

The Australian Society of Authors Limited

ABN 26 008 558 790

Financial Report

For the Year Ended 30 June 2019

The Australian Society of Authors Limited

ABN 26 008 558 790

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For the Year Ended 30 June 2019

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Directors' Report

For the Year Ended 30 June 2019

The directors present their report on The Australian Society of Authors Limited for the financial year ended 30 June 2019.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Chris Pash
Experience

Chair

Chris Pash is a writer of narrative nonfiction. His book, *The Last Whale* published by Fremantle Press 2008, was partly based on his experiences in the 1970s as a cadet reporter at the Albany Advertiser in Western Australia's south. In the mid 1990s he built and ran the regional newswire Asia Pulse, a joint venture company between Asian news companies. He lives in Sydney and works in the news and information industry. He is a Member of the Australian Institute of Company Directors, one of the ASA's representatives on the Board of the Copyright Agency and is a member of the ASA Executive and Investment Committees.

Helen O'Neill
Experience

Treasurer

Helen O'Neill, an award-winning author and journalist, believes passionately in the rights of writers and in the future of our industry and our art. She has published five non-fiction books so far, including 'Daffodil – the Biography of a Flower', 'A Singular Vision: Harry Seidler' and 'Florence Broadhurst - Her Secret and Extraordinary Lives' which appeared in multiple editions across Australia, the UK and the USA. A former staff journalist on The Sydney Morning Herald, The Australian and Vogue Australia, her work has been published across the globe and documentaries she has worked on have screened internationally. She is one of the ASA's representatives on the Board of Copyright Agency Ltd and serves on the Executive and Investment Committees of the ASA.

Sarah Mills
Experience

Sarah Mills is a Blue Mountains author. For the past two decades, she worked as a journalist at Fairfax Media, on Australia's major mastheads such as the Sydney Morning Herald, the Australian Financial Review and the Sun Herald. She also spent many years consulting on communications and branding to Australia's top consumer and B2B brand. Her debut fantasy novel, *Gom's Gold*, is set in Australia.

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Information on directors

David Day

Experience

David Day has been a writer for nearly thirty years and published more than fifteen books, including a prize-winning history of Australia (Claiming a Continent), a thematic history of the world (Conquest: How Societies Overwhelm Others), a history of Antarctica and prize-winning biographies of three Australian prime ministers. Several have been published in Britain and the United States and translated into other languages. His most recent book is *Flaws in the Ice: In search of Douglas Mawson*. He has taught in universities in Britain, Ireland, Japan and Australia and is presently a visiting fellow at the Australian National University and an honorary associate at La Trobe University. He feels it's time he played a part in protecting and enhancing the position of Australian writers. He intends to do what he can to raise the political and cultural profile of the ASA and also work with the Society to address the challenges for authors in the expanding digital environment.

Anne Maria Nicholson

Experience

Deputy Chair

An author, journalist and broadcaster with extensive experience in Australia and internationally. She has already served one term as a board member and Deputy Chair of the ASA and has been a judge of the Barbara Jefferis Award. She has had two novels published by HarperCollins with two more in the pipeline. During a 20-year career with the ABC Anne Maria was one of the country's leading arts and cultural reporters for the national broadcaster's news and current affairs program. She reported and produced for *Lateline* and *Foreign Correspondent* where she was responsible for managing both the editorial and financial aspects on overseas assignments. During stints as a Network editor, she managed the news gathering from correspondents in Australia and internationally for the major news bulletins. She is a member of the Executive Committee of the ASA.

Liz Anelli

Experience

With thirty years' experience in international and Australian publishing markets, author/illustrator Liz brings her artist's eye for detail and enthusiasm for creative problem solving. Before moving to Australia in 2012 she combined her illustration practice with teaching art and design in UK universities, developing cross-curricula programs in schools and as a key facilitator for *The Magic Pencil* and *The Campaign for Drawing* <http://www.thebigdraw.org> which she brought to Newcastle in 2013. She will engage with and encourage such Australia-wide programs that promote cultural diversity and visual literacy. She is a member of the Executive and Nominations Committees of the ASA.

