

# ARCS AUSTRALIA

ANNUAL REPORT 2015/16



**2015/2016  
PERFORMANCE  
HIGHLIGHTS**

**1852**  
Members

**106**  
Educational events held

**7**  
Updated/new events

**3**  
Major conferences

**954**  
Attendees at conferences

**2,171**  
Attendees at interest area meetings

**650**  
Computer-based learning students

**92%**  
Average quality rating of workshop events

## VISION

To be a leading professional organisation enabling the development and quality use of medicines and medical technology.

## MISSION

ARCS enables the development and quality use of medicines and medical technology by facilitating the professional development and connectivity of people through:

- Educating and training
- Exchanging information and knowledge
- Networking
- Collaborating and engaging
- Representing members' perspectives.

## WHAT WE DO

ARCS Australia Ltd (ARCS) is a leading independent not-for-profit association that focuses on delivering professional development and member representation within the medtech and pharmaceutical (MTP) sector.

As a not-for-profit organisation, ARCS is funded by its members and currently represents more than 1,500 personnel within the sector. ARCS' role is pivotal both in educating newcomers to the industry as well as providing continuous support to members throughout their careers.

ARCS is an organisation built around its members and focused on a sector that provides therapeutics to our community. We believe it is important to hold ourselves, employees, volunteers and members to the highest professional and ethical standards through a statement of our core values.

We are committed to supporting and promoting our members and our industry within these guiding values:

**Integrity** – Adhere to the highest ethical standards. Through mutual respect, accountability and trust we foster a culture that adds value to our members and profession.

**Excellence** – Strive for quality through dedication to our work, continuous learning and improvement. We use our knowledge, expertise and evidence to guide our actions.

**Leadership** – Work to inspire our sector by being outwardly focused, engaging and collaborating with stakeholders. We draw on our members' knowledge and ideas to advance our industry.

**Influence** – Aim to innovate and lead change. We encourage members to actively participate through actions and ideas to improve the health of our community and the future of our industry.

We provide high-quality training and professional development within the medtech and pharmaceutical sector.

## EVENTS AND INITIATIVES

We encourage and foster the exchange of information via leading-edge conferences, seminars and networking events.

We act as an impartial information portal to provide awareness of relevant government, research and industry activities.

During the 2015-16 financial year we had a number of very successful events. The Sydney congress was our largest this year and took place over two days with over 700 delegates from industry, hospitals and other research sites and government in attendance. This conference had a strong focus on disruptive innovation, and feedback was overwhelmingly positive.

We are continuing to build collaborations with like-minded organisations, which will help to boost our activities for site staff, medical affairs, quality, and medical devices.

## EDUCATIONAL HIGHLIGHTS

- Risk-Based Monitoring Summit
- Dedicated interest area meetings for research sites
- Educational partnerships with DIA and APPA
- eCTD/NEES Publishing Solutions Supplier Day
- Document Authoring for Electronic Regulatory Submissions
- ARCS and TGA Risk-Minimisation Workshop
- Oncology Therapeutic Area Training
- PBAC Guidelines Review Forum
- Requirements for Quality - Module 3 and Module 2.3
- Bioavailability and Bioequivalence – Understanding and Applying Bioavailability and Bioequivalence (BABE) Guidelines



## RESEARCH AND REPRESENTATIONS

The ARCS Business Office staff worked on a number of initiatives related to our therapeutics environment. These involved:

- a member needs survey in conjunction with Catalyst Research
- two \$10,000 scholarship offered to two ARCS members for research purposes (the Research Scholarship and the Osmond-Russell Scholarship)
- announced the Katrina Campion Young Leader Scholarship Programme

## THE OFFICE AND THE TEAM

This year Adrian Bootes moved on from his role as CEO and ARCS welcomed Shanny Dyer into the position. If you haven't already, you'll meet her at an ARCS event soon.

## THE FUTURE

In 2017 we are returning to the one-conference format, which will take place in August, in Sydney. The conference will be over three days and will cater for different interest areas at a range of career levels.

To compliment the training and services we currently offer we'll be working in partnership with like-minded organisations to make sure we're providing quality, topical and significant content.

We are currently in the process of modernising the office technology to help respond to our members' needs more effectively and efficiently. This also means undertaking a new website and database project in late 2016, early 2017. We hope this will be a smooth transition with minimal impact on ARCS users.



