

AUSTRALIAN ASSOCIATION OF PRACTICE MANAGEMENT LIMITED
ABN 91 010 067 615

Financial Report
For the Year Ended
30 June 2021

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Australian Association of Practice Management Limited

ABN 91 010 067 615

Directors' Report

30 June 2021

The Directors present their report on the Company for the financial year ended 30 June 2021.

1. General information

Directors

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

Names

Ms Cathy Baynie
Mr Jon Erwin
Ms Jacqueline Beer
Mr Danny Haydon
Mr David Osman
Ms Fiona Wong
Mr James Downing
Dr David Oberklaid
Ms Raelene Tully
Mr Bruce McDonald

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

The following person held the position of Company secretary at the end of the financial year:

Nicholas Voudouris has been the Company secretary since 4 July 2018 until 26 May 2021. David Osman was appointed Company Secretary on 26 May 2021.

Members guarantee

The Company 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 \$50 each towards meeting any outstanding obligations of the Company. At 30 June 2021 the number of members was 2,437 (2020: 2,331).

At 30 June 2021 the collective liability of members was \$121,850 (2020: \$116,550).

Principal activities

The principal activities of Australian Association of Practice Management Limited during the financial year were to represent and unite all those involved in Practice Management across the healthcare sector, provide and promote Practice Manager education and professional development, and to raise AAPM's profile in the sector.

There have been no significant changes in the nature of Australian Association of Practice Management Limited's principal activities during the financial year.

Australian Association of Practice Management Limited

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Directors' Report

30 June 2021

1. General information

Business review

Operating Results

The surplus from ordinary activities amounted to \$411,388 (2020: Surplus of \$347,016).

2. Other items

Significant changes in state of affairs

The COVID-19 pandemic and its associated social and economic impacts, which emerged in March 2021 and is ongoing, have had a significant impact on the Company, with an estimated decline in revenue of more than 30% predicted for the 2020-2021 financial year. Many scheduled education events, including the 2020 National Conference, have been cancelled or postponed and there has been significant disruption to the planned networking program and to a range of scheduled partner activities. These disruptions are expected to continue at least until December 2021.

After balance date events

No matters or circumstances have arisen since the end of the financial year which 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 future financial years.

Objectives

The mission of the organisation is to:

- Represent and unite Practice Managers.
- Provide and promote education and professional development, to improve the quality of healthcare services provided to all Australians.
- Raise the profile of AAPM in the health sector.
- Provide specialised services and networks for Practice Managers.

The strategic intent for AAPM over the next three years is:

1. Strengthen AAPM's position as the pre-eminent professional body for Practice Management in the healthcare sector.
 - 1.1 Clarify and communicate with our membership AAPM's position and role as a membership body.
 - 1.2 Building brand awareness.
 - 1.3 Expand and grow best practice education (particularly in relation to Continual Professional Development and Career Structures in Practice Management).
2. Expand and grow AAPM's membership
 - 2.1 Redefine and grow our value proposition.
 - 2.2 Develop a career pathway architecture matrix.
 - 2.3 Engage effectively outside our current membership to broaden and diversify our membership base.
 - 2.4 Establish and support relevant special interest groups within our broader membership.

Australian Association of Practice Management Limited

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Directors' Report

30 June 2021

3. Director Information

2. Other items

Objectives

3. Strengthen AAPM's advocacy profile and voice.
 - 3.1 Resource AAPM appropriately in policy and advocacy capacity.
 - 3.2 Strengthen and expand relevant policy and advocacy partnerships.
 - 3.3 Establish a knowledge hub.

