ARITA
AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

ANNUAL REPORT 2020

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ASSOCIATION

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SCOTT ATKINS
ARITA President

PRESIDENT'S MESSAGE

2020 was a year like no other for ARITA.

While, like everyone else, we hadn't planned for the COVID-19 pandemic, fortunately we were relatively well prepared when it hit. After 29 years of growth in the Australian economy, and the corresponding downturn in the profession, ARITA had taken steps in previous years to reinforce our balance sheet, and this has ensured our ongoing viability until an upswing in insolvency work arrives.

Most importantly, this has meant that we have been able – and will continue – to be here to support our members, at every step of the way, as they too navigate the fluctuations in their work, and to also be a voice for our members in advocating as strongly as ever for continued law reform and regulatory guidance in a time where we are experiencing the most substantial changes to our insolvency process in well over 20 years.

FACE-TO-FACE EVENTS CANCELLED

The first, and perhaps biggest, challenge for ARITA was the cessation of face-to-face events due to the state and territory lock downs. As an education-focused organisation, this took away our ability to continue the manner in which we have traditionally delivered our services and stripped over $1 million of revenue from the P&L.

THE PROFESSION TAKES A HIT

The combined impact of the Government's financial stimulus and effective moratorium on insolvency was a dramatic fall in the number of personal and corporate insolvencies. Insolvency work fell by 60% compared to the already low levels in recent years. The profession that is responsible for dealing with financial distress now found itself under pressure.

GUIDING PRINCIPLES

Knowing that many of our members were doing it tough, ARITA quickly adapted, innovated and persevered to provide as much support as possible. As you will see later in these pages, we did that by having six guiding principles:

- **Walked the talk**: we've followed our own advice.
- **Embraced change**: we've rapidly evolved our business model.
- **Looking forward**: we've remained committed to the now with an eye to the future.
- **Two-way street**: we've asked you and you've asked us.
- **Lobbying and advocacy**: we've got your back, every step of the way.
- **Connection**: we remained connected with key stakeholders and upheld ARITA's reputation.

INVESTING IN SUPPORT

Despite our lost revenue, we made the decision to invest from our balance sheet to support our members through this challenging period. This included quickly moving to provide a range of free CPE options delivered online.

We also invested in rolling out a learning management system (LMS) to make our education more accessible. This enabled us to deliver our first ever online national conference which was also priced very affordably to make it even more accessible to our members.

The rollout of the LMS was a Herculean task, led by our Director of Operations, Raquel Bortoletto. Such a rollout would normally take well over a year, but Raquel delivered it in just two months despite having many other significant work responsibilities. This effort was recognised with a well-deserved President's Award.

ADVOCACY & ENGAGEMENT

Responding to the challenge to keep the economy afloat, the Government rewrote the rulebook on legislative consultation, moving at a frenetic pace to pass new legislation with the briefest consultation periods.

ARITA went into overdrive in our advocacy and government engagement. The CEO and our Specialist Team were in constant contact with key politicians, Government, regulators and many other industry bodies.

Our early pandemic advocacy included reminding the Government of our long-standing law reform policies, including micro-business restructuring and streamlined liquidations. Those policies were brought to life rapidly in the last quarter of 2020 – with many of our well-designed and balanced policies now reflected in the new small business rescue and winding up legislative measures – albeit the final form of the laws wasn't quite what we'd hoped for.

Public policy advocacy is a perpetual challenge, and it does not always deliver the exact changes we wish for. But ARITA remains in the game, doing our utmost to ensure our members' needs and wishes are heard and understood by legislators and regulators.

SMALL BUSINESS INSOLVENCY LAW REFORM

The rapid rollout of the small business insolvency law reform, with the final legislative instruments being made public just days before commencement, showed, once again, that only ARITA has the expertise and capacity to respond to such a major change in a very tight deadline.

Within a fortnight, ARITA had prepared industry-wide training (again, offered free to our members) and precedents for our precedent subscribers, to ensure the profession was ready to operate under the new laws. These educational and practical resources have already received high praise from our members and have helped to deliver effective reorganisation plans in practice, at the coalface. This would not have been possible without the incredible efforts of our Education, Specialist and Operations Teams at ARITA and the vision of our CEO.

JOBKEEPER

It should be noted that ARITA's decision to invest in our members was supported by JobKeeper and stimulus payments that, happily, reduced our loss for the trading period. We finished the year with a loss of around $66,000 – despite the $1.2 million events revenue loss – thanks to around $450,000 in stimulus payments received.

MEMBERSHIP IS UP

We've heard directly from many members that they were appreciative of ARITA's efforts throughout 2020 and they knew how hard the ARITA team was working for them. That feedback has been verified by us finishing the year with a slightly increased number of Professional Members, despite the challenging times for the profession. We also increased the number of precedent subscribers to over 100 firms.

CONCLUDING REMARKS

I conclude my term as President with this annual report and I can say that it has been a genuine honour to serve during my time in office, especially during this unprecedented period. I would especially wish to thank and congratulate our CEO, John Winter, for his courage and tireless leadership.

I know that the ARITA Board and staff continue to focus on ensuring that ARITA remains a valuable and indispensable part of the professional life of our members and their firms. I wish to thank the ARITA Board for their wise counsel and stewardship throughout my term and pay tribute to the dedication, skill, good humour and humanity of the ARITA team. We don't thank them often enough.

I feel confident that ARITA is in great shape to meet the challenges ahead and to lead our profession. ARITA is sustainable, responsive and innovative and, as a profession, we can be proud that we are well served by our association and its leadership.

I wish my successor, Michael Brereton, the very best in his term as ARITA's new President and know that he will find the role as fulfilling, rewarding and enriching as I have as he works assiduously to support and expand our membership in the years ahead.

Scott Atkins, President

Building and sustaining a broader, expanded & active membership

2020 – a year to give back to our members.

As the pandemic unfolded, it was apparent that a large portion of our membership were enduring challenging times. We knew both from the direct feedback of our members and from our three member surveys, carried out to ensure we had the pulse of the profession, that some 60% of firms had suffered revenue declines of more than 30% and were in receipt of JobKeeper support.

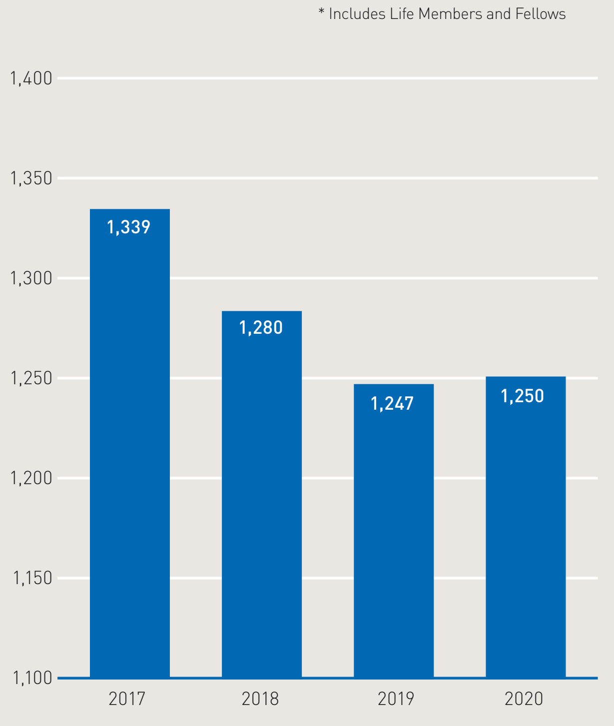
This knowledge guided much of our response to the COVID-19 situation, with the Board taking a strong view that we should provide additional free or heavily discounted services and support to our members. This drove extremely high participation and engagement with our members and subscribers through our online forums and conference.