## PRESIDENT'S REPORT

The financial year 2015-16 was a year of change for ARCS. The year saw us take important steps in setting a strategic course that will position the association to capture emerging opportunities in our rapidly-changing environment.

Members will recall that last year's annual report referred to investment in new IT infrastructure, including a new database management system. This system did not meet the requirements of the association, and failed to deliver the capabilities and functionality expected.



After careful consideration, management took the decision to terminate our relationship with the vendor of this system and write off our investment in it. We have moved to replace it with an alternative database management software package that is used widely by not-for-profit organisations and more appropriate for our needs.



As a matter of good governance, a detailed financial audit was conducted at the end of the fiscal year. This audit confirms that the association is in sound financial shape, with healthy reserves and cash-flows. We are therefore in a position to invest in new initiatives to improve the association's profitability and this will be an important focus over the short and medium term.

The decision to move to a new IT system, coupled with other unbudgeted expenses, has meant the association recorded an operating loss in FY16. Our new CEO, Shanny Dyer, will address this issue in her report to follow.

I am pleased to report that ARCS once again drove strong programmes of education and engagement with research, industry and government stakeholders – our core mission – in 2015-16. Our annual conference, held in Sydney last May, was well attended and proved highly successful as a forum for advocating on key issues of interest to our membership. A separate series of workshops addressing regulatory issues was also well received by industry and government stakeholders.



In the context of recent federal government policy initiatives, our success in delivering high-quality professional learning and meaningful industry engagement leaves ARCS very well placed to be a key bridge between the research and clinical sectors in Australia. ARCS was recently designated as an education affiliate under the government's new \$250m Medical Technologies and Pharmaceuticals Growth Centre (MTPConnect) initiative and we are currently pursuing exciting growth opportunities in the (science, technology, engineering and math) STEM field as part of that affiliation.



Photo credit: Irene Lorbergs Photography

In March ARCS's long-serving CEO Adrian Bootes embarked upon opportunities elsewhere in the sector. We thank Adrian for his service and welcome Shanny Dyer, PhD GAICD, in the CEO's chair. Shanny brings many years' experience in the research, regulatory and industry engagement fields to ARCS, and we look forward to her contribution.

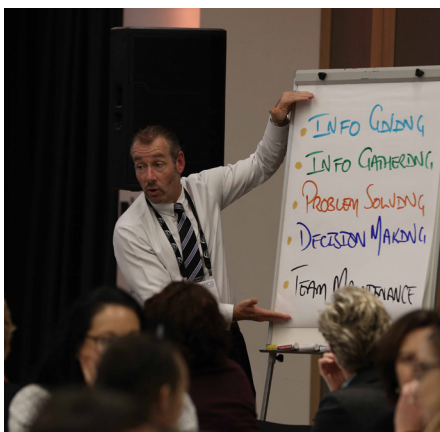
As we look ahead, it is important that our governance structures reflect best practice, and equip ARCS to adapt and thrive as our sector evolves. To this end the Board has resolved to appoint an independent director to complement the existing directors drawn from our membership, and to extend Board terms from two to three years. These measures will broaden the expertise represented on the Board, strengthen independent oversight and improve continuity and knowledge overlap on the Board.

As a separate measure, the Board has also tabled a proposed update to the ARCS Constitution that will ensure compliance with the Australian Charities and Not-for-Profit Commission. The proposed update will be the subject of discussion at the Annual General Meeting.

On behalf of the Board I want to thank the ARCS executive and staff for their dedication and commitment over the past year. They really are the oil that keeps our engine ticking over. As we look now to the exciting changes afoot in our sector, ARCS can once again be proud of another successful year of operations.



**Mary Nteris, PhD, GAICD**  
ARCS President



## CEO'S REPORT

I am very pleased to be submitting my first report to you as the CEO of ARCS Australia.

As many members would know I assumed the reins from Adrian Bootes in April this year. It has been an exciting transition since then, beginning with my meeting more than 700 members and chairing the plenary session for the 2016 Sydney Scientific Conference within the first three weeks. The warmth of the reception I have received from members and business office staff has been very heartening, underscoring just what a strong, purpose-driven organisation ARCS is.



Several months into the role, it is now clear to me that there are considerable opportunities to enhance the ARCS member experience and value proposition. I am working closely with the Board to review and reshape our approach so as to realise these opportunities.



Aside from the change of CEO, there are a number of key strategic issues arising in 2015-16 that I would like to address as part of my report.