3. Director Information

Information on Directors

| | |
|--------------------------|---|
| Ms Cathy Baynie | Fellow AAPM, CPM AAPM |
| Qualifications | Diploma of Practice Management Certificate IV Workplace Training and Assessment Certificate IV Practice Management Nurses Board Registration RN |
| Special Responsibilities | National President (until December 2020) |
| Mr Jon Erwin | FAAPM CPM AAPM |
| Qualifications | Master of Business Administration Bachelor of Business |
| Special Responsibilities | Vice-President (until December 2020) National President (December 2020 - present) |
| Ms Jacqueline Beer | Fellow AAPM, CPM AAPM, FIPA FIFA FFin CDec |
| Qualifications | Master of Management Bachelor of Commerce Diploma Practice Management Certificate IV Celebrancy |
| Special Responsibilities | National Treasurer (until December 2020) Vice-President (December 2020 – present) |
| Mr Danny Haydon | Fellow AAPM, CPM AAPM |
| Qualifications | Master Health Management Bachelor of Applied Science & Occupational Therapy |
| Special Responsibilities | National Treasurer (December 2020 – present) |
| Mr David Osman | CPM AAPM |
| Qualifications | Advanced Diploma of Management Certificate IV in Training and Assessment MAICD Certified Practitioner Myers-Briggs Type Indicator (MBTI®) |
| Special Responsibilities | Company Secretary (May 2021 – Present) |

Australian Association of Practice Management Limited

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Directors' Report

30 June 2021

3. Director Information

Information on Directors

| | |
|--------------------|--|
| Ms Fiona Wong | CPM AAPM |
| Qualifications | Diploma in Practice ManagementSpecial |
| Responsibilities | National Secretary (until Dec 2020) |
| Ms Raelene Tully | CPM AAPM |
| Qualifications | Diploma in Practice ManagementSpecial Responsibilities Certificate in Office and Secretarial Studies |
| Mr James Downing | Fellow CPA Australia |
| Qualifications | Master of Business Bachelor of Business GAICD Australian Institute of Company Directors Six Sigma Certified GE |
| Dr David Oberklaid | MBBS, Grad Dip. Health Education |
| Qualifications | Postgraduate Diploma of Health Education Bachelor of Medicine Bachelor of Surgery |
| Mr Bruce McDonald | GAICD Australian Institute of Company Directors |
| Qualifications | Bachelor of Economics (ANU) Fellow and Certified Practising Marketer Australian Marketing Institute Fellow Institute of Managers and Leaders Six Sigma Certified – Ford |

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Directors' Report

30 June 2021

3. Director Information

Meetings of Directors

During the financial year, 14 meetings of Directors (including Committees of Directors) were held. Attendances by each Director during the year were as follows:

| | Directors' Meetings | | Finance, Audit & Risk Committee Meetings | | Governance Committee Meetings | |
|--------------------|---------------------------|-----------------|--|-----------------|-------------------------------|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Ms Cathy Baynie | 6 | 6 | - | - | 4 | 4 |
| Mr Jon Erwin | 6 | 6 | - | - | 4 | 4 |
| Ms Jacqueline Beer | 6 | 6 | 4 | 4 | 2 | 2 |
| Mr Danny Haydon | 6 | 6 | 4 | 3 | - | - |
| Mr David Osman | 6 | 6 | - | - | 4 | 4 |
| Ms Fiona Wong | 3 | 3 | - | - | - | - |
| Mr James Downing | 6 | 6 | - | - | - | - |
| Dr David Oberklaid | 3 | 3 | - | - | - | - |
| Mr Bruce McDonald | 6 | 6 | - | - | 2 | 2 |
| Ms Raelene Tully | 3 | 3 | - | - | - | - |

4. Indemnification and insurance of officers

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The Directors have not disclosed details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

Australian Association of Practice Management Limited

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Directors' Report 30 June 2021

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 

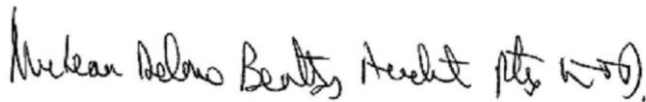
Director: 

Dated 18 October 2021

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AUSTRALIAN ASSOCIATION OF PRACTICE MANAGEMENT LTD**

I declare that, to the best of my knowledge and belief, for the year ended 30 June 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



McLean Delmo Bentleys Audit Pty Ltd



Martin Fensome
Partner

Hawthorn
18 October 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN ASSOCIATION OF PRACTICE MANAGEMENT LTD

Opinion

We have audited the financial report of Australian Association of Practice Management Ltd, which comprises the statement of financial position as at 30 June 2021, 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 other explanatory information, and the directors' declaration.