We also conducted two 'town hall' meetings to keep our members posted on the changes and challenges in the profession.

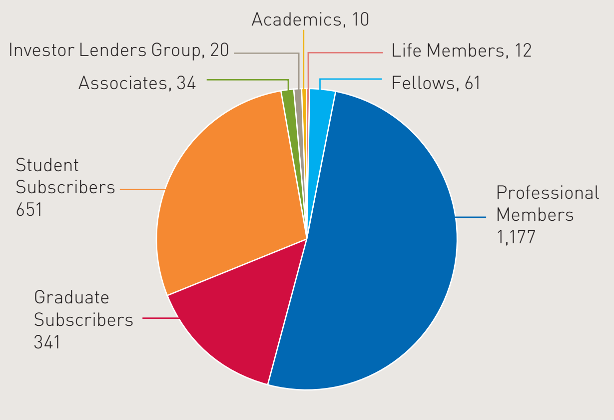
ARITA continues to proudly represent and support more than 4 out of 5 Registered Liquidators and Trustees, alongside many more practitioners outside of the registered community.

We are pleased to report a slight growth in Professional Member numbers in 2020 despite the financial challenges being faced by the profession.

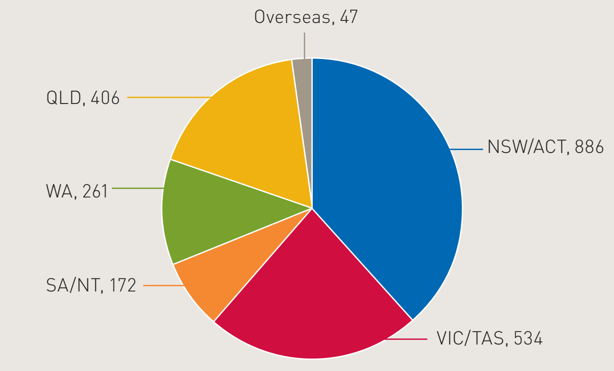
PROFESSIONAL MEMBERS 2017-2020*



2020 MEMBERS & SUBSCRIBERS BY CATEGORY



2020 MEMBERS & SUBSCRIBERS BY DIVISION



A year of rapid transformation.

As far as ARITA's professional development program was concerned, the onset of the pandemic in March did have a significant upside. It forced the association to make rapid progress on two key ARITA goals in a very short time: online courses and events and a learning management system.

OUR LEARNING MANAGEMENT SYSTEM – DOING MORE WITH LESS

Despite having to cancel all but one of our in-person conferences, we had 7,000 people attend professional development events in 2020 – a 77% increase in attendance over 2019.

This was made possible with the help of ARITA's new learning management system. Known as the ARITA Learning Centre, it can be accessed from any computer or mobile device and enables us to expand our delivery options, providing members with an enhanced and convenient learning experience.

ARITA ONLINE CONFERENCE

In order to provide high quality professional development and to support the profession during times of financial hardship, ARITA ran our National Conference and Small Practice Conference as one combined event via the ARITA Learning Centre.

Over 600 attendees enjoyed the 28 sessions over the three-day conference. It was very well received with 92% of the attendees rating the value of the conference program very good or excellent.

FORUMS

The online delivery of our forums has offered the profession access to quality verifiable CPE. ARITA held 18 online forums including two town hall meetings in 2020. Exclusive to ARITA members and subscribers, the town halls covered updates on the latest news and attendees had the opportunity to ask questions at the end of each session.

FLEXIBLE PAYMENT OPTIONS

Our 'learn now, pay later' initiative for the Introduction to Insolvency Program was aimed to assist firms manage their cash flow in difficult times. This special offer allowed new starters in the profession to complete the Introduction to Insolvency Program and defer payment until 31 December 2020.

ATTENDANCE AT FORMAL COURSES

Course	Number of attendees	Number of courses held
Advanced Certification	**270**	**3**
Fundamentals of Restructuring Insolvency & Turnaround	138	1
Advanced Insolvency	118	1
Advanced Restructuring & Turnaround	14	1
Introduction to Insolvency Program	**244**	**14**
Face-to-face	26	2
Online	218	12
Essential Skills	**724**	**21**
Bankruptcy	149	4
Insolvency Law	189	5
Insolvency	295	8
Restructuring	91	4
Total	**1,238**	**38**

RESPONDING TO COVID-19

Preparing for the reset

The pandemic has put every Australian business under pressure. ARITA is no exception. We've had to adapt, innovate and persevere so we can continue to deliver support and guide our members.

WALKED THE TALK

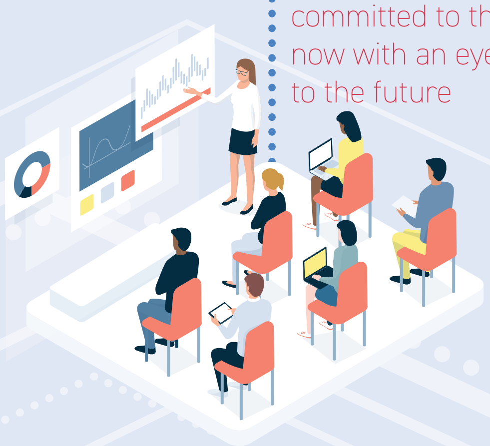
We've followed our own advice

- **We practice what our industry preaches.**
- Despite significant revenue loss due to the cancellation of all face-to-face events and education, **ARITA has managed its financial position to ensure that we remain a viable and vibrant professional association for our members**.
- **Continual monitoring** of financial reforecasts, including cost cutting to ensure future viability.
- We have **protected member value** by utilising government support where we qualify and reassessing future staff requirements.
- In spite of a reduction in staff numbers (our headcount has reduced by 2 since the start of COVID-19) and a rapid change to our business model, **ARITA has continued to provide full and unfettered support to members** while ARITA staff work remotely.

EMBRACED CHANGE

We've rapidly evolved our business model

- In April we transitioned the **ARITA Journal online library** to the *Issuu* digital publishing platform so members can now read back issues on their computer, phone or tablet.
- All divisional **AGMs will now be held online**.
- New 'learn now, pay later' option for firms to send staff to the Introduction to Insolvency Program and **defer payment until 31 December 2020**.
- ARITA is implementing 'Autopay' for membership fees, allowing members to choose if they want to **pay by quarterly instalments for 2021**.
- We have combined our National and Small-Medium Practice Conferences into one 3-day online event, at an **exceptionally affordable price**.
- Having more events and education opportunities online means we are **more inclusive of our member-base**, with location no longer a barrier to participation and connection.
- Pivoted our business online where we can, with live and interactive courses and events.
  - **14** Introduction to Insolvency Program courses, **21** Essential Skills, **27** Forums, **3** Young Professionals seminars, **2** conferences and **3** Advanced Certification subjects.