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Information on directors

Leonie Norrington

Experience

Leonie was born in Darwin and grew up in southern Arnhemland. I am interested in the places where cultures and languages meet,' she says, 'especially how people use language and story to bridge cultural differences or to make statements about their separateness.' She writes in English, Kriol and Indigenous language and her stories are a beautifully conceived reflection of life in far north Australia. Her books have won or been shortlisted for many Australian Children's literary awards. Leonie is an insightful, passionate speaker and has presented at writers festivals in Australia, Indonesia and the Edinburgh Book Festival. She serves on the ASA Nominations Committee.

Kirsty Murray

Experience

Appointed 3 November 2018

Kirsty Murray has written twenty works of fiction and non-fiction for children and young adults and her work has been published in both Australia and internationally. Based in Melbourne, she is passionate about Australian stories. Kirsty has taught creative writing in hundreds of schools, universities and libraries to writers of all ages. Her books have won and been shortlisted for many awards including the WA Premier's Book Award, the CBCA Award and the NSW Premier's History Award. Kirsty has been a Creative Fellow of the State Library of Victoria, an Asialink Literature Resident in India and a guest speaker at literary festivals around the world. She is a member of the ASA Nominations Committee.

Nicholas Pickard

Experience

Appointed 11 August 2018

Nicholas is a communications, marketing and government relations specialist with senior level experience in the UK and Australia. He has managed the profile, reputation and advocacy campaigns of organisations and public figures across government, transport infrastructure, creative industries and the media.

A former journalist and ministerial adviser with a track record in C-suite advisory, Nicholas worked on Heathrow Airport's successful third-runway expansion campaign with editorial oversight across public affairs, media, corporate affairs, advertising and digital. Returning to Sydney in 2016, to take up the role of Director Corporate Affairs for the Copyright Agency, he drove sector wide collaboration to create a major campaign for the content industries before taking up a newly created position as Executive Director, Public Affairs and Communications at APRA AMCOS.

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Information on directors

Prasad Gollakota

Appointed 8 February 2019

Experience

Prasad is a corporate financial advisor with almost 20 years professional experience within investment banking and corporate advisory firms, covering both the private and public sectors, in Australia, the UK and Europe. Prasad is a CFA Charterholder, and has completed an LLB (Hons) / BComm as well as a Masters in Applied Finance.

Prasad has always had a strong personal interest in 'story', and this has lead him to pursue a Masters in Arts (Script Writing) at the University of London, which he completed in 2013.

Joining the board of ASA is a union of Prasad's professional experience and his passion for story, with the end goal to help support writers and illustrators in Australia.

Prasad is a member of the ASA Investment Committee.

Suzanne Burdon

Resigned 3 November 2018

Ken Spillman

Resigned 3 November 2018

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

Principal activities

The principal activities of The Australian Society of Authors Limited during the financial year were the promotion and protection of the professional interests of all those who create literary dramatic or literary material.

No significant changes in the nature of the Company's activity occurred during the financial year.

At the May 2017 Board meeting, the Directors approved a new three-year strategy, the highlights of which are as follows:

Mission Statement:

To be the principal advocate, supporter and advisor for Australian authors and illustrators by:

- Advocating for their rights
- Working to improve their income and professional recognition
- Strengthening their knowledge in a rapidly changing publishing world

Goals:

1. To become financially self-sufficient as an organisation by 2020 by:
 - A) Growing membership:
 - International Marketplace
 - New model contract assessments
 - Targeted recruitment marketing

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B) Providing new, relevant and up-to-date professional resources

- Tool kit of resources
- New resources

C) Developing services that generate income from both members and non-members.