In our opinion, the financial report of Australian Association of Practice Management Ltd is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- (b) 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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

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

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements and are appropriate to meet the needs of the members. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 relating 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 has no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN ASSOCIATION OF PRACTICE MANAGEMENT LTD (CONT'D)**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.



McLean Delmo Bentleys Audit Pty Ltd



Martin Fensome
Partner

Hawthorn
19 October 2021

Australian Association of Practice Management Limited

ABN 91 010 067 615

Directors' Declaration

The Directors of the entity declare that:

1. The financial statements and notes, as set out on pages 11 to 28, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the entity.
2. There are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director:



Director:



Dated 18 October 2021

Australian Association of Practice Management Limited

ABN 91 010 067 615

Statement of Surplus or Deficit and Other Comprehensive Income For the Year Ended 30 June 2021

| | Note | 2021 \$ | 2020 \$ |
|---|------|----------------|----------------|
| Revenue from contracts with customers | 2 | 1,745,993 | 2,743,525 |
| Other revenue from ordinary activities | 2 | 56,725 | 48,281 |
| Federal Government – JobKeeper | | 136,800 | 76,500 |
| Federal Government - Cashflow boost | | - | 100,000 |
| Employee benefits expense | | (814,839) | (1,012,539) |
| Depreciation and amortisation expense | | (77,120) | (67,361) |
| Bad and doubtful debts expense | | - | (14,905) |
| Project and communication expense | | (280,874) | (1,218,680) |
| Fixed assets written off | | - | (11,550) |
| Finance costs | | (10,343) | (12,436) |
| Administration and other expenses | | (331,954) | (283,819) |
| Surplus before income tax | | 411,388 | 347,016 |
| Income tax expense | 1(f) | - | - |
| Surplus after income tax | | 411,388 | 347,016 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income | | 411,388 | 347,016 |

The accompanying notes form part of these financial statements.

Australian Association of Practice Management Limited

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Statement of Financial Position

As at 30 June 2021

| | Note | 2021 \$ | 2020 \$ |
|---------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash at bank | 4 | 366,285 | 231,446 |
| Financial assets – Bank term deposits | 4 | 1,152,854 | 940,976 |
| Trade and other receivables | 5 | 140,163 | 153,549 |
| Other assets | 6 | 44,818 | 58,937 |
| TOTAL CURRENT ASSETS | | 1,704,120 | 1,384,908 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 996,141 | 1,050,567 |
| Intangible assets | 8 | 13,681 | 16,628 |
| TOTAL NON-CURRENT ASSETS | | 1,009,822 | 1,067,195 |
| TOTAL ASSETS | | 2,713,942 | 2,452,103 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 517,962 | 633,710 |
| Borrowings | 10 | 446 | 19,410 |
| Employee benefits | 11 | 32,822 | 46,583 |
| TOTAL CURRENT LIABILITIES | | 551,230 | 699,703 |
| NON-CURRENT LIABILITIES | | | |
| Long-term provisions | 11 | 3,892 | 4,968 |
| TOTAL NON-CURRENT LIABILITIES | | 3,892 | 4,968 |
| TOTAL LIABILITIES | | 555,122 | 704,671 |
| NET ASSETS | | 2,158,820 | 1,747,432 |
| FUNDS | | | |
| Accumulated surplus | | 2,158,820 | 1,747,432 |
| TOTAL FUNDS | | 2,158,820 | 1,747,432 |

The accompanying notes form part of these financial statements.

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Statement of Changes in Funds For the Year Ended 30 June 2021

2021

| | Accumulated Surplus |
|----------------------------|------------------------|
| | \$ |
| Balance at 1 July 2020 | 1,747,432 |
| Total comprehensive income | 411,388 |
| Balance at 30 June 2021 | <u>2,158,820</u> |

2020

| | Accumulated Surplus |
|----------------------------|------------------------|
| | \$ |
| Balance at 1 July 2019 | 1,400,416 |
| Total comprehensive income | 347,016 |
| Balance at 30 June 2020 | <u>1,747,432</u> |

The accompanying notes form part of these financial statements.