As our president mentioned in her report, ARCS recorded an operating loss in FY16, and has budgeted for another loss in FY17. The reasons for this are simple: we are embarking on a three-year plan that sets ARCS up for the future while anticipating a return to profit in FY18.

Part of our plan is to consolidate and refocus our annual conference to a single three-day event to be held each August, starting next year (2017).

This decision is an improved outcome for members but will have an impact on FY17 revenue, with only income from the smaller Canberra conference to be recognised this financial year.

While recording an operating loss is never easy, this is a temporary state of affairs that is necessary as we position for growth by expanding our delivery platforms and partnerships with key stakeholders.

While we make these adjustments, I am pleased to report our core activities – delivering education - remained strong. Our offering of education events - workshops, Interest Area meetings and conferences - grew by 15% during FY16, with particularly strong growth in regulatory affairs.



The Risk-Based Monitoring Summit, held in September 2015 in response



to a major change in the requirements of monitoring clinical trials, was particularly successful. The summit presented national and international perspectives on the topic and brought sponsors and researchers together in building a shared understanding of best practice methodology and how best to implement it locally.

In recognition of the contribution of Katrina Campion, the Board announced the establishment of the *Katrina Campion Young Leader Scholarship Programme* at the May conference. This award will provide a yearly scholarship to young members to enhance their professional skills and knowledge. We will be looking to expand the scholarship offerings in

future years to support our regional members and those returning to the industry after a period away.

The results of a market research survey conducted in March were subsequently reported to members. This survey will be very important in guiding our future direction, enabling us to respond to member needs and plan for the future.

Based on the outcomes of the research, we will continue to build on the important partnerships we have established with our stakeholders. In the past year we have successfully worked with the Australian Pharmaceutical Physicians Association (APPA) to coordinate streams at our conference to support our medical colleagues. A relationship with the Drug Information Association (DIA) is developing well and will result in some exciting initiatives in 2017. These activities, coupled with the other strategic initiatives in training, will position ARCS strongly to remain powerful for engagement, advocacy and professional development within the complex research and clinical arena.

I would like to thank all members again for the warm reception given to me as a new CEO, and the Board and business office staff for their dedication in ensuring we are discharging our mission to the highest professional standard.



**Shanny Dyer PhD, GAICD**  
Chief Executive Officer



## DIRECTORS' REPORT

The Directors of ARCS Australia Limited (ARCS) present this report and the Financial Statements of the Company for the year ended 30 June 2016.

### I. DIRECTORS 2015/2016

The details of the Directors who held office during or since the end of the financial year are provided below. Five Board meetings in total were held from July 2015 to June 2016.

Four positions were declared vacant and there were four nominations for the role of Director, as such no election took place. Following the AGM George Papadopoulos, Elizabeth Joshi and Alex Leung commenced their terms on 26 November 2015. Mary Nteris was returned to the Board. Robert Kent, Lucas Litewka, and Kaylene O'Shea continued their term.

		Board Meetings   July 2015 - 30 June 2016				Key Activities
		Commencement	Cessation	A	B	
Judy Bingham <sup>a,b</sup>	Independent Consultant	22 Oct 2015 <sup>1</sup>	26 Nov 2015	2	2	Chair, Audit & Risk Management Committee (2015)
Elizabeth Joshi <sup>c</sup>	Bayer ANZ	26 Nov 2015		3	3	
Robert Kent <sup>c</sup>	The Kinghorn Cancer Centre	13 Nov 2014 <sup>1</sup>		4	5	
Sally Kinrade <sup>a,c</sup>	Medicines Development Ltd	6 Jul 2012 <sup>1</sup>		5	5	Vice President (2016), Company Secretary (2015)
Alex Leung <sup>b</sup>	Vital Signs Integration	26 Nov 2015		2	3	
Lucas Litewka <sup>b,c</sup>	University of the Sunshine Coast	13 Nov 2014 <sup>1</sup>		4	5	Chair, Membership & Education Committee (2016)
Carlo Maccarrone <sup>c</sup>	GlaxoSmith-Kline	1 Jul 2014 <sup>1</sup>	26 November 2015	2	2	Chair, Membership & Education Committee (2015)
Mary Nteris <sup>a,b</sup>	Hospira	1 Nov 2013 <sup>1</sup>		5	5	President, Chair, Corporate Governance Committee (2016)
Kaylene O'Shea <sup>a,b</sup>	Celgene	13 Nov 2014 <sup>1</sup>		5	5	Company Secretary (2016), Chair Audit & Risk Management Committee (2016)
George Papadopoulos <sup>c</sup>	Emerald Corporate Group	26 Nov 2015		3	3	
Ailsa Surman <sup>a,b</sup>	Biogen	22 Oct 2009 <sup>1</sup>	26 November 2015	2	2	President Chair, Corporate Governance Committee (2015)