LOOKING FORWARD

We've remained committed to the now with an eye to the future

- We **continue to uphold the high standards required to become an ARITA Professional Member** (PM). Ensuring our PMs meet the strict requirements to become and remain a PM builds reputational trust and integrity for the whole industry.
- **Providing supporting information** to assist with registrations of liquidators and trustees while maintaining integrity in the registration process.
- **Working collaboratively** with CA ANZ and CPA around initiatives to protect the profession.
- Engaging in a **major government relations activity** to promote the profession and push for better policy on insolvency issues.
- We **continue to seek guidance** from State and Federal Governments about insolvency practitioners and their status in lockdowns.

One of our most important roles is to future-proof the profession. This means constant re-evaluation of the way we do things, the way our profession is changing from internal and external impacts, and how we can build and enable a profession into the future.

- We are asking members and key stakeholders: **What does 'living with COVID' look like for our profession?**
- **We have formed a Diversity & Inclusion committee** – the 'Balance Taskforce' – to address issues within our industry. We believe a more inclusive profession is a better profession. Development of a strategic action plan is well under way and we will release more details in the coming months.
- In response to the rapid increase in online learning and connection, **ARITA has implemented a new learning management system**. We will continue to offer education and events online, and expand our existing program to make it accessible to all members of the RIT community. **We don't want location to be a barrier to connection and participation**.

TWO-WAY STREET

We've asked you & you've asked us

- We have conducted **3 member surveys** specifically relating to the impact of COVID-19, to keep abreast of our members' challenges and concerns. This insightful data will be used in our advocacy and public relations work.
- **Monthly meetings of ARITA's elected Division Committees** provide feedback to ARITA's CEO.
- We continue to **listen to our members' concerns** and respond by making recommendations or changes accordingly.
- ARITA is **simplifying the DIRRI and remuneration reports** to make it easier for creditors in preparation for the impending insolvency tsunami.
- Our **members-only 'Ask ARITA' service** remains an important tool for our members' technical queries. We are expecting an increase in use of this service as the workload for the profession rapidly expands.

LOBBYING & ADVOCACY

We've got your back, every step of the way

We've got much work to do when it comes to advancing change for a more robust profession. Our lobbying and member advocacy work is ongoing and has never been more important. Here's what we stand for:

- **No knee-jerk reform** – a full root and branch review.
- Complete **removal of ASIC IFM** (or at least for an interim 3-year period).
- **Permanent removal** of ASIC search & lodgement fees for liquidators.
- **$5,000 – $10,000 vouchers for businesses** to ensure they are getting appropriate advice on how to manage financial distress and solvency.
- **Continuing to promote ARITA's long-established policy positions** on small business restructuring, streamlined small liquidations and improvements to schemes of arrangement, most of which were supported by the Productivity Commission.
- Defence of the **unfair preference regime**.
- Radical – up to tenfold – **increase in funding** of the Assetless Administration Fund and a drastic simplification of the application process.
- Continued **advocacy of creditors' rights** in insolvency.
- Promotion of our profession being in the business of **saving jobs and livelihoods**.
- Amplifying the **importance of the restructuring function**.
- We've been working with the Australian Chamber of Commerce & Industry and the Australasian Society of Association Executives to promote the important work of our members and profession as a whole.
- To ensure our message is heard in Canberra and by regulators, our CEO and Specialist Team are in regular contact with Treasury, ASIC, AFSA, ATO and others. **We've had 33 meetings with Government bodies this year**.
- The frequency of our ASIC/AFSA liaison meetings has increased to weekly.
- ARITA **raised concerns with Treasury and ASIC** regarding recent amendments to litigation funding legislation which will have significant impact for insolvency recoveries, particularly in the post-COVID environment.

CONNECTION

We remained connected with key stakeholders & upheld ARITA's reputation

- Throughout the COVID crisis, ARITA's senior leadership has been in close liaison with Government including weekly, fortnightly and monthly meetings with **Treasury, ASIC, AFSA, ATO** and the **Reserve Bank** to help plan for and manage the impacts of COVID-19 on the profession and the economy.
- Working collaboratively with **CA ANZ** & **CPA** around initiatives that look to protect the profession.
- Working closely with **Australian Institute of Credit Management**, **Auctioneers and Valuers Association of Australia** and **The Association of Litigation Funders of Australia.**
- The ARITA CEO and President have co-presented **2 town hall forums**, in response to how COVID-19 has and continues to impact the profession.
- Promoting our profession to other professionals, with presentations including:
  - Co-presenting the first ever LexisNexis masterclass for 800 participants
  - Australian Society of Association Executives
  - Recruitment, Consulting and Staffing Association of Australia & NZAFIA
  - Australian Credit Forum.
- Active engagement with the Australian Chamber of Commerce & Industry (ACCI) including **over a dozen**

events with senior political leaders and ARITA's CEO joining **ACCI's Economics and Industry Policy Committee**.

- ARITA's CEO has been **active in traditional and social media** striving to ensure the debate is balanced and our members' perspectives are considered:
  - Providing reputational support on social media: LinkedIn posts having exceptional reach with an average of 8,000 – 13,000 impressions.
  - Attending Australian Chamber of Commerce & Industry and Australian Institute of Credit Management events.
  - Played a key role in CPA's COVID-19 business support and corporate insolvency industry roundtable.
  - More than 50 media interviews across TV, radio, magazines, newspapers and online news outlets.
- Joint white paper with Australian Institute of Credit Management and Creditor Watch – received national media coverage.

TIMELY UPDATES

We're committed to keeping you informed, updated & educated

- We've published **29 Practice Alerts** covering legislative and regulatory changes, details of financial stimulus packages, international perspectives and more.
- We've published **6 information sheets** to help people affected by financial distress and their advisers.
- Our **22 Case Reports** have kept you up to date with other aspects of law throughout COVID-19.
- The 'COVID-19 update' section of the ARITA Journal aggregates **all the important COVID-19-related information in one place**.
- **Over 5,500 attendees** across **18 online Forums** which have been offered free of charge to members and subscribers, providing verifiable CPE.

OUR RESPONSE IN NUMBERS...

- **29** Practice Alerts
- **6** information sheets
- **22** Case Reports
- **5,500** online Forum attendees
- **18** online Forums
- **2** new payment methods
- **1** epic, 3-day online conference
- **55** online opportunities to learn, gain CPE and connect with the profession
- **2** town hall forums
- **8,000 – 13,000** LinkedIn impressions on popular posts
- **50+** Media interviews
- **3** member surveys
- **2** reporting requirements simplified
- **$1 million** loss of revenue due to COVID-19
- **$450,000** JobKeeper and Cashflow Stimulus Government support
- **12** ARITA staff working remotely

Only ARITA

RESPONDING TO COVID-19

You can download the full 'Responding to COVID-19' document and find other helpful member resources online at: arita.com.au/**COVID19**

ARITA

Delivering policy leadership on behalf of the profession.