- Cross-industry partnerships

2. To continue to advocate for members' rights, including a focus on securing PLR on digital works by 2020.
3. To develop programs to strengthen diversity within the membership.
 - Location
 - Age, gender and culture
4. To ensure that the ASA's governance is always at best practice level.

Members guarantee

The Australian Society of Authors 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 members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 20, subject to the provisions of the company's constitution.

At 30 June 2019 the collective liability of members was \$ 59,360 (30 June 2018: \$52,240).

Meetings of directors

During the financial year, five meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Chris Pash	5	5
Helen O'Neill	5	4
Sarah Mills	5	5
David Day	5	4
Anne Maria Nicholson	4	4
Liz Anelli	5	4
Leonie Norrington	5	5
Kirsty Murray	4	4
Nicholas Pickard	5	2
Prasad Gollakota	3	2
Suzanne Burdon	1	1
Ken Spillman	1	1

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Directors' Report

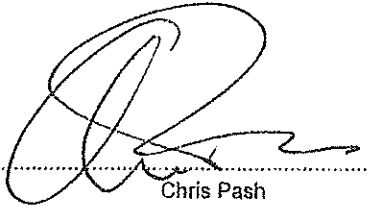
For the Year Ended 30 June 2019

Auditor's independence declaration

The auditor's Independence declaration in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2019 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:

Chair:

A handwritten signature in black ink, appearing to be 'Chris Pash', written over a dotted line. The signature is stylized with a large loop at the beginning and a long horizontal stroke at the end.

Chris Pash

Dated 30 August 2019

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Auditors Independence Declaration to the Directors of The Australian Society of Authors Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDJ Partners



.....
Gregory W Cliffe
Partner

Dated 26 August 2019

bdj

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Financial solutions made simple

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Liability limited by a
scheme approved
under Professional
Standards Legislation.
Please refer to the
website for our
standard terms of
engagement.

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
Revenue	4	644,236	923,950
Investment income	4	8,202	13,314
Employee benefits expense		(421,645)	(393,545)
Property expenses		(17,034)	(28,218)
Subcontractor and event fees		(97,003)	(144,008)
Rental expenses		-	(2,503)
Depreciation		(15,481)	(16,379)
Impairment expense	9	-	(13,428)
Overheads		(70,039)	(121,193)
Finance costs		-	(22,357)
Surplus (deficit) before income tax		31,236	195,633
Income tax expense	2(a)	-	-
Surplus (deficit) for the period		31,236	195,633
Unrealised movement in market value of investments		(10,515)	-
Revaluation of property	9	-	85,000
Other comprehensive income for the period		(10,515)	85,000
Total comprehensive income for the period		20,721	280,633

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	312,920	1,065,297
Trade and other receivables	6	6,860	3,996
Other financial assets	7	923,795	113,114
Other assets	8	6,882	4,091
TOTAL CURRENT ASSETS		1,250,457	1,186,498
NON-CURRENT ASSETS			
Property, plant and equipment	9	996,611	1,012,092
TOTAL NON-CURRENT ASSETS		996,611	1,012,092
TOTAL ASSETS		2,247,068	2,198,590
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	68,526	71,332
Employee benefits	11	32,908	23,677
Other financial liabilities	12	303,799	282,467
TOTAL CURRENT LIABILITIES		405,233	377,476
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		405,233	377,476
NET ASSETS		1,841,835	1,821,114
EQUITY			
Reserves		(28)	-
Accumulated funds		1,841,863	1,821,114
TOTAL EQUITY		1,841,835	1,821,114

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2019

	Accumulated Funds	Asset Revaluation Surplus Note 9	Financial Assets Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2018	1,821,114	-	-	1,821,114
Surplus (deficit) attributable to members of the entity	31,236	-	-	31,236
Transfer from accumulated funds to reserve on initial application of AASB 9	(10,487)	-	10,487	-
Unrealised movement in market value of investments	-	-	(10,515)	(10,515)
Balance at 30 June 2019	1,841,863	-	(28)	1,841,835