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

<sup>1</sup>Directors were co-opted prior to start of financial year

<sup>a</sup> Corporate Governance Committee

<sup>b</sup> Audit & Risk Management Committee

<sup>c</sup> Membership & Education Committee

## **2. PRESIDENT**

With Ailsa Surman's term finishing at the 2015 AGM Mary Nteris was appointed president on 16 December 2015. Sally Kinrade took over from Mary as vice president on the same date.

## **3. COMPANY SECRETARY**

The appointed company secretary is Kaylene O'Shea effective 29 January 2016, having assumed the role from Sally Kinrade.

## **4. SHORT- AND LONG-TERM OBJECTIVES AND STRATEGY**

The objective of the Company is the promotion of education about the development and quality use of medical technology and pharmaceutical goods. This includes providing support in the form of networking opportunities, representation of member interests, education and information services for the benefit of its members, and for interested non-members. Members include those contributing scientific services and expertise to the therapeutics development process and/or utilisation of pharmaceuticals and medical devices/diagnostics. Members of ARCS may work in areas including, but not limited to, regulatory affairs, clinical research, health outcomes, pharmacovigilance, medical affairs, and the provision of medical information.

The objective of ARCS is to advance our members' professional interests and provide a forum for education and exchange of information. This includes the following goals:

- To extend membership to all those interested in the development and quality use of therapeutic goods, with a focus on Australia
- To provide and promote education in the areas of regulatory affairs, clinical research, health economics, medical information, pharmacovigilance, and other disciplines which support the development and quality use of therapeutic goods - training opportunities are open to both members and non-members
- To foster exchange of information and experience in order to enhance professional competency
- To provide an information portal to maintain awareness of current government, research and industry activities relevant to the membership
- To establish effective communication with other organisations and stakeholders influencing medtech and pharmaceutical sector.

## **5. PRINCIPAL ACTIVITIES**

The company's principal activities during the year were:

- Holding the 2016 Annual Scientific Congress in Sydney in May 2016. This flagship event covered all of ARCS's interest areas
- The development and delivery of the Risk-Based Monitoring Summit in September 2015
- Provision of education and networking events in the form of training workshops, seminars and webinars
- Developing updated and/or new education events and workshops, including new technical courses
- Facilitating discussions between member groups in the form of Interest Area meetings, with significant numbers in attendance
- Facilitating growth of communication and engagement between site and sponsor clinical research personnel
- Facilitating regional networking events
- Development and implementation of an updated member database and website
- Participating in an external survey of professional associations
- Member needs market research

These activities have assisted the company in achieving its objectives by:

- Providing high-quality, relevant and current education programmes that are targeted to specific member groups
- Providing opportunities for members to exchange information
- Providing information relevant to members
- Representing member interests in significant areas
- A return of (\$360,046)

## **6. PERFORMANCE MEASURES**

The company measures performance as follows:

- Number of members
- Delivery of education events to each participant interest area group
- Attendance at education and networking events
- Quality rating of education events

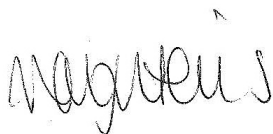
- Effectiveness of financial control measures and performance to budget
- Ongoing financial viability of the Company

### **7. MEMBERS' GUARANTEE**

In accordance with the company's constitution, each member is liable to contribute an amount not exceeding \$10.00 in the event that the company is wound up. On the basis of membership numbers at 30 June 2016 the total amount members would contribute is \$18,520.

### **8. AUDITORS' INDEPENDENCE DECLARATION**

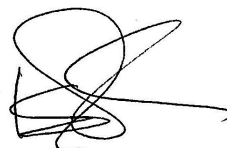
The lead auditors' independence declaration for the year ended 30 June 2016 has been received and is attached. This Directors' Report is made and signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Act.