A great deal of ARITA's resources are focussed on representing the profession in various inquiries, hearings and policy consultations. Over the course of 2020, ARITA was engaged in the following public policy advocacy.

ARITA SUBMISSIONS & CONSULTATIONS IN 2020

January

- Submission to ASIC Regulator Performance Feedback for 2018–19
- Submission to Australian Small Business and Family Enterprise Ombudsman's (ASBFEO) Insolvency Practices Inquiry
- Submission to the Australian Law Reform Commission paper on Corporate Criminal Responsibility (including illegal phoenixing)

February

- Submission to the Treasury consultation on Financial Regulator Assessment Authority
- Submission to New South Wales Small Business Ombudsman in response to ASBFEO Insolvency Practices Inquiry
- Submission to ASIC Consultation Paper 326 – Chapter 6 relief for share transfers using s 444GA
- Submission to the Treasury on Insolvency and Trust law: Overview of issues for reform

June

- Submission to Parliamentary Joint Committee on Corporations and Financial Services on Litigation funding and the regulation of the class action industry inquiry
- Response to ASBFEO 'COVID-19 Recovery Plan'

July

- Submission to ASIC providing feedback on the draft Cost Recovery Implementation Statement: ASIC industry funding model 2019–20

September

- Letter to the Treasury regarding drafting errors in the amendments to the litigation funding regulations in the *Corporations Act*

October

- Submission to the Treasury on Virtual meetings and electronic document execution

November

- Submission to AFSA Regulator Performance Framework Feedback 2019–20
- Submission to the Treasury on Insolvency reforms to support small business – primary legislation
- Submission to the Treasury on Insolvency reforms to support small business – subordinate legislation

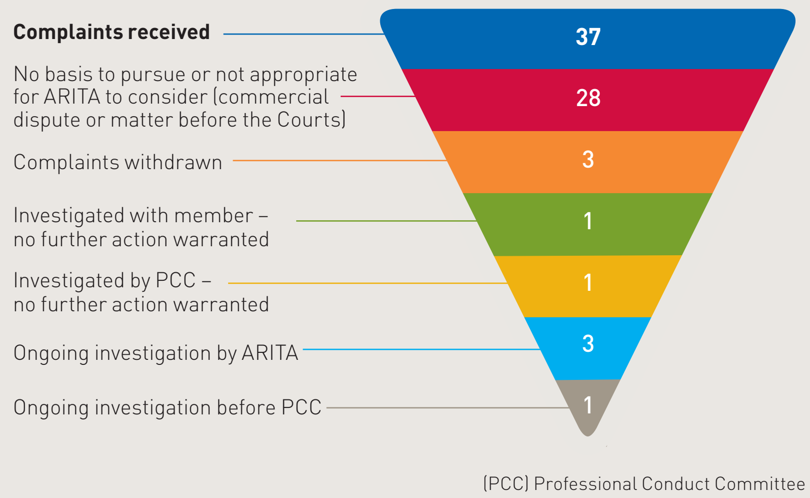
In addition to the above list ARITA was also involved in a number of confidential submissions, responses and follow-up discussions in respect of the above submissions.

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

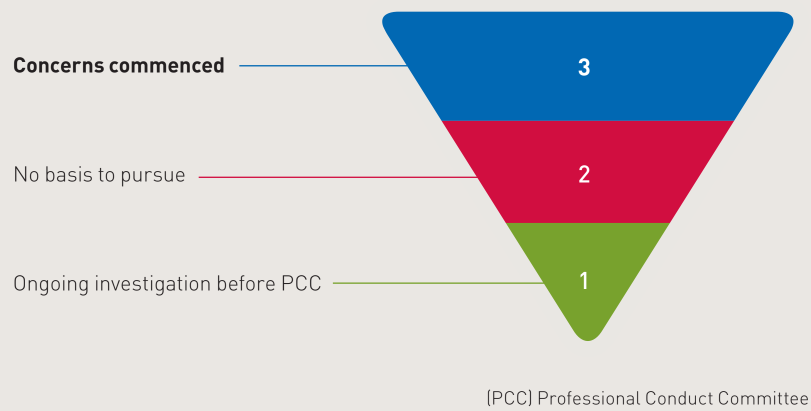
ARITA receives and investigates complaints about the professional conduct of members, and about the professional processes of ARITA members' firms. We also investigate concerns about the professional conduct of members that arise other than by way of a complaint.

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

COMPLAINTS 2020



CONCERNS 2020



Automatic termination of membership	1
Discretionary termination of membership	1
Reports to regulator pursuant to IPS 40-100	3

Sustainable & financially resilient.

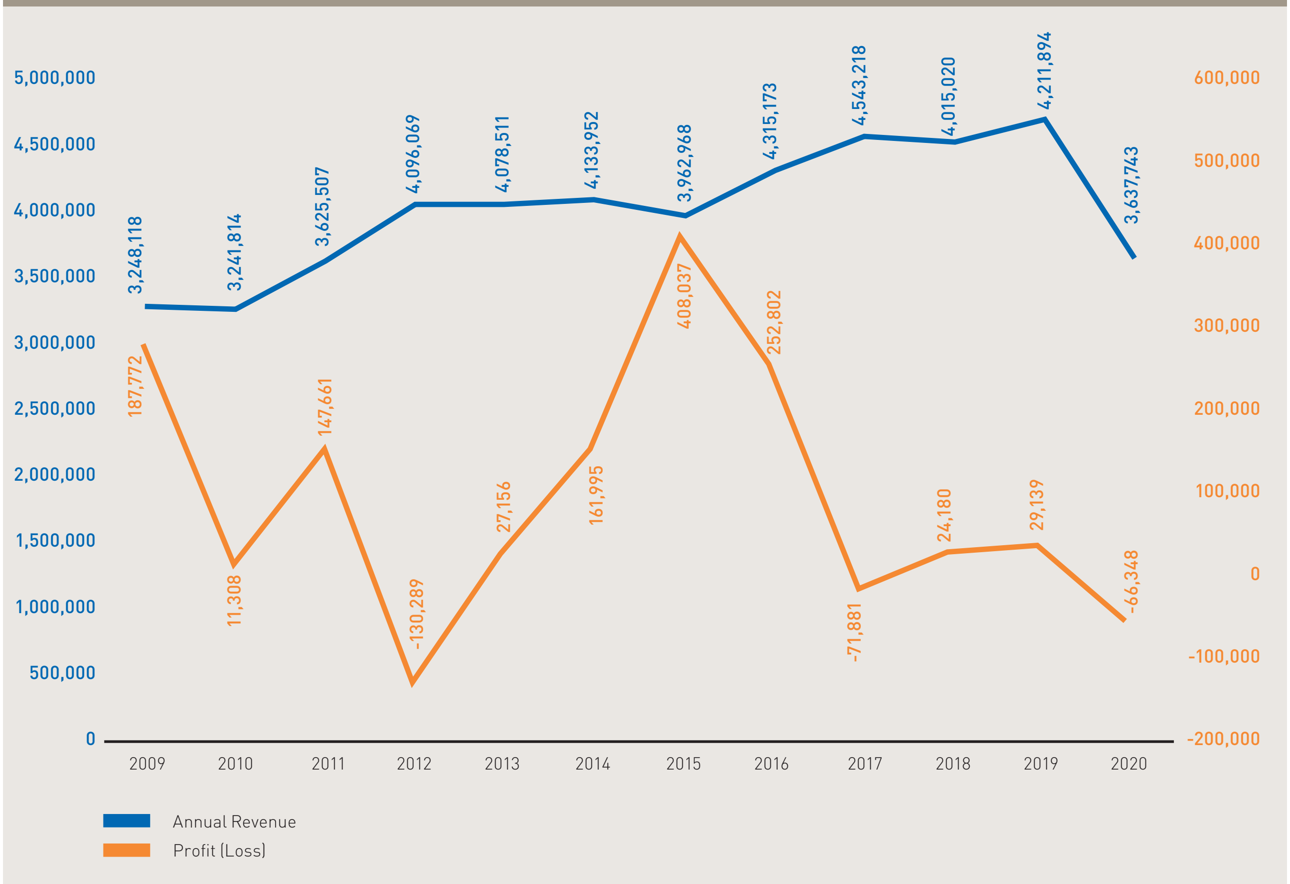
The cessation of face-to-face education and event activities had a significant and negative impact on ARITA's income, falling $1,021,551 to $3,637,743.