Australian Association of Practice Management Limited

ABN 91 010 067 615

Statement of Cash Flows

For the Year Ended 30 June 2021

| | Note | 2021 \$ | 2020 \$ |
|---|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from customers | | 1,941,728 | 3,177,959 |
| Payments to suppliers and employees | | (1,557,133) | (3,201,103) |
| Interest received | | 11,176 | 14,549 |
| Finance costs | | (10,343) | (12,435) |
| Net cash provided by / (used in) operating activities | | <u>385,428</u> | <u>(21,030)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of property, plant and equipment and intangible assets | | (19,747) | (106,529) |
| Placement of financial assets | | (211,878) | (9,032) |
| Net cash used in investing activities | | <u>(231,625)</u> | <u>(115,561)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from borrowings | | - | 125,609 |
| Repayment of borrowings | | (18,964) | (129,085) |
| Net cash used in financing activities | | <u>(18,964)</u> | <u>(3,476)</u> |
| Net increase / (decrease) in cash and cash equivalents held | | 134,839 | (140,067) |
| Cash and cash equivalents at beginning of year | | <u>231,446</u> | <u>371,513</u> |
| Cash and cash equivalents at end of financial year | 4 | <u>366,285</u> | <u>231,446</u> |

The accompanying notes form part of these financial statements.

Australian Association of Practice Management Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, (including Australian Accounting Interpretations), authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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 otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Significant changes in the current report period

Impact of COVID-19 on Operations

In March 2020 the World Health Organisation (WHO) declared the Coronavirus disease 2019 (COVID-19) to be a pandemic. In response to this, the Australian Government together with State and Territory Premiers announced a series of social distancing, travel and other restrictive measures aimed at preventing the spread of the SARS-CoV-2 virus, which have had an adverse effect on the Australian economy, including effects on healthcare practices. These measures have had a significant deleterious impact on AAPM, financially and operationally.

The Board and Management implemented a range of operational and financial strategies to minimise the impact of the enforced closure/downturn in operations. On the 24 March 2020 AAPM activated its Business Continuity Plan, with all staff subsequently working from home until further notice and all face-to-face meetings replaced with remote videoconferencing. AAPM also enrolled for government support initiatives including JobKeeper and Cash Boost payments.

Restrictions on travel, indoor meetings and social contact resulted in AAPM canceling its 2020 national conference and the cancellation or disruption of many other planned 2020 education events and partnership activities, with a consequent estimated reduction in revenue of over 30%. Since the commencement of the pandemic, AAPM's support services have seen an increased demand from members, especially in the areas of human resources and professional advisory services, which has increased the costs to the business in these areas. Operational priorities have been reorganised to accommodate the increased demand for human resources support services and other advisory support, and to prioritise pandemic-related education and information.

The viability of the company remains strong. The COVID-19 related reduction in income is temporary and is manageable, as the company remains agile to accommodate the changes imposed by State and Commonwealth directions. A substantial portion of AAPM's education program continues to be delivered virtually and with the capital reserves and strong engagement across most member services, there is limited concern of continued operations. While the effects of the pandemic on AAPM's income continue, several expenses have been relatively reduced, including the cancellation of the 2020 national conference and diminution in travel as a result of COVID-19 restrictions.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd)

(c) Critical accounting estimates and judgments

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

Key estimates - impairment of plant and equipment

The Company assesses impairment at the end of the reporting year by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements - Performance obligations under AASB 16

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature, value, quantity, and period of transfer related to the goods or services promised.

(d) Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Div. 50 of the *Income Tax Assessment Act 1997*.

(e) Revenue from contracts with customers and other revenue

Partnership contracts and government grants

When the Company receives revenue from partnership agreements and government grants, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with Accounting Standard *AASB 15: Revenue from Contracts with Customers*.

When both these conditions are satisfied, the Company:

- Identifies each performance obligation relating to the agreement.
- Recognizes a contract liability for its obligations under the agreement; and

Australian Association of Practice Management Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd)

(e) Revenue from contracts with customers and other revenue (Cont'd)

- Recognizes revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

- Recognizes the asset received in accordance with the recognition requirements of other applicable Accounting Standards;
- Recognizes related amounts (for example lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- Recognizes income immediately in surplus or deficit as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognized as a related amount above, the Company recognizes income in surplus or deficit when or as it satisfies its obligations under the contract.

