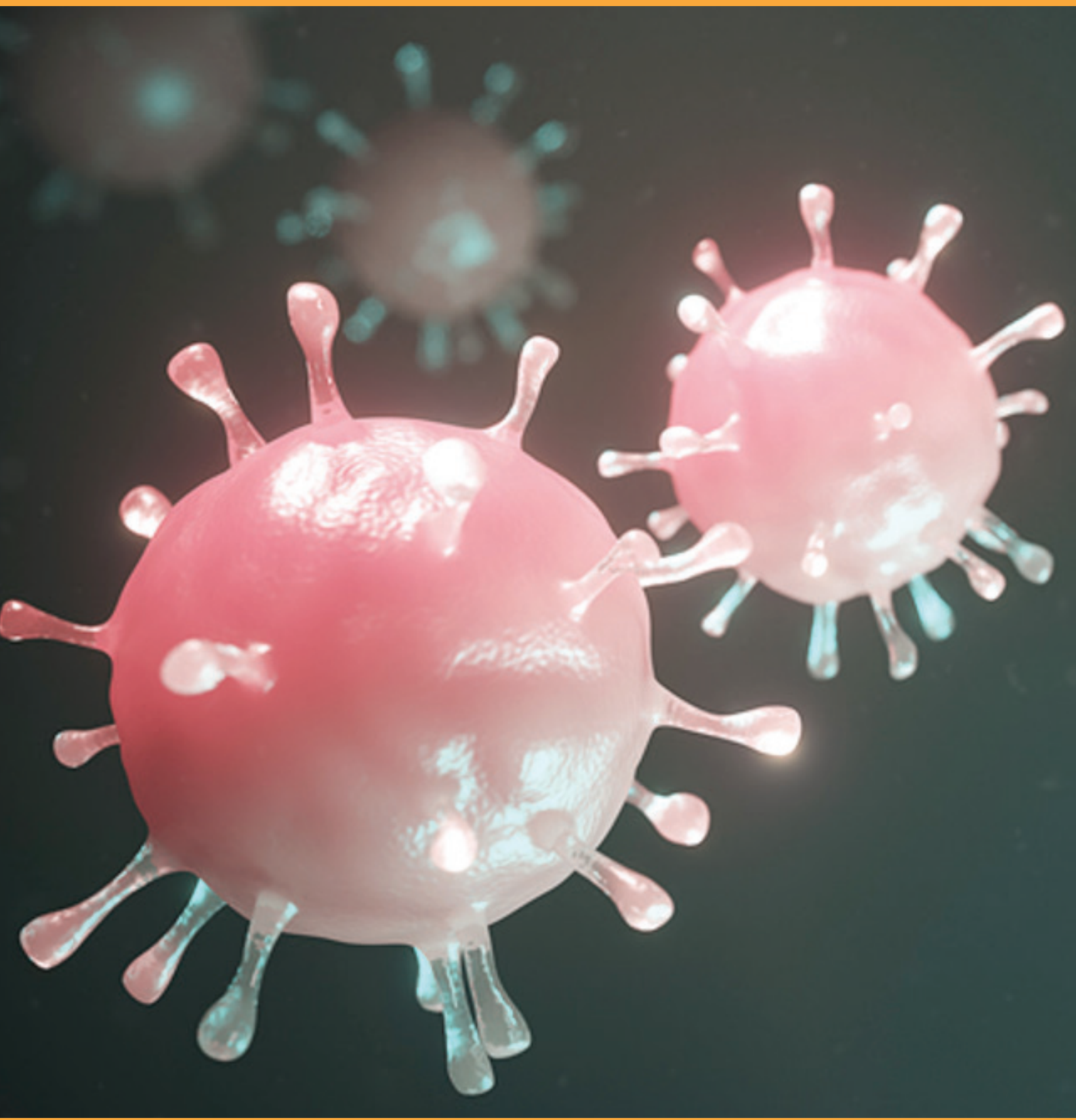


ARCS AUSTRALIA

ANNUAL REPORT 2019-20



2019-20 PERFORMANCE HIGHLIGHTS

1,785



MEMBERS



110 EDUCATION
EVENTS HELD

2,255

ANNUAL
CONFERENCE
DAY VISITS



1,170

ANNUAL CONFERENCE
INDIVIDUAL ATTENDEES



ANNUAL CONFERENCE



6 NEW EVENTS



549

ONLINE LEARNING
STUDENTS



1,103

INTEREST AREA
MEETING
REGISTRATIONS



95%

AVERAGE QUALITY RATING
OF EDUCATION EVENTS

MISSION, VISION AND GOALS

ARCS Australia Ltd is a national, membership-based organisation focused on the development and growth of the healthcare sector. ARCS provides education, career pathways, professional development and advocacy to the healthcare sector.