This decrease in revenue was offset by JobKeeper and stimulus payments of $447,400, resulting in a net revenue loss of $574,151.

Prudent operational management and cost reductions made, including removal of expenses for events not run, resulted in a loss of just $66,348 for the year.

ARITA's balance sheet remains strong with total equity of $1,600,309 and total assets of $3,592,656.

ARITA ANNUAL REVENUE v PROFIT (LOSS)



Regulating our own affairs.

ARITA BOARD IN 2020

The Board formally met on four occasions in 2020: in person in February and then virtually in May, August and November due to COVID-19 restrictions. A number of other decisions were taken by circular in the intervening periods.

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

Board committees active during the year were:

AFSA Liaison Committee Scott Atkins (Chair), Jason Porter (Deputy Chair) Katherine Barnet (to 18/08/2020), Bruce Gleeson, Kelly-Anne Trenfield (from 18/08/2020)	The AFSA Liaison Committee met with AFSA representatives once in July in 2020.
ASIC Liaison Committee Scott Atkins (Chair), Michael Brereton (Deputy Chair) Rachel Burdett, Jason Porter	The ASIC Liaison Committee met with ASIC representatives once in May in 2020. The Committee discussed issues relevant to ARITA members who are Registered Liquidators.
ASIC/AFSA Joint Liaison Committee Scott Atkins (Chair), Michael Brereton (Deputy Chair) Katherine Barnet (to 18/08/2020), Rachel Burdett (from 18/08/2020), Jason Porter (from 18/08/2020)	The ASIC/AFSA Joint Liaison Committee met with ASIC and AFSA representatives twice in 2020: April and October, for its official meetings. In addition, the Committee met 8 times via teleconference.
Finance Committee Michael Brereton (Chair), Kelly-Anne Trenfield (Deputy Chair) Katherine Barnet, Robyn McKern, Clifford Rocke (to 26/05/2020), Daniel Woodhouse (from 26/05/2020)	Throughout the year the Finance Committee reviewed monthly and quarterly financial reports and provided advice to the CEO and Financial Controller on financial accounting and reporting.
Membership Committee Robyn McKern (Chair), Clifford Rocke (Deputy Chair to 26/05/2020), Rachel Burdett, Michael Hayes, Anthony Phillips (from 18/08/2020), Peter Schmidt, Daniel Woodhouse (from 26/05/2020)	During 2020 the Membership Committee approved membership applications on a regular basis via circular. The Committee also provided advice on matters involving ARITA's membership.
Nominations Committee Scott Atkins (Chair), Michael Brereton (Deputy Chair), Ross McClymont	The Nominations Committee met once via teleconference in 2020, to conduct the annual review of the CEO.
Professional Conduct Committee Peter Schmidt (Chair), Bruce Gleeson (Deputy Chair) Paul Cook, Anthony Elkerton, Michael Hayes, Alan Scott, Kelly-Anne Trenfield	The Professional Conduct Committee met four times in 2020. The Committee considered complaints and concerns against ARITA members and provided guidance on matters involving the professional conduct of members.
Small-Medium Practice (SMP) Committee Anthony Phillips (Chair), Bruce Gleeson (Deputy Chair) Michael Brennan, Anthony Elkerton, Robyn Erskine, Mathew Gollant, Alan Hayes, Glen Oldham, Chad Rapsey, John Shanahan, Anthony Warner	The SMP Committee met twice in 2020: March and September. The Committee considers issues facing ARITA's members operating in small and medium-sized practices.
Technical Working Group Michael Brereton, Maria Duta, Lisa Filippin, Nicholas Giasoumi, Mark Gibson, Paul Gidley, Stephen Longley, Daniel Moore, Russell Morgan, Richard Morrow, Hillary Orr, Leearna Plank, Thomas Russell, Trudi Shepard, Peter Sheppard	Throughout 2020 the Technical Working Group provided technical input, industry feedback and insights into ARITA's submissions and other technical work.
Balance Taskforce (Diversity & Inclusion Committee) Katherine Barnet (Chair to 18/08/2020), Liam Bailey (Deputy Chair), Rachel Burdett (Chair from 18/08/2020), Paul Cook, Dominique Hogan-Doran SC, Robyn Erskine, Mathew Gollant, Melissa Jeremiah, Ross McClymont, Nick McGuigan, Tianne Nagy-Jones, Natasha Toholka	The Diversity & Inclusion Committee is tasked with developing and implementing a strategy to promote and support inclusive and diverse workplaces in the restructuring, insolvency and turnaround profession. The Committee met 5 times in 2020.

Members of ARITA's Division Committees in 2020.