Mary Nteris

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Director



Kaylene O'Shea

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Director

Dated: This day of 1 November 2016

**ARCS AUSTRALIA LIMITED**

**ABN 25 050 334 444**

**Annual Report - 30 June 2016**

**ARCS Australia Limited**  
**Financial report**  
**For the year ended 30 June 2016**

**Contents**

Financial report  
Statement of profit or loss and other comprehensive income  
Statement of financial position  
Statement of changes in funds  
Statement of cash flows  
Notes to the financial statements  
Directors' declaration

Independent auditor's report to the members of ARCS Australia Limited

**General information**

The financial report covers ARCS Australia Limited as an individual entity. The financial report is presented in Australian dollars, which is ARCS Australia Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

ARCS Australia Limited is a not-for-profit unlisted public company limited by guarantee.

The financial report was authorised for issue, in accordance with a resolution of directors. The directors have the power to amend and reissue the financial report.

**ARCS Australia Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2016**

	Note	2016 \$	2015 \$
<b>Revenue from continuing operations</b>	3	1,714,074	2,211,511
Cost of sales		(537,928)	(854,451)
Gross profit		<u>1,176,146</u>	<u>1,357,060</u>
Other income	3	24,187	35,249
Gain/(loss) on financial assets at fair value through profit and loss	3	(23,840)	14,388
Marketing expenses		(14,455)	(11,548)
Occupancy expenses		(96,988)	(92,393)
Administration expenses		(1,425,096)	(1,158,430)
		<hr/>	<hr/>
<b>Net current year surplus/(deficit)</b>		(360,046)	144,326
		<hr/>	<hr/>
<b>Net current year surplus/(deficit) attributable to the members of ARCS Australia Limited</b>	15	(360,046)	144,326
Other comprehensive income for the year		-	-
		<hr/>	<hr/>
<b>Total comprehensive income/(loss) for the year attributable to the members of ARCS Australia Limited</b>		<u>(360,046)</u>	<u>144,326</u>

To be read in conjunction with the notes to the financial statements

**ARCS Australia Limited**  
**Statement of financial position**  
**As at 30 June 2016**

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	802,992	1,032,959
Trade and other receivables	6	124,490	76,222
Other financial assets	7	81,835	81,835
Financial investments at fair value through profit and loss	8	493,209	517,049
<b>Total current assets</b>		<u>1,502,526</u>	<u>1,708,065</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	38,424	52,617
Intangible assets	10	161,777	203,954
<b>Total non-current assets</b>		<u>200,201</u>	<u>256,572</u>
<b>Total assets</b>		<u>1,702,727</u>	<u>1,964,637</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	95,561	89,927
Employee benefits	12	95,317	95,752
Income in advance	13	167,332	68,395
Lease incentive liability	14	6,000	6,000
<b>Total current liabilities</b>		<u>364,210</u>	<u>260,074</u>
<b>Non-current liabilities</b>			
Lease incentive liability	14	9,000	15,000
<b>Total non-current liabilities</b>		<u>9,000</u>	<u>15,000</u>
<b>Total liabilities</b>		<u>373,210</u>	<u>275,074</u>
<b>Net assets</b>		<u>1,329,517</u>	<u>1,689,563</u>
<b>Equity</b>			
Retained surpluses	15	1,329,517	1,689,563
<b>Total equity</b>		<u>1,329,517</u>	<u>1,689,563</u>

To be read in conjunction with the notes to the financial statements

**ARCS Australia Limited**  
**Statement of changes in funds**  
**For the year ended 30 June 2016**

	<b>Retained surpluses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	1,545,237	1,545,237
Surplus for the year	144,326	144,326
Other comprehensive income for the year	-	-
Total comprehensive income attributable to the members of the entity	<u>144,326</u>	<u>144,326</u>
Balance at 30 June 2015	<u>1,689,563</u>	<u>1,689,563</u>
	<b>Retained surpluses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2015	1,689,563	1,689,563
Surplus/(deficit) for the year	(360,046)	(360,046)
Other comprehensive income for the year	-	-
Total comprehensive income/(loss) attributable to the members of the entity	<u>(360,046)</u>	<u>(360,046)</u>
Balance at 30 June 2016	<u>1,329,517</u>	<u>1,329,517</u>

To be read in conjunction with the notes to the financial statements

**ARCS Australia Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2016**

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,862,809	2,419,484
Payments to suppliers and employees (inclusive of GST)		<u>(2,115,000)</u>	<u>(2,272,329)</u>
		(252,191)	147,155
Interest received		<u>25,137</u>	<u>33,350</u>
Net cash from/(used in) operating activities		<u>(227,054)</u>	<u>180,505</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	9	(2,913)	(135,233)
Proceeds from disposal of available-for-sale investments held		-	-
Increase in term deposits held as bonds		<u>-</u>	<u>-</u>
Net cash used in investing activities		<u>(2,913)</u>	<u>(135,233)</u>
Net increase/(decrease) in cash and cash equivalents		(229,967)	45,272
Cash and cash equivalents at the beginning of the financial year		<u>1,032,959</u>	<u>987,687</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>802,992</u></u>	<u><u>1,032,959</u></u>

To be read in conjunction with the notes to the financial statements

## **Note 1. Corporate Information**

The financial statements of the not-for-profit company, ARCS Australia Limited, (the company) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors.

