



AUSTRALIAN ASSOCIATION OF PRACTICE MANAGEMENT LIMITED
ABN 91 010 067 615

Financial Report
For the Year Ended
30 June 2020

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Australian Association of Practice Management Limited

ABN 91 010 067 615

Directors' Report

30 June 2020

The Directors present their report on the Company for the financial year ended 30 June 2020.

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

Mr Bruce McDonald

Appointed March 2020

Mr Richard Evans

Resigned October 2019

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. Nicholas is also the Chief Executive Officer of the Company.

Members guarantee

Australian Association of Practice Management Limited is a Company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$50, subject to the provisions of the Company's constitution.

At 30 June 2020 the collective liability of members was \$ 116,550 (2019: \$ 115,250).

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 2020

1. General information

Business review

Operating Results

The surplus from ordinary activities amounted to \$347,016 (2019: surplus of \$27,282).

2. Other items

Significant changes in state of affairs

The COVID-19 pandemic and its associated social and economic impacts, which emerged in March 2020 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 2020.

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.

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Directors' Report

30 June 2020

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
Mr Jon Erwin	CPM AAPM
Qualifications	Master of Business Administration Bachelor of Business
Special Responsibilities	Vice-President
Ms Jacqueline Beer	Fellow AAPM, CPM AAPM, FIPA FIPA FFin CDec
Qualifications	Master of Management Bachelor of Commerce Diploma Practice Management Certificate IV Celebrancy
Special Responsibilities	National Treasurer
Mr Danny Haydon	Fellow AAPM, CPM AAPM
Qualifications	Master Health Management Bachelor of Applied Science & Occupational Therapy
Mr David Osman	CPM AAPM
Qualifications	Advanced Diploma of Management Certificate IV in Training and Assessment MAICD Certified Practitioner Myers-Briggs Type Indicator (MBTI®)
Ms Fiona Wong	CPM AAPM
Qualifications	Diploma in Practice Management
Special Responsibilities	Membership Secretary

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Directors' Report

30 June 2020

3. Director Information

Information on Directors

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
Mr Richard Evans	FAICD
Qualifications	Master of Writing Graduate Certificate Tertiary Education Bachelor Industrial Relations Diploma of Business Certified Mediator Company Directors Diploma AICD Master Health Management Bachelor of Applied Science & Occupational Therapy

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Directors' Report

30 June 2020

3. Director Information

Meetings of Directors

During the financial year, 15 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	7	7	-	-	4	4
Mr Jon Erwin	7	7	-	-	4	4
Ms Jacqueline Beer	7	7	4	4	-	-
Mr Danny Haydon	7	7	4	3	-	-
Mr David Osman	7	7	-	-	4	4
Ms Fiona Wong	7	7	-	-	-	-
Mr James Downing	7	7	-	-	-	-
Dr David Oberklaid	7	7	-	-	-	-
Mr Bruce McDonald	2	2	-	-	-	-
Mr Richard Evans	7	7	-	-	1	1

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

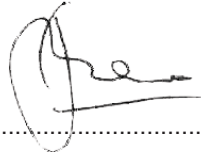
30 June 2020

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 2020 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 21 August 2020

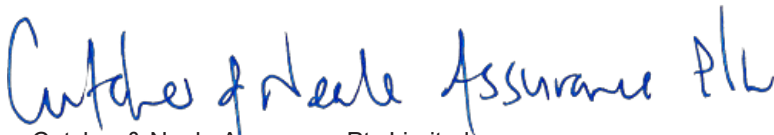
Australian Association of Practice Management Limited

ABN 91 010 067 615

Auditors Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, 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.



Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



M.J. O'Connor
Director

NEWCASTLE

14 August 2020

Australian Association of Practice Management Limited

ABN 91 010 067 615

Independent Audit Report to the members of Australian Association of Practice Management Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Association of Practice Management Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of surplus or deficit and other comprehensive income, the statement of changes in funds and the 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 30 June 2020 and of its financial performance for the year 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 auditor independence requirements of the *Corporations Act 2001* and 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.

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.

Emphasis of Matter

We draw attention in Note 1(b) in the financial statements, which discusses the impact of COVID-19 on the Company's operations and finances. Our opinion is not modified in respect of this matter.

Australian Association of Practice Management Limited

ABN 91 010 067 615

Independent Audit Report to the members of Australian Association of Practice Management Ltd

Other Information

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report was limited to the Directors' Report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors 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 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.

Australian Association of Practice Management Limited

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Independent Audit Report to the members of Australian Association of Practice Management Ltd

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of the auditor's report.