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

Member	Firm
NSW/ACT	
Danielle Funston RITP, Chair	Maddocks
Kathy Sozou RITP, Deputy Chair	McGrathNicol
Alan Hayes RITP, Secretary	Hayes Advisory
Scott Atkins RITF	Norton Rose Fulbright
Andrew Bowcher RITF	RSM Australia
Michael Brereton RITF	William Buck
Kirsten Farmer RITP	Mills Oakley
Bruce Gleeson RITF	Jones Partners
Morgan Kelly RITF	KPMG
Jason Porter RITF	SV Partners
Chad Rapsey RITP	Rapsey Griffiths
QLD	
Kelly-Anne Trenfield RITF, Chair	FTI Consulting
Michael Brennan RITF, Deputy Chair	Offermans
Glen Oldham RITF, Secretary	Oldhams Advisory
Anthony Connelly RITF	McGrathNicol
Chris Cook RITF	Worrells
Ian Dorey RITF	K&L Gates
Michael Fingland RITP	Vantage Performance
Matthew Joiner RITF	Cor Cordis
Damien Lau RITP	Bentleys
Tim Michael RITF	KPMG
David O'Farrell RITF	McCullough Robertson Lawyers
Michael Owen RITP	PwC
Peter Schmidt RITF	Norton Rose Fulbright
Peter Smith RITF	Johnson Winter & Slattery

Member	Firm
SA/NT	
Samuel Black RITP, Chair	O'Loughlins Lawyers
Natasha Riach RITP, Deputy Chair/Secretary	Mansueto Legal
Nicholas Cooper RITP	Oracle Insolvency Services
Michael Hayes RITF	Piper Alderman
Alan Scott RITF,	SV Partners
VIC/TAS	
Rachel Burdett RITF, Chair	Cor Cordis
Melissa Jeremiah RITP, Deputy Chair	Maddocks
Leanne Chesser RITP, Secretary	KordaMentha
Jim Downey RITF	JP Downey & Co
Mathew Gollant RITF	CJG Advisory
Geoff Green RITP	Harbourside Advisory
Adrian Hunter RITF	Brooke Bird
Paul Langdon RITP	Vince & Associates
Michael Lhuede RITF	Piper Alderman
Robyn McKern RITF	McGrathNicol
Neil McLean RITP	Rodgers Reidy
Fiona Murray-Palmer RITP	Norton Rose Fulbright
Tianne Nagy-Jones RITP	Grant Thornton
WA	
Wayne Rushton RITP, Chair	KPMG
Nirupa Manoharan RITP, Deputy Chair	Mills Oakley
David Blanchett RITP, Secretary	Sheridans Chartered Accountants
Jeffery Black RITP	Norton Rose Fulbright
Michelle Dean RITP	Corrs Chambers Westgarth
Matthew Donnelly RITP	Deloitte
Malcolm Field RITP	SV Partners
Clifford Rocke RITF	Cor Cordis
Michelle Shackles RITP	BRI Ferrier
Daniel Woodhouse RITP	FTI Consulting

ARITA
AUSTRALIAN RESTRUCTURING
INSOLVENCY & TURNAROUND
ASSOCIATION

FINANCIAL STATEMENTS 2020

Directors' Report

For the year ended 31 December 2020

The directors present their report on Australian Restructuring Insolvency and Turnaround Association (ARITA) for the financial year ended 31 December 2020.

Directors

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

Name	Position	Appointed/Resigned
Scott Atkins	Chair/President	
Michael Brereton	Deputy Chair/Deputy President	
Robyn McKern	Vice President	
Rachel Burdett	Director/Vice President	Appointed Vice President 26/05/2020
Katherine Barnet	Director	
Bruce Gleeson	Director	
Michael Hayes	Director	
Anthony Phillips	Director	
Jason Porter	Director	
Clifford Rocke	Director	Resigned 26/05/2020
Peter Schmidt	Director	
Kelly-Anne Trenfield	Director	
John Winter	Director/Company Secretary	
Daniel Woodhouse	Director	Appointed 26/05/2020
Non-director board participant		
Ross McClymont	Immediate Past President	

Principal activities

The principal activities of the Company during the financial year were the provision of member services including education and training.

Objectives

The Company's short-term and long-term objectives, as outlined in the 'ARITA Strategic Plan' are to:

- CREATE TANGIBLE VALUE
  In an environment in which our members face significant financial pressure and many competitive offerings for their training spend, ARITA membership needs to deliver obvious tangible – not just intangible – benefits to members either more efficiently, at a higher quality or in ways that they would not be able to do themselves.

- REPOSITION
  Our market is evolving and evolving rapidly. ARITA must continue the journey on which we have commenced, ensuring we are constantly adapting to the market. We must remain financially resilient while continuing to meet the expectations of our constituencies.

- MANAGE THREATS
  Due to the nature of our work in inherently distressed environments, the restructuring, insolvency and turnaround profession faces constant pressure and review from government and the wider community. ARITA must assist the profession in managing these pressures. External changes such as the rise of unregulated "pre-insolvency" advisers and the potential impost of significant fees on practitioners can only effectively be managed by ARITA and also requires our further evolution. Despite our strong leadership position in a small industry, we must also contend with many other players offering competitive services to our core activities.

For the year ended 31 December 2020

Strategies

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

Key performance measures

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

Information on directors

The names of each person who has been a director during the year and to the date of this report, their qualifications and special responsibilities are as follows:

Director	Qualifications	Committee and Liaison Responsibilities
Scott Atkins President	B.Econ LLB, LLM, RITF Fellow – INSOL International Partner – Norton Rose Fulbright	AFSA Liaison (Chair) ASIC Liaison (Chair) ASIC/AFSA Joint Liaison (Chair) INSOL International Director Nominations (Chair)
Katherine Barnet s 20.3 Appointee	B. Com (Finance), M. Com, RITF, FCA Partner – Olvera Advisors Registered Liquidator – 2004 Registered Trustee – 2008	AFSA Liaison (to 18/08/2020) ASIC/AFSA Joint Liaison (to 18/08/2020) Finance (to 18/08/2020) Diversity and Inclusion (Chair to 18/08/2020)
Michael Brereton Deputy President	B.Com, B.Com (Honours), H.Dip Company Law, MBA, RITF, CA Director – William Buck Registered Liquidator – 2005	ASIC Liaison (Deputy Chair) ASIC/AFSA Joint Liaison (Deputy Chair) Finance (Chair) Nominations (Deputy Chair) Technical Working Group
Rachel Burdett VIC/TAS nominee Vice President (2020-present)	B.Acc, M.Arts, CA, GAICD, RITF Partner – Cor Cordis Registered Liquidator 2010	ASIC Liaison ASIC/AFSA Joint Liaison (from 18/08/2020) Membership Diversity and Inclusion (Chair from 18/08/2020)
Bruce Gleeson s 20.3 Appointee	B. Comm, FCA, FCPA, RITF, JP (NSW) Principal – Jones Partners Registered Liquidator – 2002 Registered Trustee – 2003	AFSA Liaison Professional Conduct (Deputy Chair) Small Medium Practice (Deputy Chair)
Michael Hayes SA/NT nominee	B. Juris, LLB, M(Com) Law, Graduate Certificate in Insolvency and Restructuring, GAICD, RITF Partner – Piper Alderman	Membership Professional Conduct
Robyn McKern s 20.2 Appointee Vice President	B.Econ, RITF, FCA, GAICD Partner – McGrathNicol Registered Liquidator – 2000	Finance Membership (Chair)
Anthony Phillips s20.3 Appointee	B. Econ, CA, RITF Director – Heard Phillips Lieberenz Registered Liquidator – 2007	Small Medium Practice (Chair) Membership (from 18/08/2020)