ARCS Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia. The nature of the operations and principal activities of the company are described in the directors' report.

## **Note 2. Summary of Accounting Policies**

### **(A) Basis of Preparation**

These general purpose financial statements have been prepared in accordance with the requirements of :

- the *Corporations Act 2001*,
- the Australian Charities and Not-for-profits Commission Act 2012 and
- the Australian Charities and Not-for-profits Commission Regulation 2013,
- Australian Accounting Standards – Reduced Disclosure Requirements, Accounting Interpretations and
- other authoritative pronouncements of the Australian Accounting Standards Board, as appropriate for not-for-profit entities.

These financial statements do not comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

### **Historical cost convention**

The financial statements have been prepared on the basis of historical cost except for the following:

Available for sale financial assets are measured at fair value.

Cost is based on the fair values of the consideration given in exchange for assets.

### **Currency and rounding of amounts**

The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

### **(B) Significant Accounting Judgements, Estimates and Assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Note 2. Summary of Accounting Policies (continued)**

**(B) Significant Accounting Judgements, Estimates and Assumptions (continued)**

**Significant accounting judgements**

**Leases**

Operating lease rental expense is recognised as an expense on a straight line basis over the lease term, or on a systematic basis more representative of the time pattern of the Company's benefit.

Lease incentives are recognised in the books of the lessee and amortised over the lease period on a systematic basis

**Significant accounting estimates and assumptions**

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

**Provisions for employee benefits**

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service. The amount of these provisions would change should any of these factors change in the next 12 months.

**Fair value of intangible assets**

The estimated useful life of the database and related website is currently estimated as five years from the date on which the asset was first completed and ready for use, being 1 May 2015. Should that useful life vary (up or down), then the resulting provision for amortisation may have a material impact on that intangible asset.

**( C ) Revenue Recognition**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

*Sales Revenue*

Revenue from member subscriptions, seminars, training sessions, workshops and advertising is recognised when the amount of revenue can be measured reliably and it is probable that it will be received by the Company. Revenue in advance is accounted for when invoices are raised in respect of events occurring in the subsequent financial year.

**Note 2. Summary of Accounting Policies (continued)**

**( C ) Revenue Recognition (continued)**

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

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

**(D) Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Management and administration costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

**(E) Cash and Cash Equivalents**

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

**(F) Trade and Other Receivables**

Other receivables are recognised at amortised cost, less any provision for impairment. An allowance for doubtful debts, if any, is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

**(G) Property, Plant and Equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment & furniture	5 years
Software	5 years
Office fitouts	5 years

**Note 2. Summary of Accounting Policies (continued)**

**(G) Property, Plant and Equipment (continued)**

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**(H) Trade Creditors and Other Payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(I) Employee Benefits**

Employee benefits comprise wages and salaries, annual, non-accumulating sick and long service leave, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date that are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled and amounts expected to be settled after 12 months from the end of the reporting period are discounted.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to anticipated future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(J) Taxation**

**Income tax**

As the company is a public educational institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

**Note 2. Summary of Accounting Policies (continued)**

**(J) Taxation (continued)**

**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 which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Cash flow is included in the statement of cash flow on a gross basis. The GST component of cash flow arising from investing and financing activities that is recoverable from or payable to the Australian Taxation Office is classified as operating cash flow.

**(K) New Standards and Interpretations not yet adopted**

The following standards, amendments to standards and interpretations have been identified as those which may affect the company in the period of initial application.

Standard	Effective date	Impact on the company
AASB 15 - Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2018 (i.e. 30 June 2019 reporting dates for the company).	The impact of this standard has yet to be determined.
AASB 16 - Leases	Annual reporting periods beginning on or after 1 January 2019 (i.e. 30 June 2020 reporting dates for the company).	The impact of this standard has yet to be determined.