Our membership is made up of individuals working in regulatory affairs, clinical research, health economics, medical information and other disciplines who work in the development and quality use of therapeutic goods. ARCS members are based in industry, academia, medical research institutes, government, hospitals and patient groups.

Through its members ARCS has a broad and effective reach throughout the healthcare sector, and provides a neutral forum to develop, agree and implement aligned policies and initiatives.

ARCS and its members are dedicated to improving the quality of life of healthcare consumers.

VISION

A vibrant and engaged membership adding value to the healthcare sector

MISSION

To bring together industry, government and academia through education, networking and forums for the benefit of the healthcare sector

VALUES

ARCS is an individual membership-based organisation focused on a sector that provides medical technology and pharmaceuticals to the 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 our members and promoting 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 sector.

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 sector.

GOALS

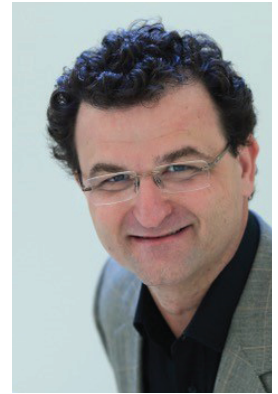
Our goals are to:

- To have a sustainable, skilled, connected and motivated professional workforce
- To have a broad and effective reach in the traditional and emerging healthcare sector
- To promote best practice implementation in digital strategy across the sector
- To ensure sustainability of ARCS

PRESIDENT'S REPORT

It is my privilege to provide the President's Report for the financial year 2019-20. The past year has been truly extraordinary and has been sharply divided into pre- and post-COVID, which disrupted life and work as we have known it. The effects on the health sector were numerous and continue as the pandemic plays out its course. The effects on ARCS Australia (ARCS) were equally disruptive and demanded immediate changes which have been successfully navigated.

I'm proud to report that ARCS, as a long standing not for profit member driven organisation, rose to meet the challenges, both financially and educationally and to continue to deliver for its members. New delivery platforms for workshops enabled the virtual delivery of every workshop and the Transitioning from EU MDD to MDR - *navigating the challenges* Summit in March 2020.



ARCS organised two webinar series to assist the sector in navigating the COVID-19 disruption and help individuals learn new skills about working from home. These were attended by a record number of professionals and very well received. One consequence has also been the extended national (and international) reach of our events program.

In pre-COVID-times we had a very successful annual conference in August 2019 at the ICC Sydney, the eClinical Summit in Melbourne in November 2019, and a range of face-to-face workshops, webinars and networking events. Every week ARCS offered training or information to help inform members, communicate to the public, educate and inspire, teach new skills and represent the sector to stakeholders and government.

This past year has seen a number of changes in the Board of Directors, and the next year will also foreshadow changes. We welcomed Andrew Carter, Managing Director of Commercial Eyes, and Marisa Petersen to the Board for a 3-year term and both have contributed immensely.

I take this opportunity to sincerely thank all my fellow Board members for their diligence, great work, insights and support throughout the year to ensure ARCS meets its strategic and financial goals in these unprecedented and difficult times. A special mention and thank you to Robert Kent, as the Vice President of the Board, Alex Leung as Company Secretary.

The current board terms for myself, and fellow Board members Alex Leung, Senior Manager Regulatory Affairs, Hologic, and Elizabeth Joshi, Director Scientific Affairs, Sandoz, will expire at this forthcoming AGM, and we will not be re-standing, thus three new Board members will be elected before the forthcoming AGM 2020, who I am sure will equally provide expertise and governance continuity.

On behalf of the ARCS Board, I would like to extend our appreciation to ARCS CEO, Shanny Dyer, who exemplified strong leadership and stewardship during this phase of ARCS growth and also to the ARCS staff for their diligence and commitment to deliver to our members quality education and training. All this is also not possible without the ARCS volunteers and affiliates for their contributions, and lastly, not least to our members who have supported the association throughout this very turbulent year.

As we look ahead, ARCS remains dedicated to its membership and partners and I personally, wish everyone good health and happiness for the year ahead. I look forward to ARCS continued strength as an advocate in the healthcare sector, and to delivering quality programs to our members.

A handwritten signature in black ink, appearing to read 'G. Papadopoulos'. The signature is stylized and fluid, with a long horizontal stroke extending to the right.

George Papadopoulos
ARCS President

If you would like to contact the ARCS Board you can email the ARCS Board directly at board@arcs.com.au

CEO'S REPORT

Welcome to the 2020 Annual Report. This financial year happened in a way no one could have predicted – meet the COVID-19 pandemic that has created a paradigm that none of us had anticipated.

It has resulted in a huge loss of life and economic hardship; it has also opened our eyes to the way we work and live our lives.