	Accumulated Funds	Asset Revaluation Surplus Note 9	Financial Assets Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2017	473,252	1,053,801	-	1,527,053
Surplus (deficit) attributable to members of the entity	195,633	-	-	195,633
Transfer from asset revaluation reserve realised increment on freehold property sold during the year	1,152,229	(1,152,229)	-	-
Revaluation of property	-	85,000	-	85,000
Transfer impairment of property to surplus	-	13,428	-	13,428
Balance at 30 June 2018	1,821,114	-	-	1,821,114

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from members and others		719,157	949,965
Payments to suppliers and employees		(658,539)	(972,756)
Dividends received		4,202	-
Interest received		3,999	1,839
Finance costs		-	(22,357)
Net cash provided by/(used in) operating activities	15	<u>68,819</u>	<u>(43,309)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		-	1,660,635
Purchase of property, plant and equipment		-	5,434
Net payments for investments		<u>(821,196)</u>	<u>-</u>
Net cash used by investing activities		<u>(821,196)</u>	<u>1,666,069</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		-	(576,620)
Net cash used by financing activities		<u>-</u>	<u>(576,620)</u>
Net increase/(decrease) in cash and cash equivalents held		(752,377)	1,046,140
Cash and cash equivalents at beginning of the period		<u>1,065,297</u>	<u>19,157</u>
Cash and cash equivalents at end of financial year	5	<u><u>312,920</u></u>	<u><u>1,065,297</u></u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

The financial report covers The Australian Society of Authors Limited as an individual entity. The Australian Society of Authors Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of The Australian Society of Authors Limited is Australian dollars.

Comparatives have been adjusted where required to comply with changes in the current period.

1 Basis of Preparation

The Directors have prepared financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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 2019

2 Summary of Significant Accounting Policies

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest revenue

Interest is recognised using the effective interest method.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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Notes to the Financial Statements For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed periodically, but at least triennial, by external independent valuers.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

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Notes to the Financial Statements For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

The company implemented AASB 9 Financial Instruments for the first time in the financial year ended 30 June 2019.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

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 are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

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

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Notes to the Financial Statements For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

Financial assets

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Company has a number of strategic investments over which are they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income (financial assets reserve) as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income. On disposal any balance in the financial assets reserve is transferred to accumulated funds and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

The company does not have any Financial assets through profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

A loss allowance is not recognised for equity instruments measured at FVOCI.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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Notes to the Financial Statements For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

Financial assets

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

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 financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in surplus or deficit.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(h) 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 period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period 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 satisfy vesting requirements.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(i) Adoption of new and revised accounting standards

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

Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been early adopted other than AASB 9 Financial Instruments with the company has adopted with a date of initial application of 1 July 2018.

The adoption of these accounting standards has not impacted the measurement or disclosure of any transaction for the company other than financial assets being equity instruments at Fair Value Through Other Comprehensive Income.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period 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 estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

The Australian Society of Authors Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

4 Revenue and Other Income

Revenue from continuing operations

	2019 \$	2018 \$
Revenue		
- Subscriptions	367,030	452,864
- Activities	116,366	125,922
- Donation and gift income	79,720	1,484
- Grant income	54,266	86,085
- Publications	23,362	37,343
- Profit on property disposal	-	210,635
- Rent	-	9,617
- Other income	3,492	-
	<u>644,236</u>	<u>923,950</u>

Investment Income

Interest and trust income	3,999	6,307
Dividends received	4,203	-
Revaluation of investments	-	7,007
	<u>8,202</u>	<u>13,314</u>

5 Cash and cash equivalents

Cash at bank and in hand	302,615	1,047,899
Other cash and cash equivalents	10,305	17,398
	<u>312,920</u>	<u>1,065,297</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2019