Conference and education event revenue

Conference and education event revenue is recognized as revenue in the period to which the event takes place.

Membership revenue

Membership revenue is recognized on a straight-line basis over the period to which it relates.

Interest revenue

Interest revenue is recognized using the effective interest method.

Provision of services

Revenue recognition relating to the provision of services is recognized on delivery of service to the customer.

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

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Notes to the Financial Statements For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd)

(f) Revenue from contracts with customers and other revenue

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

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(h) Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is established on an expected credit loss (ECL) - forward looking - basis for all trade receivables at amortised cost. The amount of the provision is the difference between the asset's carrying value amount and the present value of estimated future cash flows. The amount of the provision is recognized in the statement of surplus or deficit and other comprehensive income.

(i) Investments and other financial assets

i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company is using the measured at amortized cost method for all its financial assets, namely trade and other receivables. Assets measured at amortized cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows which are solely payments of principal and interest on the principal amount outstanding.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd)

(j) Investments and other financial assets

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

iii) Measurement

Subsequent to initial recognition, financial assets are carried at amortized cost using the effective interest rate method less provision for impairment.

Interest income and impairment for expected credit losses are recognized in the profit or loss. Gain or loss on derecognition is recognized in profit or loss.

iv) Impairment

Impairment of financial assets is recognized on an expected credit loss (ECL) – forward looking – basis for all financial assets measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company considers reasonable and supportable information that is relevant and available, including both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment, including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

(k) Property, plant and equipment

Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalized leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd)

(k) Property, plant and equipment (Cont'd)

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|----------------------|-------------------|
| Buildings | 2.5%-10% PC |
| Plant and Equipment | 5-33% PC |

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of surplus or deficit and other comprehensive income.

(l) Impairment of non-financial assets

At the end of each reporting year, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Value-in-use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of surplus or deficit and other comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value-in-use is determined as the depreciated replacement cost of an asset.

Impairment losses are recognized as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(m) Intangibles

Trademarks

Trademarks are recognized at cost of acquisition. Trademarks have a finite life and are carried at cost less any accumulated amortization and any impairment losses. Trademarks are amortized over their useful life of ten years.

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Notes to the Financial Statements For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd)

(m) Intangibles (Cont'd)

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortization and impairment losses. It has an estimated useful life of between four and five years.

Amortization

Amortization is based on the cost of an asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

(n) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Contract liabilities

When an amount of consideration is received from a customer prior to the Company transferring the service to the customer, the Company presents the unsatisfied (or partially unsatisfied) performance obligations as a contract liability.

(p) Borrowings

Secured and unsecured loans have been obtained. Carrying amounts represent the amount expected to be repaid at settlement. Unsecured loans are considered to be repayable at call and therefore presented as current liabilities.

(q) Financial liabilities

i) Classification

The Company classifies its financial liabilities as those to be measured at amortised cost.

The financial liabilities of the Company comprise trade payables and bank loans.

Liabilities measured at amortised cost are financial liabilities where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd)

(q) Financial liabilities (Cont'd)

ii) Recognition and derecognition

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(r) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Provisions for Time Off In Lieu relates to time worked by employees outside of, or additional to, standard hours and is measured at the value expected to be paid when the liability is settled.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

(s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) New Accounting Standards and Interpretations

Accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such Pronouncements on the Company when adopted in future periods, are discussed below.

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Notes to the Financial Statements For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies (Cont'd)

(t) New Accounting Standards and Interpretations (Cont'd)

- AASB 1060 - General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (applicable to annual reporting periods beginning on or after 1 July 2021)

The standard sets out a new, separate disclosure standard containing all the requirements for an entity preparing General Purpose Financial Statements Tier 2 (GPFS-Tier 2).

The new standard applies to all entities preparing GPFS-Tier 2 and replaces the current Reduced Disclosure Requirements (RDR) Framework.