For our report on this financial year we really have the scenario of before COVID (BC) and after COVID (AC). Before COVID, we had business as usual and once COVID hit it was a new paradigm that has altered life and our business changed – perhaps forever.



REPORT BEFORE COVID-19

The first half of the year saw us deliver on our strategy, hold another great conference at the ICC with the theme of 'Putting patients at the centre of healthcare'. We had the e-Clinical Summit, ran face-to-face workshops, held events in Perth, Melbourne, Darwin, Tasmania and Sydney. We didn't realise how liberating it was to travel and meet everyone face-to-face – we didn't appreciate the value in that contact – but I am glad we did get around and meet everyone. It was fun.

I would like to share some detail around these key events.

Annual Conference 2019

Our Annual Conference was held again at the International Convention Centre with a focus on the patient. We were excited to invite consumers to the conference through scholarships. The presence of patients in the meetings brought a new dimension to the discussions and it was pleasing to see so much engagement and plenary presentations that had a lens of the patient needs.

Summits

- eClinical Trials & Management Skills Summit, AGM & Annual Dinner (27 November 2019)
- Transitioning from EU MDD to MDR: *navigating the challenges* Summit (19 March 2020, virtual)

New workshop

- Introduction to Regulatory Affairs for Medical Devices (new)

REPORT POST COVID-19

When the news came out from Wuhan about the virus, we made the decision to convert our face-to-face workshops to virtual events.

When we initiated this series of webinars we really didn't know if it was the right thing to do. It has turned out to be the best thing to do – and your support has enabled us to bring together a united research community in a time of need.

The series turned out to be an enormous resource for the sector. We had over 3,595 attendees registering for the series overall. Being able to offer the series free to all participants was important for us and the research community. Sponsorship from MTPConnect and NSW Health helped to make this possible.

In addition to this series, we also ran:

SCRuM (Senior Clinical Research Managers) working group: The purpose of this working group was to provide senior clinical research managers a neutral and safe platform to connect, share experience, exchange information during the COVID-19 pandemic. Due to the success of this working group, ARCS believes there is a continued need in the industry to support this group beyond COVID-19.

Learn Share Connect webinar series: The aim of this series was to provide both a platform for education and information as well as a social connection during the pandemic. This again was a successful series which brought together the research community.

Volunteer Program: To connect individual capability with clinical site needs to help meet the changing requirements of clinical trials.

All of these programs have played a vital role in bringing the sector together in a way that has not been seen previously.

As we work towards our COVID-19 recovery phase, we must ensure we embed the positive changes we have adopted to keep our clinical research doors open during this time, understanding that through adversity comes innovation. The many changes we have seen adopted and the cooperation between government, sites and industry has been amazing. Changes such as telehealth and teletrials, remote monitoring, e-signatures, e-consent and investigational product management – all things that have been envisaged, now either a reality or close to it. These types of changes create opportunities for those who are elderly, whose health is compromised, those who live remotely to access their GP and clinical trials regardless of where they live and have a positive impact on participant recruitment and retention.

OTHER ACHIEVEMENTS

Scholarship recipients

We were very pleased to announce the recipient of the 2019 Katrina Champion Developing Leaders Program Scholarship, Katherine Jajko from Telethon Kids in Perth, for her application titled “Rising to the Challenge: Becoming a leader in promoting research excellence”. Her interim report was included in the Spring edition of ARCS eJournal Cognitio.

The 2019 Osmond-Russell Scholarship was awarded to Sarah Piplica, Clinical Research Coordinator, University of the Sunshine Coast for the proposal titled “Creating a Consumer Confidence Index for the Clinical Trials Industry”.

END OF YEAR FINANCIAL RESULT

The ARCS Board has signed off, as part of this report, the financial report for the financial year 2020. The organisation is a going concern, as reported in the financial statement and confirmed by an independent auditor. The organisation received revenue of \$2,376,114 against expenses of \$2,561,387 giving a loss of \$185,273. Review of the business shows a strong balance sheet.

THE TEAM

Bridget Lynch (Accounts and Admin Officer), a long-term ARCS employee, retired on 13 November 2019. She spent 15 years at ARCS Australia and was the voice of ARCS for all these years. She was a dedicated and trusted employee who considered ARCS as family. We wish her well in her retirement.

Audrey Rollin (Digital Marketing Coordinator) left in November 2019 and was replaced by Ariane Casareo in March 2020.

Sumathy Ramesh (Education Manager) and Gary McNicol (COO) left in April 2020. Both roles have been replaced in the 2020-21 financial year.

I would like to say a big thank you to the ARCS Board, convenors, facilitators, sponsors & exhibitors, partners, volunteers and so many members who are so integral to the running of the organisation together with the wonderful ARCS staff. Thanks for your input throughout the year and I look forward to your continued support in the years to come.