Cutcher & Neale Assurance Pty Ltd

Cutcher & Neale Assurance Pty Limited
(Chartered Accountants)



M.J. O'Connor
Director

NEWCASTLE

24 August 2020

Australian Association of Practice Management Limited

ABN 91 010 067 615

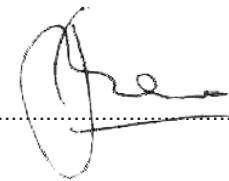
Directors' Declaration

The Directors of the entity declare that:

1. The financial statements and notes, as set out on pages 12 to 31, 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 2020 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 21 August 2020

Australian Association of Practice Management Limited

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Statement of Surplus or Deficit and Other Comprehensive Income For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue from contracts with customers	2	2,743,525	2,478,447
Other revenue from ordinary activities	2	48,281	65,768
Federal Government - JobKeeper		76,500	-
Federal Government - Cashflow boost		100,000	-
Employee benefits expense		(1,012,539)	(990,959)
Depreciation and amortisation expense		(67,361)	(39,448)
Bad and doubtful debts expense		(14,905)	-
Board and governance expense		(93,020)	(136,755)
Occupancy expense		(27,403)	(26,773)
Project and communication expense		(1,218,680)	(1,190,000)
Fixed asset write off		(11,550)	-
Finance costs		(12,436)	(14,282)
Other expenses		(163,396)	(118,716)
Surplus / (deficit) before income tax		347,016	27,282
Income tax expense	1(f)	-	-
Surplus / (deficit) after income tax		347,016	27,282
Other comprehensive income for the year		-	-
Total comprehensive income		347,016	27,282

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 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,172,422	1,303,457
Trade and other receivables	5	153,549	138,244
Other assets	6	58,937	81,679
TOTAL CURRENT ASSETS		1,384,908	1,523,380
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,050,567	1,015,844
Intangible assets	8	16,628	23,733
TOTAL NON-CURRENT ASSETS		1,067,195	1,039,577
TOTAL ASSETS		2,452,103	2,562,957
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	633,710	1,067,307
Borrowings	10	19,410	22,886
Employee benefits	11	46,583	65,732
TOTAL CURRENT LIABILITIES		699,703	1,155,925
NON-CURRENT LIABILITIES			
Long-term provisions	11	4,968	6,616
TOTAL NON-CURRENT LIABILITIES		4,968	6,616
TOTAL LIABILITIES		704,671	1,162,541
NET ASSETS		1,747,432	1,400,416
FUNDS			
Accumulated Surplus		1,747,432	1,400,416
TOTAL FUNDS		1,747,432	1,400,416

The accompanying notes form part of these financial statements.

Australian Association of Practice Management Limited

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Statement of Changes in Funds For the Year Ended 30 June 2020

2020

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

2019

	Accumulated Surplus
	\$
Balance at 1 July 2018	1,373,134
Total comprehensive income	<u>27,282</u>
Balance at 30 June 2019	<u>1,400,416</u>

The accompanying notes form part of these financial statements.

Australian Association of Practice Management Limited

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Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		3,177,959	2,637,761
Payments to suppliers and employees		(3,201,103)	(2,305,448)
Interest received		14,549	26,772
Finance costs		(12,435)	(14,282)
Net cash provided by / (used in) operating activities		<u>(21,030)</u>	<u>344,803</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		<u>(106,529)</u>	<u>(34,928)</u>
Net cash used by investing activities		<u>(106,529)</u>	<u>(34,928)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		125,609	230,040
Repayment of borrowings		(129,085)	(246,190)
Net cash used by financing activities		<u>(3,476)</u>	<u>(16,150)</u>
Net increase / (decrease) in cash and cash equivalents held		(131,035)	293,725
Cash and cash equivalents at beginning of year		<u>1,303,457</u>	<u>1,009,732</u>
Cash and cash equivalents at end of financial year	4	<u><u>1,172,422</u></u>	<u><u>1,303,457</u></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 2020

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 in order to minimise the impact of the enforced closure/downturn in operations. On the 24th March 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 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 outbreak, AAPM's support services have seen greatly increased demand from members, especially in the HR and professional advisory units, increasing costs and stretching human resources. Operational priorities have been reorganised to accommodate the increased demand for HR and other advisory support, and to prioritise pandemic-related education and information. Demand for the latter services continues to be high.

The viability of the company remains strong. The COVID-19 related reduction in income experienced in the third and fourth quarters of FY19-20 will be temporary and is manageable, with arrangements to move a substantial portion of AAPM's education program to electronic modes of delivery being well advanced, good capital reserves and very strong engagement across most member services. While the effects of the pandemic on AAPM's income will continue into FY20-21, expenses will also be reduced given the cancellation of the 2020 national conference and diminution in travel as a result of COVID-19 restrictions.

