIC	Full year
Mr Heith Mackay-Cruise FAICD	National Director	Appointed 10 June 2022
Dr Michael Schaper FAICD	Division Director, ACT	Appointed 6 November 2021
Ms Arlene Tansey FAICD	Division Director, NSW	Appointed 6 November 2021
Ms Nicola Wakefield Evans FAICD	National Director	Full year
Ms Liesel Wett FAICD	Division Director, ACT	Retired 5 November 2021
Mr Kee Wong FAICD	National Director	Full year <sup>(2)</sup>
Mr Angus Armour FAICD	Managing Director & Chief Executive Officer	Full year

(1) On 2 June 2022, the Board reappointed each of Ms Cross and Mr La Ferla for a second, three-year term, to take effect upon the expiry of their first term of appointment.

(2) On 28 February 2022, the Board reappointed Mr Wong for a term of up to one year, commencing on 28 June 2022 and expiring on 27 June 2023 or an earlier date to be confirmed by Mr Wong.

(ii) Executives

Executive	Title
Ms Helen Wild FAICD	Chief Financial Officer and Company Secretary, General Manager, Corporate Services
Mr Marcel Mol GAICD	General Manager, Education (to 15 February 2022)
Mrs Sandra McDonald	Acting General Manager, Education (from 16 February 2022 to 15 April 2022)
Mrs Nicole Meehan	Acting General Manager, Education (from 16 April 2022)
Mr Vince Di Chiara	Chief Digital & Information Officer
Ms Louise Petschler GAICD	General Manager, Governance and Policy Leadership
Mr Ben Ryan MAICD	General Manager, Marketing & Communications
Ms Luisa Pastrello MAICD	General Manager, Members & Clients (to 15 April 2022)
Ms Kathryn Marshall	Acting General Manager, Members & Clients (from 18 April 2022)

In 2021 the AICD's Managing Director and CEO, Mr Angus Armour announced that he would not be seeking a renewal of his employment contract. After a rigorous recruitment process, Mr Mark Rigotti has been appointed and will commence the role on 6 September 2022. Mr Armour will formally step down as Managing Director and CEO at that time and his employment contract will terminate on 5 October 2022. During that period Mr Armour will be available to support Mr Rigotti as required.

Financial Report for the year ended 30 June 2022  
Notes to the Financial Statements

16. Related party disclosures (continued)

(b) Compensation of key management personnel

Key Management Personnel (KMP) are those in executive positions 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.

(iii) Executive Compensation

Fixed Compensation

The AICD aims to reward executives in accordance with their position, responsibilities and relativity to market.

Variable Compensation

In February 2021, the Board resolved to remove Short-Term Incentive 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

	2022 \$'000	2021 \$'000
Compensation by category		
Short-term employee benefits <sup>(1)</sup>	3,714	3,167
Post-employment benefits <sup>(2)</sup>	167	166
Other long-term employee benefits <sup>(3)</sup>	154	236
Termination Benefits	153	43
	4,188	3,612

(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 \$651,000 (2021: \$493,679), which is solely fixed salary and superannuation. During 2021, MD & CEO and a number of KMP volunteered a reduction in salary in response to the impact of COVID-19 on the AICD's financial performance.

Financial Report for the year ended 30 June 2022  
Notes to the Financial Statements

16. Related party disclosures (continued)

The number of Executives, excluding the MD & CEO as at June 30, 2022 whose remuneration falls within the following bands are:

	2022	2021
\$0 - \$99,999	3	-
\$100,000 - \$199,999	-	-
\$200,000 - \$299,999	-	2
\$300,000 - \$399,999	2	3
\$400,000 - \$499,999	3	2
\$500,000 - \$599,999	-	-
\$600,000 - \$699,999	1	-

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 (2021 - \$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 12 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.



## Financial Report for the year ended 30 June 2022

### Notes to the Financial Statements

#### 17. Financial Risk Management (continued)

##### (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.

	1 year or less \$'000	1 – 2 years \$'000	2 – 6 years \$'000	Non- interest bearing \$'000	Total \$'000	Weighted average effective interest rate %
<b>Year ended 30 June 2022</b>						
<b>Financial assets</b>						
<i>Fixed rate</i>						
Fixed Term Deposit	7,131	-	-	-	<b>7,131</b>	0.35%
<i>Floating rate</i>						
Cash and cash equivalents	17,096	-	-	-	<b>17,096</b>	1.46%
Unit funds	-	-	-	39,356	<b>39,356</b>	
Trade and other receivables	-	-	-	1,470	<b>1,470</b>	
	<b>24,227</b>	<b>-</b>	<b>-</b>	<b>40,826</b>	<b>65,053</b>	
<b>Financial liabilities</b>						
<i>Floating rate</i>						
Trade and other payables	-	-	-	5,510	<b>5,510</b>	
Deferred revenue	-	-	-	40,328	<b>40,328</b>	
Lease liabilities	7,375	5,554	11,861	-	<b>24,790</b>	
	<b>7,375</b>	<b>5,554</b>	<b>11,861</b>	<b>45,838</b>	<b>70,628</b>	
<b>Year ended 30 June 2021</b>						
<b>Financial assets</b>						
<i>Fixed rate</i>						
Fixed Term Deposit	7,115	-	-	-	<b>7,115</b>	0.3%
<i>Floating rate</i>						
Cash and cash equivalents	17,422	-	-	-	<b>17,422</b>	0.01%
Unit funds	-	-	-	41,437	<b>41,437</b>	
Trade and other receivables	-	-	-	1,167	<b>1,167</b>	
	<b>24,537</b>	<b>-</b>	<b>-</b>	<b>42,604</b>	<b>67,141</b>	
<b>Financial liabilities</b>						
<i>Floating rate</i>						
Trade and other payables	-	-	-	6,732	<b>6,732</b>	
Deferred revenue	-	-	-	36,033	<b>36,033</b>	
Lease liabilities	8,955	5,734	17,224	-	<b>31,913</b>	
	<b>8,955</b>	<b>5,734</b>	<b>17,224</b>	<b>42,765</b>	<b>74,678</b>	