Information on Directors *(continued)*

Director	Qualifications	Committee and Liaison Responsibilities
Jason Porter NSW/ACT nominee	B.Com, CA, RITF, JP Partner – SV Partners Registered Trustee – 2005 Registered Liquidator – 2011	AFSA Liaison (Deputy Chair) ASIC Liaison ASIC/AFSA Joint Liaison (from 18/08/2020)
Clifford Rocke WA nominee (2019 - 2020)	B.Bus, RITF, FCA Partner – Cor Cordis Registered Liquidator – 1995	Finance (2019-2020) Membership (Deputy Chair 2019-2020)
Peter Schmidt QLD nominee	B.Com, LLB, RITF Partner – Norton Rose Fulbright	Professional Conduct (Chair) Membership (Deputy Chair, 2020-present)
Kelly-Anne Trenfield s 20.3 Appointee	B. Bus (Accountancy), RITF, CA, JP (Qld) Senior Managing Director – FTI Consulting Registered Liquidator – 2007 Registered Trustee – 2006	AFSA Liaison (from 18/08/2020) Finance (Deputy Chair) Professional Conduct
John Winter Company Secretary	B.Com (Econ & Finance), GAICD Chief Executive Officer, ARITA since 2014	AFSA Liaison ASIC Liaison ASIC/AFSA Joint Liaison
Daniel Woodhouse WA nominee (2020-2021)	Bachelor of Commerce (Accounting), CA Senior Managing Director – FTI Consulting Registered Liquidator – 2018	Finance (2020-present) Membership (2020-present)
Non-director board participant		
Ross McClymont Immediate Past President	LLB, B.Com, RITF Partner – Ashurst	Diversity and Inclusion

Note that Committee and Liaison appointments generally rotate at the Board meeting following the AGM (usually held in May). This table represents directors having held an appointment to one of these groups over the annual reporting period. Appointments held before the 2020 AGM have been marked as '2019-2020' and those held only after the 2020 AGM are marked '2020-2021'. Committee appointments with no years specified were held for the entire financial year [2020].

For a period of two years after his or her retirement, a President acts as an advisor to the Board and the Executive and is entitled to attend Board and Executive meetings and receive all information that Directors will receive but does not have any voting rights. Ross McClymont will remain the Immediate Past President until the May 2021 AGM and will then be replaced by current President Scott Atkins.

For the year ended 31 December 2020

Members guarantee

ARITA is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $100 each towards any outstanding obligations of the company. At 31 December 2020, the total amount that members of the company are liable to contribute if the company is wound up is $128,400 (2019: $126,900 – noting that ARITA amended its Constitution in May 2018, removing the categories of Graduate Member and Student Member. These former categories are now offered as subscriptions).

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2020, and the number of meetings attended by each director were:

	Directors Meetings	
	Eligible to attend	Attended
Scott Atkins	5	5
Katherine Barnet	5	3*
Michael Brereton	5	5
Rachel Burdett	5	4
Bruce Gleeson	5	4
Michael Hayes	5	5
Robyn McKern	5	5
Anthony Phillips	5	5
Jason Porter	5	5
Clifford Rocke	3	3
Peter Schmidt	5	5
Kelly-Anne Trenfield	5	5
John Winter	5	5
Daniel Woodhouse	2	2
Non-director board participant		
Ross McClymont	5	5

Eligible to attend: represents the number of meetings held during the time the director held office.

* Katherine Barnet was granted a leave of absence by the Board excusing her from the two meetings that she did not attend.

Indemnity and insurance of officers

During the financial year, the company has paid premiums in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the company. Officers indemnified include the directors and executive officers participating in the management of the company.

Further disclosure required under s 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

Indemnity and insurance of auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to s 298(2)(a) of the Corporations Act 2001.

On behalf of the directors.

Scott Atkins
Director
23 April 2021

Michael Brereton
Director
23 April 2021

Nexia Australia

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

To the Board of Directors of Australian Restructuring Insolvency and Turnaround Association

As lead audit director for the audit of the financial statements of Australian Restructuring Insolvency and Turnaround Association for the year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely
Nexia Sydney Audit Pty Ltd

Vishal Modi

Vishal Modi
Director

Dated this 23rd day of April 2021

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Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020 $	2019 $
Income			
Advertising and marketing		6,420	13,793
Education and training		1,342,871	1,395,414
Events management		199,204	1,088,515
Interest		4,317	16,599
Membership		1,397,001	1,348,850
Sale of precedents		164,050	171,406
Sponsorship		76,480	177,317
Government stimulus grants		447,400	–
		3,637,743	4,211,894
Expenditure			
Accounting and auditing fees		(28,483)	(27,633)
Advertising and marketing expenses		(153,409)	(136,050)
Employee expenses		(1,670,943)	(1,564,333)
Education and training expenses		(601,274)	(707,708)
Depreciation and amortisation expense		(110,886)	(128,117)
Depreciation and amortisation expense - Right of Use		(152,870)	(152,871)
Events management expenses		(124,742)	(648,290)
Information technology expenses		(69,788)	(78,225)
Membership expenses		(387,754)	(301,926)
Occupancy expenses		(13,234)	(24,248)
Office and administration expenses		(156,029)	(171,804)
Precedent development		(26,371)	(16,749)
Superannuation		(127,565)	(140,545)
Travel and accommodation		(24,317)	(84,746)
Finance costs		(11,272)	(17,799)
Total expenses		(3,658,937)	(4,201,044)
Surplus/(deficit) before income tax (expense)/benefit		(21,194)	10,850
Income tax (expense)/benefit	4	(45,154)	18,289
Surplus/(deficit) after income tax (expense)/benefit for the year		(66,348)	29,139
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		**(66,348)**	**29,139**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the year ended 31 December 2020

	Note	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	5	2,951,642	2,521,056
Trade and other receivables	6	147,816	68,643
Other assets	8	127,045	105,883
Total current assets		3,226,503	2,695,582
Non-current assets			
Property, plant and equipment	9	88,117	170,281
Right-of-use assets	7	152,870	305,741
Deferred tax assets	4	125,166	170,320
Total non-current assets		366,153	646,342
Total assets		3,592,656	3,341,924
LIABILITIES			
Current liabilities			
Trade and other payables	10	508,871	228,669
Borrowings	11	167,289	152,560
Provisions	12	106,743	76,828
Unearned revenue	13	1,029,513	900,025
Total current liabilities		1,812,416	1,358,082
Non-current liabilities			
Borrowings	11	–	167,289
Provisions	12	179,931	149,896
Total non-current liabilities		179,931	317,185
Total liabilities		1,992,347	1,675,267
Net assets		**1,600,309**	**1,666,657**
EQUITY			
Accumulated funds		1,600,309	1,666,657
Total equity		**1,600,309**	**1,666,657**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2020