While entities that comply with this Standard need to apply the recognition and measurement requirements in other Standards, they are exempt from the disclosure requirements in specified paragraphs in other Standards.

Tier 2 entities are also not required to comply with other Standards that deal only with presentation and disclosure.

(u) Restatement of Prior Year Balances

Cash and cash equivalents have been restated for 2020 due to reclassification of term deposits held more than 90 days.

| | AS REPORTED AT 30 JUNE 2020 \$ | CHANGES \$ | AS RESTATED AT 1 JULY 2020 \$ |
|--|---|---------------|--|
| <u>Balance Sheet</u> | | | |
| Cash at bank | 1,172,422 | (940,976) | 231,446 |
| Financial assets | - | 940,976 | 940,976 |
| Total | 1,172,422 | - | 1,172,422 |
| <u>Statement of Cash Flows</u> | | | |
| Cash Flows from Investing Activities: | | | |
| Placement of financial assets | - | (9,032) | (9,032) |
| Cash and cash equivalents at beginning of year | 1,303,457 | (931,944) | 371,513 |

Australian Association of Practice Management Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

2 Revenue and Other Income

| | 2021 | 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| Revenue from contracts with customers | | |
| - Membership subscriptions | 756,705 | 856,023 |
| - National conference | 6,000 | 1,052,113 |
| - Partnership agreements | 568,453 | 381,573 |
| - Member education and events | 134,720 | 121,007 |
| - Grants received | 253,142 | 310,136 |
| - Publications | 26,973 | 22,673 |
| Total revenue from contracts with customers | <u>1,745,993</u> | <u>2,743,525</u> |
| Other revenue from ordinary activities | | |
| - Premises rental | - | 30,272 |
| - Other revenue | 45,549 | 3,460 |
| - Interest revenue | 11,176 | 14,549 |
| Total other revenue from ordinary activities | <u>56,785</u> | <u>48,281</u> |
| Total Revenue | <u>1,802,718</u> | <u>2,791,806</u> |

3 Remuneration of Key Management Personnel

The totals of remuneration paid to the key management personnel of Australian Association of Practice Management Limited during the year are as follows:

| | | |
|-----------------------------------|----------------|----------------|
| Total key management remuneration | <u>198,098</u> | <u>198,099</u> |
|-----------------------------------|----------------|----------------|

4 Cash and Cash Equivalents

| | | |
|--------------|----------------|----------------|
| Cash at bank | <u>366,285</u> | <u>231,446</u> |
| Total | <u>366,285</u> | <u>231,446</u> |

5 Trade and Other Receivables

| | | |
|------------------------|----------------|----------------|
| CURRENT | | |
| Trade debtors | 135,441 | 24,845 |
| Expected Credit Losses | - | (14,173) |
| Accrued income | 4,722 | 142,877 |
| Total | <u>140,163</u> | <u>153,549</u> |

Australian Association of Practice Management Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

| | 2021 \$ | 2020 \$ |
|--|------------|------------|
| 6 Other Assets | | |
| CURRENT | | |
| Prepayments | 24,785 | 41,481 |
| Deposits Paid | 20,033 | 17,456 |
| Total | 44,818 | 58,937 |
| 7 Property, Plant and Equipment | | |
| LAND AND BUILDINGS | | |
| Land | | |
| At cost | 590,000 | 590,000 |
| Building | | |
| At cost | 497,526 | 497,526 |
| Accumulated depreciation | (154,938) | (134,535) |
| Total buildings | 342,588 | 362,991 |
| Total land and buildings | 932,588 | 952,991 |
| Plant and equipment | | |
| At cost | 156,275 | 167,244 |
| Accumulated depreciation | (92,722) | (69,668) |
| Total plant and equipment | 63,553 | 97,576 |
| Total property, plant and equipment | 996,141 | 1,050,567 |

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

| | Land \$ | Buildings \$ | Plant and Equipment \$ | Total \$ |
|----------------------------------|------------|-----------------|------------------------------|-------------|
| 2020 | 590,000 | 362,991 | 97,576 | 1,050,567 |
| Balance at the beginning of year | - | - | 15,747 | 15,747 |
| Additions / (Disposals) | - | (20,403) | (49,770) | (70,173) |
| Depreciation expense | 590,000 | 342,588 | 63,553 | 996,141 |
| Balance at 30 June 2021 | | | | |