## Financial Report for the year ended 30 June 2022

### Notes to the Financial Statements

#### 18. Commitments

There were no commitments as at 30 June 2022.

#### 19. Contingent liabilities

There were no contingent liabilities as at 30 June 2022.

#### 20. Subsequent events after year end

There are no matters or circumstances that have arisen since 30 June 2022 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.

Financial Report for the year ended 30 June 2022  
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 11 to 33 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 2022 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

Sydney  
2 September 2022

  
**Angus Armour FAICD**  
Managing Director & Chief Executive Officer



Independent Auditor's Report

To the members of Australian Institute of Company Directors

Opinion			
We have audited the <b>Financial Report</b> , of the Australian Institute of Company Directors (the Company).		The <b>Financial Report</b> comprises:	
In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the <i>Australian Charities and Not-for-profits Commission (ACNC) Act 2012</i> , including:		i.	Statement of financial position as at 30 June 2022;
i. giving a true and fair view of the Company's financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date; and		ii.	Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
ii. complying with <i>Australian Accounting Standards</i> and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)</i>		iii.	Notes including a summary of significant accounting policies; and
		iv.	Directors' declaration.

Basis for opinion	
We conducted our audit in accordance with <i>Australian Auditing Standards</i> . 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 <i>Auditor's responsibilities for the audit of the Financial Report</i> section of our report.	
We are independent of the Company in accordance with the auditor independence requirements of the <i>ACNC Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.	

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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.

This matter was 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 this matter.

Revenue Recognition (\$81,336,000)	
Refer to Note 4a to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Company has two main revenue streams, each with distinct recognition requirements dependent on the terms of the underlying contracts.</p> <ul style="list-style-type: none"><li>Education, Events and Conferences require the revenue be recognised as the associated performance obligations are satisfied, primarily at the point in time when the service is provided. This requires greater judgement of when the performance obligation is satisfied when a course or event is rescheduled.</li><li>Membership requires the revenue be recognised over time, being the period of membership. There is a large volume of transactions increasing the risk of revenue being recognised in the incorrect period.</li></ul> <p>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.</p> <p>The recognition of revenue and related deferred revenue is considered to be a key audit matter due to the quantum of revenue and deferred revenue recognised combined with the large volume of transactions and the diverse revenue streams. We focused on assessing revenue recognised by the Company in accordance with the accounting standards and the terms and conditions of which membership is offered. This necessitated significant audit effort to evaluate the revenue recognised for the transactions, and the related disclosure.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"><li>We obtained an understanding of the nature of the various revenue streams and the related revenue recording processes, systems and controls;</li><li>For each revenue stream, we assessed the Company’s revenue recognition accounting policies compliance with applicable accounting standards;</li><li>We selected a sample of revenue transactions and assessed the timing of revenue recognition based on completed performance obligations and the Company’s revenue recognition policy against underlying documentation such as external evidence detailing the related dates of an event, and checking the approved fees and period of membership in order to assess recognition of membership revenue in the current period;</li><li>We selected a sample of deferred revenue transactions at year-end and assessed the amount deferred based on payments received in advance, completed performance obligations at balance date and the Company’s revenue recognition policy. This was performed by comparing the underlying documentation against the Company’s revenue recognition policy;</li><li>We assessed the disclosures included in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.</li></ul>



Other information

Other Information is financial and non-financial information in Australian 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.

The Other Information we obtained prior to the date of this Auditor’s Report was the Directors’ Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or 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:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC and ACNCR.
- ii. 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.
- iii. Assessing the Company’s ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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 skepticism throughout the audit.



We also:

- i. 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.
- ii. 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 registered Company’s internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. 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 registered 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 registered Company to cease to continue as a going concern.
- v. 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



Jessica Davis

Partner

Sydney

2 September 2022

## Australian Institute of Company Directors

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**Disclaimer:** All details were accurate at the time of printing. The Australian Institute of Company Directors reserves the right to make changes without notice where necessary.

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