**Note 3. Revenue**

	2016 \$	2015 \$
<i>Sales revenue</i>		
Membership subscriptions	421,980	454,052
Education activities	1,043,586	1,399,048
Advertising & sponsorship	248,508	358,411
	<u>1,714,074</u>	<u>2,211,511</u>
<i>Other revenue</i>		
Interest income	24,187	35,249
Increase/(decrease) in the value of Investments	(23,840)	14,388
	<u>347</u>	<u>49,637</u>
Revenue	<u>1,714,421</u>	<u>2,261,148</u>

**ARCS Australia Limited**  
**Notes to the financial statements**  
**30 June 2016**

**Note 4. Expenses**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Surplus/(loss) includes the following specific expenses:		
Rent and rates	96,988	92,393
Depreciation of property, plant and equipment	10,000	10,874
Amortisation of intangible assets	43,018	6,927
Superannuation expense	83,888	69,219
Salaries & wages	913,866	739,306
Other employment benefits	48,897	47,011
Auditor remuneration	19,345	18,307
	<hr/>	<hr/>

**Note 5. Current assets - cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	500	500
Cash at bank	202,093	241,673
Cash on deposit	600,399	790,786
	<hr/>	<hr/>
	802,992	1,032,959
	<hr/> <hr/>	<hr/> <hr/>

**Note 6. Current assets - trade and other receivables**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Other receivables	80,569	50,258
Prepayments & other debtors	43,921	25,964
	<hr/>	<hr/>
	124,490	76,222
	<hr/> <hr/>	<hr/> <hr/>

**Note 7. Current assets - other**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Short term deposits		
	81,835	81,835
	<hr/> <hr/>	<hr/> <hr/>

ARCS Australia Limited  
Notes to the financial statements  
30 June 2016

**Note 8. Financial Investments at Fair Value  
Through Profit and Loss**

	2016 \$	2015 \$
Investments in Unlisted Funds at Fair Value	493,209	517,049
Movement in Financial Assets		
Balance at 1 July	517,049	502,661
Disposals	-	-
Unrealised gain/(loss) for the year	(23,840)	14,388
Balance at 30 June	493,209	517,049

**Note 9. Non-current assets - property, plant and equipment**

	2016 \$	2015 \$
Office Furniture & Equipment - at cost	123,689	122,549
Less: Accumulated depreciation	(102,752)	(94,260)
	<u>20,937</u>	<u>28,289</u>
Software - at cost	13,267	13,267
Less: Accumulated depreciation	(10,780)	(9,939)
	<u>2,487</u>	<u>3,328</u>
Office Fitout - at cost	30,000	30,000
Less: Accumulated depreciation	(15,000)	(9,000)
	<u>15,000</u>	<u>21,000</u>
	<u>38,424</u>	<u>52,617</u>

**ARCS Australia Limited**  
**Notes to the financial statements**  
**30 June 2016**

**Note 9. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

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

	Office Equipment & Furniture	Software	Office Fitout	Total
Balance at 1 July 2014	30,449	210	27,000	57,659
Additions	8,491	3,341	-	11,832
Retirements	-	-	-	-
Depreciation expense	(10,651)	(223)	(6,000)	(16,874)
Balance at 1 July 2015	28,289	3,328	21,000	52,617
Additions	2,648	-	-	2,648
Retirements	-	-	-	-
Depreciation expense	(10,000)	(841)	(6,000)	(16,841)
Balance at 30 June 2016	20,937	2,487	15,000	38,424

	2016 \$	2015 \$
Payments for property, plant and equipment (GST inc)	2,913	13,016
Payments for intangible assets (GST inc)	-	122,217
Payments for property, plant and equipment for the year	2,913	135,233

**Note 10. Intangible Assets**

	2016 \$	2015 \$
Website Development Costs	210,881	210,881
Less: Accumulated amortisation	(49,104)	(6,927)
	161,777	203,954

**ARCS Australia Limited**  
**Notes to the financial statements**  
**30 June 2016**

**Note 10. Intangible Assets (continued)**

*Reconciliations*

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

	Website Development Costs	Total
Balance at 1 July 2014	90,755	90,755
Additions	120,126	120,126
Retirements	-	-
Amortisation expense	(6,927)	(6,927)
Balance at 1 July 2015	<u>203,954</u>	<u>203,954</u>
Additions	-	-
Retirements	-	-
Amortisation expense	(42,177)	(42,178)
Balance at 30 June 2016	<u><u>161,777</u></u>	<u><u>161,777</u></u>