Australian Association of Practice Management Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

8 Intangible Assets

Carrying values table

| | 2021 \$ | 2020 \$ |
|--------------------------------------|------------|------------|
| Patents, trademarks and other rights | | |
| Cost | 4,000 | 4,855 |
| Accumulated amortisation | - | (4,390) |
| Net carrying value | 4,000 | 465 |
| Computer software | | |
| Cost | 26,600 | 26,600 |
| Accumulated amortisation | (16,919) | (10,437) |
| Net carrying value | 9,681 | 16,163 |
| Total Intangibles | 13,681 | 16,628 |

(a) Movements in Carrying Amounts

| | Patents, trademarks and other rights \$ | Computer Software \$ | Total \$ |
|--------------------------------------|---|----------------------------|-------------|
| 2021 | | | |
| Balance at the beginning of the year | 465 | 16,163 | 16,628 |
| Additions | 4,000 | - | 4,000 |
| Intangible assets written off | - | - | - |
| Amortisation | (465) | (6,482) | (6,947) |
| Closing Balance | 4,000 | 9,681 | 13,681 |

9 Trade and Other Payables

CURRENT

| | | |
|--------------------------------------|---------|---------|
| Unsecured liabilities | | |
| Trade payables | 24,399 | 87,490 |
| Sundry payables and accrued expenses | 93,262 | 100,067 |
| Contract liabilities | 400,301 | 446,153 |
| | 517,962 | 633,710 |

Australian Association of Practice Management Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

10 Borrowings

| | 2021 | 2020 |
|---------------------------------|------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Secured: | | |
| Bank loans | 10(a) 446 | 19,410 |
| Total current borrowings | 446 | 19,410 |

(a) Total current and non-current secured liabilities

| | | |
|------------|-----|--------|
| Bank loans | 446 | 19,410 |
|------------|-----|--------|

The bank loan is secured by a registered first mortgage over the freehold land and buildings of the Company. The loan is classified as current as it is repayable on demand to the finance provider.

(b) Bank facilities

The Company has made loan repayments in advance amounting to \$404,267 and has a credit card facility amounting to \$29,000 (balance cleared monthly). At 30 June 2021, this facility was fully available (2020: \$29,000). Interest rates are variable.

11 Employee benefits

| | | |
|---------------------------------|--------|--------|
| CURRENT | | |
| Provision for employee benefits | 32,822 | 46,583 |
| NON-CURRENT | | |
| Provision for employee benefits | 3,892 | 4,968 |

12 Capital Commitments

At balance sheet date, the Company did not have any capital commitments.

13 Related Party Transactions

(a) Transactions with Directors

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

| | | |
|------------------------|-------|-------|
| Presidents honorarium: | | |
| Cathy Baynie | 5,000 | 5,000 |

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Notes to the Financial Statements For the Year Ended 30 June 2021

14 Members' Guarantee

The Company 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 \$50 each towards meeting any outstanding and obligations of the Company. At 30 June 2021 the number of members was 2,467 (2020: 2,331).

15 Financial Risk Management

The main risks Australian Association of Practice Management Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and bank loans.

The totals for each category of financial instruments, are as follows:

| | 2021 | 2020 |
|---|------------------|------------------|
| | \$ | \$ |
| Financial Assets | | |
| - Cash at bank and bank term deposits | 1,519,139 | 1,172,422 |
| - Trade and other receivables | 140,163 | 153,549 |
| Total financial assets | <u>1,659,302</u> | <u>1,325,971</u> |
| Financial Liabilities | | |
| Financial liabilities at amortised cost | | |
| - Trade and other payables | 517,962 | 633,710 |
| - Current borrowings | 446 | 19,410 |
| Total financial liabilities | <u>518,408</u> | <u>653,120</u> |

Net Fair Values

There is no material difference between the carrying value of assets and liabilities and the fair values of the assets and liabilities.