	Accumulated Funds $	Total Equity $
Balance at 1 January 2019	1,637,518	1,637,518
Surplus after income tax benefit for the year	29,139	29,139
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income for the year	29,139	29,139
Balance at 31 December 2019	**1,666,657**	**1,666,657**
Balance at 1 January 2020	1,666,657	1,666,657
Deficit after income tax expense for the year	(66,348)	(66,348)
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income for the year	(66,348)	(66,348)
Balance at 31 December 2020	**1,600,309**	**1,600,309**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Cash flows from operating activities			
Receipts from operations		3,543,765	4,474,636
Government stimulus grants		418,600	–
Payments to suppliers and others		(1,731,127)	(2,697,809)
Payments for employees		(1,610,993)	(1,572,207)
Finance costs		(11,272)	(17,799)
Net cash from operating activities		608,973	186,821
Cash flows from investing activities			
Payments for property, plant and equipment	9	(28,722)	(32,497)
Interest received		2,894	15,767
Net cash used in investing activities		(25,828)	(16,730)
Cash flows from financing activities			
Repayment of lease liabilities		(152,559)	(138,763)
Net cash used in financing activities		(152,559)	(138,763)
Net increase in cash and cash equivalents		430,586	31,328
Cash and cash equivalents at the beginning of the financial year		2,521,056	2,489,728
Cash and cash equivalents at the end of the financial year	5	**2,951,642**	**2,521,056**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 31 December 2020

NOTE 1. GENERAL INFORMATION

The financial statements are for Australian Restructuring Insolvency and Turnaround Association (the Company) as an individual entity, incorporated and domiciled in Australia. The Company is a not-for-profit company limited by guarantee, incorporated under the Corporations Act 2001.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

Australian Restructuring Insolvency and Turnaround Association applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards. These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 23 April 2021 by the directors of the company.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

Use of estimates and judgements

In preparing the financial statements in conformity with Australian Accounting Standards - Reduce Disclosure Requirements judgements, estimates and assumptions are made that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the result of which forms the basis of carrying values and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or financial position reported in future periods.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Membership revenue

Revenue from membership subscriptions is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Revenue in relation to rendering of services is recognised upon delivery of the service to customers.

All revenue is stated net of the amount of goods and services tax (GST).

Income tax

The principle of mutuality applies to the Company's income tax liability, whereby income derived from members is not assessable for income tax. The income tax liability arises in respect of income derived from non-members, less certain allowable deductions.

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or non-allowable items. It is calculated using tax rates that have been enacted or are substantively enacted by reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Financial Instruments

Non-derivative financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company's non-derivative financial assets are cash and cash equivalents and patient, trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost, less any impairment losses.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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

The Company's non-derivative financial liabilities are trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed 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 of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Given the non-for-profit nature of the Company, to the extent that future economic benefits of an asset are not primarily dependent on the assets ability to generate net cash inflows and where the Company would, if deprived of the asset, replace its remaining future economic benefits, value-in-use is assessed as the depreciated replace cost of the asset.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset, including capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Fixed asset class	Depreciation rate
Furniture and equipment	13.33%-40%
Leasehold improvements	20.87%
Computer equipment	33.33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

The directors do not believe that there were any key estimates or key judgments used in the development of the financial statements that give rise to a significant risk of material adjustment in the future.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimate of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits
For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The Company has determined that it expects most employee benefits to be taken within 24 months of the reporting period in which they were earned and that this change did not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements. The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

For the year ended 31 December 2020

NOTE 4. INCOME TAX

	2020 $	2019 $
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Surplus/(deficit) before income tax (expense)/benefit	(21,194)	10,850
Tax at the statutory tax rate of 27.5%	(5,828)	2,984
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
– expenses attributable to members	797,256	915,501
– income attributable to members	(813,357)	(956,492)
	(21,929)	(38,007)
Non-deductible expenses and temporary differences	67,083	19,718
Income tax expense/(benefit)	**45,154**	**(18,289)**
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
– Provisions and accruals	15,448	9,942
– Tax losses	109,718	160,378
Deferred tax asset	125,166	170,320

NOTE 5. CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Current		
Cash on hand	300	300
Cash at bank	2,951,342	2,520,756
	2,951,642	**2,521,056**

Cash at bank includes $141,348 (2019: $140,226) relating to the Terry Taylor Scholarship Fund which is earmarked for specific purposes.

NOTE 6. TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Current		
Trade receivables	25,684	12,180
Other receivables	122,132	56,463
	147,816	**68,643**

NOTE 7. RIGHT-OF-USE ASSETS

	2020 $	2019 $
Non-current assets		
Land and buildings – right-of-use	458,612	458,612
Less: Accumulated depreciation	(305,742)	(152,871)
	152,870	**305,741**

NOTE 8. OTHER ASSETS

	2020 $	2019 $
Current		
Prepayments	60,914	41,175
Term deposit – bank guarantee	66,131	64,708
	127,045	**105,883**

For the year ended 31 December 2020

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

	2020 $	2019 $
Non-current		
Leasehold improvements – at cost	401,781	401,781
Less: Accumulated depreciation	(313,664)	(231,500)
	88,117	170,281
Fixtures and equipment – at cost	78,676	71,925
Less: Accumulated depreciation	(78,676)	(71,925)
	–	–
Computer equipment – at cost	92,576	70,606
Less: Accumulated depreciation	(92,576)	(70,606)
	–	–
	88,117	**170,281**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold improvements $	Furniture and equipment $	Total $
Balance at 1 January 2020	170,281	–	170,281
Additions	–	28,722	28,722
Depreciation expense	(82,164)	(28,722)	(110,886)
Balance at 31 December 2020	**88,117**	**–**	**88,117**

NOTE 10. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Current		
Trade payables	59,323	29,759
GST payable	77,445	72,652
Accrued expenses and other payables	372,103	126,258
	508,871	**228,669**

NOTE 11. BORROWINGS

	2020 $	2019 $
Current liabilities		
Lease liability	**167,289**	**152,560**
Non-current liabilities		
Lease liability	**–**	**167,289**

For the year ended 31 December 2020

NOTE 12. PROVISIONS

	2020 $	2019 $
Current		
Annual leave	89,631	62,914
Long service leave	17,112	13,914
	106,743	**76,828**
Non-current		
Long service leave	79,931	49,896
Lease make good	100,000	100,000
	179,931	**149,896**

NOTE 13. UNEARNED REVENUE

	2020 $	2019 $
Current		
Membership subscriptions	992,895	878,151
Education, events and other income in advance	36,618	21,874
	1,029,513	**900,025**

NOTE 14. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel is defined by AASB 124 'Related Party Disclosures' as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the entity.

The aggregate of remuneration made to five (2019: six) key management personnel of the company are as follows:

	2020 $	2019 $
– Total key management personnel compensation	**892,323**	**940,712**

NOTE 15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTE 16. RELATED PARTY DISCLOSURE

Other than the compensation of key management personnel, which is separately disclosed in these statements, there were no related party transactions during the financial year.

NOTE 17. EVENTS AFTER THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while the current financial performance is positive up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is still developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

NOTE 18. COMPANY DETAILS

The registered office and principal place of business of the company is:
Australian Restructuring Insolvency and Turnaround Association
Level 5,
191 Clarence Street,
Sydney NSW 2000

Directors' Declaration

For the year ended 31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards – Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Scott Atkins
Director
23 April 2021

Michael Brereton
Director
23 April 2021

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Restructuring Insolvency and Turnaround Association (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year then ended; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional & 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information comprises the information in Australian Restructuring Insolvency and Turnaround Association's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

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

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Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

Nexia Sydney Audit Pty Ltd

Vishal Modi

Vishal Modi
Director

Dated this 23rd day of April 2021

ARITA
AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

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