**Note 11. Current liabilities - trade and other payables**

	2016 \$	2015 \$
Trade payables	36,491	34,886
BAS payable	14,943	3,436
Other payables & accruals	44,127	51,605
	<u>95,561</u>	<u>89,927</u>

**Note 12. Current liabilities - employee benefits**

	2016 \$	2015 \$
Provision for annual leave and long service leave	<u>95,317</u>	<u>95,752</u>

**Note 13. Income in Advance**

	2016 \$	2015 \$
Income in Advance	<u>167,332</u>	<u>68,395</u>

**ARCS Australia Limited**  
**Notes to the financial statements**  
**30 June 2016**

**Note 14. Lease Incentive Liability**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Lease incentive liability - current	6,000	6,000
Lease incentive liability – non current	9,000	15,000
Total lease incentive liability	<u>15,000</u>	<u>21,000</u>

**Note 15. Equity - retained surpluses**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Retained surpluses at the beginning of the financial year	1,689,563	1,545,237
Surplus/(deficit) for the year	<u>(360,046)</u>	<u>144,326</u>
Retained surpluses at the end of the financial year	<u>1,329,517</u>	<u>1,689,563</u>

**Note 16. Financial instruments**

**Market risk**

*Interest rate risk*

The company is not exposed to any significant interest rate risk.

*Price risk*

Other price risk is the risk that the fair value of available for sale financial assets will fluctuate due to changes in market prices, other than those arising from interest rate risk.

**Note 17. Key management personnel disclosures**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Directors' Compensation</i>		
None of the Directors received remuneration in the current or previous financial years.		
<i>Key management personnel</i>		
The totals of remuneration paid to KMP of the company during the year are as follows:		
Short-term employee benefits	403,875	369,023
Post-employment benefits	<u>61,225</u>	<u>-</u>
	<u>465,100</u>	<u>369,023</u>

**ARCS Australia Limited**  
**Notes to the financial statements**  
**30 June 2016**

**Note 18. Contingent liabilities**

The company had no contingent liabilities as at 30 June 2016 and 30 June 2015.

**Note 19. Commitments**

*Operating leases payable*

	2016	2015
	\$	\$
Not later than 1 year	127,142	122,252
Later than 1 year not later than 5 years	188,220	315,362
Later than 5 years	-	-
	<u>315,362</u>	<u>437,614</u>

**Note 20. Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 17.

*Transactions with related parties*

There were no transactions with related parties during the current and previous financial year.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

**Note 21. Events after the reporting period**

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

The company's database used to record member details; record subscription details; assist in the planning of conferences, events and workshops held; could be replaced in the year ending 30 June 2017. The current database would be scrapped and the financial effect would be reflected in next year's financial statements. The cost of the replacement has not yet been quantified. The potential change in the database asset may impact on the fair value of this asset, as stated at 30 June 2016. However, final decisions are yet to be made so no adjustment to that value at 30 June 2016 is considered necessary.

**ARCS Australia Limited**

**Directors' declaration** – per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013

The directors' declare that in the directors' opinion:

- There are reasonable grounds to believe that ARCS Australia Limited is able to pay all of its debts, as and when they become due and payable; and
- The financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.



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Director

Dated this 4<sup>th</sup> day of October, 2016  
Sydney

# E Psaltis & Co

## Audit - Valuation - Due Diligence - Expert Opinion - Advisory

### INDEPENDENT AUDITOR'S REPORT

#### ARCS Australia Limited

#### Report on the Financial Report

I have audited the accompanying financial report of ARCS Australia Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

#### Directors' Responsibility for the Financial Report

The Directors of ARCS Australia Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) 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.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Directors' preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion the financial report of ARCS Australia Limited has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

(a) giving a true and fair view of the registered entity's financial position as at 30 June 2016 and of its financial performance and cash flows for the year ended on that date; and

(b) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

## **E Psaltis & Co**



Edward Psaltis

**Principal**

Sydney: 4<sup>th</sup> October , 2016

# E Psaltis & Co

**Audit - Valuation - Due Diligence - Expert Opinion - Advisory**

## AUDITOR'S DECLARATION OF INDEPENDENCE

To the directors of ARCS Australia Limited:

I declare that, to the best of my knowledge and belief, for the year ended 30 June 2016, there have been no contraventions of:

- (i) The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

**E Psaltis & Co**



Edward Psaltis  
**Principal**

Sydney: 4<sup>th</sup> October, 2016

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