6 Trade and other receivables

	2019 \$	2018 \$
CURRENT		
Trade receivables	6,860	3,996
	<u>6,860</u>	<u>3,996</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

7 Other financial assets

CURRENT		
Investments	923,795	113,114
	<u>923,795</u>	<u>113,114</u>

8 Other non-financial assets

CURRENT		
Prepayments	6,882	4,091
	<u>6,882</u>	<u>4,091</u>

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Notes to the Financial Statements For the Year Ended 30 June 2019

9 Property, plant and equipment

	2019 \$	2018 \$
Property at independent valuation		
Mountain Street, Ultimo	985,000	985,000
Total land and buildings	985,000	985,000
Software		
At cost	49,515	49,515
Accumulated depreciation	(37,904)	(22,423)
Total software	11,611	27,092
Furniture, fixtures and fittings		
At cost	22,377	22,377
Accumulated depreciation	(22,377)	(22,377)
Total property, plant and equipment	996,611	1,012,092

The Company's property at Mountain Street, Ultimo was revalued at 4 June 2018 by independent valuers. The 30 June 2018 balance was increased in line with the valuation by \$85,000 to \$985,000.

Valuations were made using the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. The revaluation surplus was credited to an asset revaluation reserve in shareholders' equity however as the cost exceeded the \$985,000 valuation by \$13,428 the reserve balance is was reduced to nil and an impairment expense recognised.

10 Trade and other payables

CURRENT		
Unsecured liabilities		
Trade payables	9,525	5,025
GST payable	26,871	25,972
Accrued expenses	22,445	29,439
Other payables	9,685	10,896
	68,526	71,332

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

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Notes to the Financial Statements For the Year Ended 30 June 2019

11 Employee Benefits

	2019 \$	2018 \$
Current liabilities		
Annual leave	24,408	18,575
Long service leave	8,500	5,102
	<u>32,908</u>	<u>23,677</u>

12 Other Financial Liabilities

CURRENT		
Subscriptions received in advance	269,688	218,841
Grants received in advance	33,950	51,716
Other deferred income	161	11,910
	<u>303,799</u>	<u>282,467</u>

13 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* 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 \$ 20 each towards meeting any outstandings and obligations of the Company. At 30 June 2019 the number of members was 2,968 (2018: 2,612).

14 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018:None).

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Notes to the Financial Statements

For the Year Ended 30 June 2019

15 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	\$	\$
Surplus (deficit) for the period	31,236	195,633
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in surplus:		
- depreciation	15,481	16,379
- impairment of property, plant and equipment	-	13,428
- net (gain) loss on disposal of property, plant and equipment	-	(210,635)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(2,864)	25,858
- (increase)/decrease in prepayments	(2,791)	(183)
- (increase)/decrease in other assets	-	525
- increase/(decrease) in trade and other payables	(2,806)	(6,638)
- increase/(decrease) in deferred income	21,332	(79,517)
- increase/(decrease) in employee benefits	9,231	1,841
Cashflow from operations	<u>68,819</u>	<u>(43,309)</u>

16 Company Details

The registered office of and principal place of business of the company is:

The Australian Society of Authors Limited
Suite C1.06
22-36 Mountain Street
Ultimo NSW 2007

The Australian Society of Authors Limited

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Directors' Declaration

The directors have determined that the Company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 2 of the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 24, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards as stated in Note 1; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company 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.

Chair
Chris Pash

Dated 30 August 2019

The Australian Society of Authors Limited

Independent Auditor's Report to the members of The Australian Society of Authors Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of The Australian Society of Authors Limited (the company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity 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 *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 *Australian Charities and Not-for-profits Commission Act 2012* 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 *Australian Charities and Not-for-profits Commission Act 2012*, 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 - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Directors' Report (but does not include the financial report and our auditor's report thereon).

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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

BDJ Partners



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Gregory W Cliffe
Partner

Dated 2 September 2019

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