Australian Association of Practice Management Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(c) Adoption of new and revised accounting standards

During the current year, the Company adopted all of the new and revised Australian Accounting Standards and interpretations applicable to its operations which became mandatory.

The Company applies for the first time, AASB 15: Revenue from Contracts with Customers and AASB 16: Leases. The application of these new accounting standards did not have an impact on the Company's accounting policies, nor did it require current period or retrospective adjustments.

i. AASB 15: Revenue from Contracts with Customers

The Company has adopted AASB 15: Revenue from Contracts with Customers with an initial application date of 1 July 2019.

The Standard introduces a single, principles based, five step model for recognising revenue and introduces the concept of recognising revenue when an obligation to a customer is satisfied.

The new standard has been adopted using the modified retrospective approach. Under this approach, the cumulative effect of initial application is recognised as an adjustment to the opening balance of accumulated funds as at 1 July 2019 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2019.

The Company has assessed that the application of AASB 15 has not impacted the measurement or timing of recognition of any other revenue from contracts with customers.

ii. AASB 1058: Income of Not-for-Profit Entities and associated Amending Standards (applicable to annual reporting periods on or after 1 January 2019)

The Standard replaces the existing requirements in AASB 1004: Contributions and clarifies the income recognition requirements that apply to Not-for-Profit entities, in conjunction with AASB 15: Revenue from Contracts with Customers. On initial adoption of AASB 1058 there was no change to revenue recognition.

iii. AASB 16: Leases

The Company has adopted AASB 16: Leases with a date of initial application of 1 July 2019. As a result, the Company has changed its lease accounting policy as detailed in the significant accounting policies note.

AASB 16 replaces the provisions of AASB 117: Leases and provides a new lessee accounting model. The new model requires a lessee to recognise a right-of-use asset and lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessor accounting remains the same under AASB 16 when compared to the requirements of AASB 117.

As at the date of initial application the Company did not have any arrangements that satisfy the definition of an operating lease in accordance with AASB 16. As such, there has been no impact to the Company's income statement or statement of financial position.

Australian Association of Practice Management Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(d) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of a change in accounting policy.

(e) 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.

(f) 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*.

(g) Revenue from contracts with customers and other revenue

Current year

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;
- Recognises a contract liability for its obligations under the agreement; and

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Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(g) Revenue from contracts with customers and other revenue

- Recognises revenue as it satisfies its performance obligations.

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

- Recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards;
- Recognises related amounts (for example lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- Recognises 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 recognised as a related amount above, the Company recognises 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 recognised as revenue in the period to which the event takes place.

Membership revenue

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

Interest revenue

Interest revenue is recognised using the effective interest method.

Provision of services

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

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

Comparative year

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as discussed below.

No amounts are included in the financial statements for services provided by partners (in kind).

Australian Association of Practice Management Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(g) Revenue from contracts with customers and other revenue

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

(h) 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.

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised 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 recognised in the statement of surplus or deficit and other comprehensive income.

(j) 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 amortised 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 amortised cost method for all its financial assets, namely trade and other receivables. Assets measured at amortised 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.

Australian Association of Practice Management Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(j) Investments and other financial assets

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised 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 amortised cost using the effective interest rate method less provision for impairment.

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

iv) Impairment

Impairment of financial assets is recognised on an expected credit loss (ECL) – forward looking – basis for all financial assets measured at amortised 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 capitalised 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 2020

1 Summary of Significant Accounting Policies

(k) Property, plant and equipment

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 recognised 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 recognised at cost of acquisition. Trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Trademarks are amortised over their useful life of ten years.

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Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(m) Intangibles

Software

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

Amortisation

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

Amortisation is recognised 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.

Amortisation 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 2020

1 Summary of Significant Accounting Policies

(q) Financial liabilities

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.

Australian Association of Practice Management Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(t) New Accounting Standards and Interpretations

- 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) Authorisation of financial statements

The financial statements were approved and authorised for issue by the Directors on 21 August 2020. The Directors have the power to amend the financial report at any time.

2 Revenue and Other Income

	2020	2019
	\$	\$
Revenue from contracts with customers		
- Membership subscriptions	856,023	843,271
- National conference	1,052,113	717,763
- Partnership agreements	381,573	376,002
- Member education end events	121,007	253,163
- Grants received	310,136	249,257
- Publications	22,673	38,991
Total revenue from contracts with customers	2,743,525	2,478,447
Other revenue from ordinary activities		
- Premises rental	30,272	35,417
- Other revenue	3,460	3,579
- Interest revenue	14,549	26,772
Total other revenue from ordinary activities	48,281	65,768
Total Revenue	2,791,806	2,544,215

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Notes to the Financial Statements

For the Year Ended 30 June 2020

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:

	2020	2019
	\$	\$
Total key management remuneration	<u>198,099</u>	<u>236,262</u>
4 Cash and Cash Equivalents		
Cash at bank	<u>1,172,422</u>	<u>1,303,457</u>
5 Trade and Other Receivables		
CURRENT		
Trade debtors	24,845	132,328
Expected Credit Losses	(14,173)	-
Accrued income	<u>142,877</u>	<u>5,916</u>
	<u>153,549</u>	<u>138,244</u>
6 Other Assets		
CURRENT		
Prepayments	41,481	81,679
Deposits Paid	<u>17,456</u>	<u>-</u>
	<u>58,937</u>	<u>81,679</u>

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Notes to the Financial Statements For the Year Ended 30 June 2020

7 Property, Plant and Equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Land		
At cost	590,000	590,000
Building		
At cost	497,526	497,526
Accumulated depreciation	(134,535)	(114,134)
Total buildings	362,991	383,392
Total land and buildings	952,991	973,392
Plant and equipment		
At cost	167,244	75,715
Accumulated depreciation	(69,668)	(33,263)
Total plant and equipment	97,576	42,452
Total property, plant and equipment	1,050,567	1,015,844

(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				
Balance at the beginning of year	590,000	383,392	42,452	1,015,844
Additions	-	-	91,529	91,529
Depreciation expense	-	(20,401)	(36,405)	(56,806)
Balance at 30 June 2020	590,000	362,991	97,576	1,050,567

Australian Association of Practice Management Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

8 Intangible Assets

Carrying values table

	2020	2019
	\$	\$
Patents, trademarks and other rights		
Cost	4,855	4,855
Accumulated amortisation	(4,390)	(2,940)
Net carrying value	465	1,915
Computer software		
Cost	26,600	129,466
Accumulated amortisation	(10,437)	(107,648)
Net carrying value	16,163	21,818
Total Intangibles	16,628	23,733

(a) Movements in Carrying Amounts

	Patents, trademarks and other rights	Computer software	Total
	\$	\$	\$
2020			
Balance at the beginning of the year	1,915	21,818	23,733
Additions	-	15,000	15,000
Intangible assets written off	-	(11,550)	(11,550)
Amortisation	(1,450)	(9,105)	(10,555)
Closing Balance	465	16,163	16,628

9 Trade and Other Payables

CURRENT

Unsecured liabilities		
Trade payables	87,490	36,727
Sundry payables and accrued expenses	100,067	151,811
Contract liabilities	446,153	878,769
	633,710	1,067,307

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Notes to the Financial Statements For the Year Ended 30 June 2020

10 Borrowings

	2020	2019
	\$	\$
CURRENT		
Secured liabilities:		
Bank overdraft	-	41
Bank loans	10(a) 19,410	22,845
Total current borrowings	19,410	22,886

(a) Total current and non-current secured liabilities

Bank loans	19,410	22,845
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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 2020, this facility was fully available (2019: \$29,000). Interest rates are variable.

11 Employee benefits

CURRENT		
Provision for employee benefits	46,583	65,732
NON-CURRENT		
Provision for employee benefits	4,968	6,616

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Notes to the Financial Statements

For the Year Ended 30 June 2020

12 Capital and Leasing Commitments

(a) Operating lease commitments - Lessor

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	2020	2019
	\$	\$
Receivable - minimum lease receipts:		
- no later than 1 year	-	31,200
- between 1 year and 5 years	-	66,194
	<u>-</u>	<u>97,394</u>

An operating lease had been entered into for Ground floor, 60 Lothian Street, North Melbourne on 22 June 2018. The lease has now ceased with the premises remaining vacant as at 30 June 2020.

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.

The following transactions occurred with Directors:

Some Directors of the Company and their associates who presented as speakers at AAPM events were paid speaker fees:

Cathy Baynie (Emmaus Partners)	-	1,250
Daniel Haydon (Brentnalls SA)	-	2,750
	<u>-</u>	<u>4,000</u>
Presidents honorarium:		
Cathy Baynie	<u>5,000</u>	<u>5,000</u>

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 2020 the number of members was 2,331 (2019: 2,305).

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Notes to the Financial Statements For the Year Ended 30 June 2020

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:

	2020	2019
	\$	\$
Financial Assets		
- Cash and cash equivalents	1,172,422	1,303,457
- Trade and other receivables	153,549	138,244
Total financial assets	1,325,971	1,441,701
Financial Liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	633,710	1,067,307
- Current borrowings	19,410	22,886
Total financial liabilities	653,120	1,090,193

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.