Shanny Dyer PhD, GAICD
Chief Executive Officer



EDUCATION AND EVENTS

2019-20 was an unprecedented year for an organisation where face-to-face training was a significant revenue stream. We responded by diversifying the type and way we delivered our professional development services to our members and the sector. During this transformation we have continued to be true to our core principles of an “educational hub” for our members and partners throughout their professional life by:

- Delivering consistent, high quality content appropriate to the audience
- Ensuring our education is case study driven where student learn how to apply knowledge in the workplace
- Ensuring that education is delivered by practitioners for practitioners (an Australian voice)
- Broadening & diversifying offerings over career spectrum (do, manage, lead)
- Working with our partner to bring the best education and knowledge to our members and the sector
- Diversification of delivery systems and options (synchronous and asynchronism learning along with online communities)
- Having a greater national focus.

Event highlights for 2019-20:

- The 2019 ARCS Annual Conference “Putting patients at the centre of healthcare” (6 – 8 August at the ICC, Sydney)
- Development and delivery of Introduction to Regulatory Affairs for Medical Devices (new workshop)
- eClinical Trials & Management Skills Summit, AGM & Annual Dinner (27 November 2019)
- Transitioning from EU MDD to MDR: *navigating the challenges* Summit (19 March 2020, virtual)
- Virtual CRO Forum (20 May) & resulting position paper *Contract Research Organisations (CROs) supporting patients in clinical trials during the COVID-19 pandemic in Australia*
- Senior Clinical Research Managers working group or SCRuM (9 April, inaugural meeting)
- COVID-19 webinar series: COVID – 19: considerations and strategies for running trials during the pandemic (3,595 attendees, over 3,000 view on YouTube)
- Learn Share Connect webinar series (5-part webinars series)
- CEO Breakfast (July 2019, Perth)
- Seminar on the National Clinical Trials Governance Framework (July 2019, Perth)
- Networking Drinks Functions in the ARCS office
- 2019 TGA GMP Forum (21 November, Melbourne)
- Custom clinical research developed and delivered or the UAE Ministry of Health & Prevention (MOHAP) (16 – 18 September).
- eClinical Trials & Management Skills Summit, AGM & Annual Dinner (27 November 2019)
- Transitioning from EU MDD to MDR: *navigating the challenges* Summit (19 March 2020, virtual)

SCHOLARSHIPS

2019 Katrina Champion Developing Leaders Program Scholarship



The principal objective of this scholarship is to promote, foster, develop and assist in the education and development of ARCS' members (including through attending international conferences).

The scholarship was awarded to **Kathryn Jajko** for the proposal titled "Rising to the Challenge: Becoming a leader in promoting research excellence".

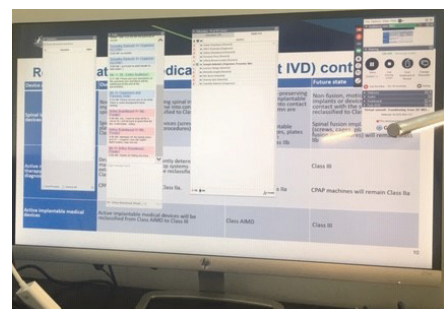
2019 Osmond-Russell Scholarship



The principal scholarship objectives are:

- To promote, foster, develop and assist future leaders of our sector by furthering their professional development through both formal (workshops and conferences) and informal (mentoring and coaching) professional development opportunities.
- To identify future leaders able to act as role models for upcoming leaders within the ARCS membership.

The scholarship was awarded to **Sarah Piplica**, Clinical Research Coordinator, University of the Sunshine Coast for the proposal titled "Creating a Consumer Confidence Index for the Clinical Trials Industry".



ANNUAL CONFERENCE

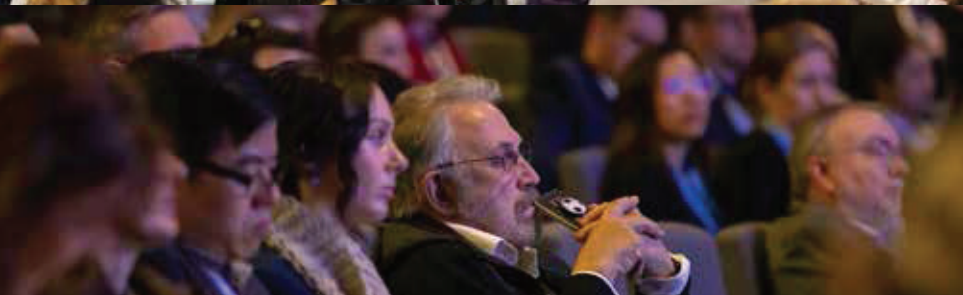
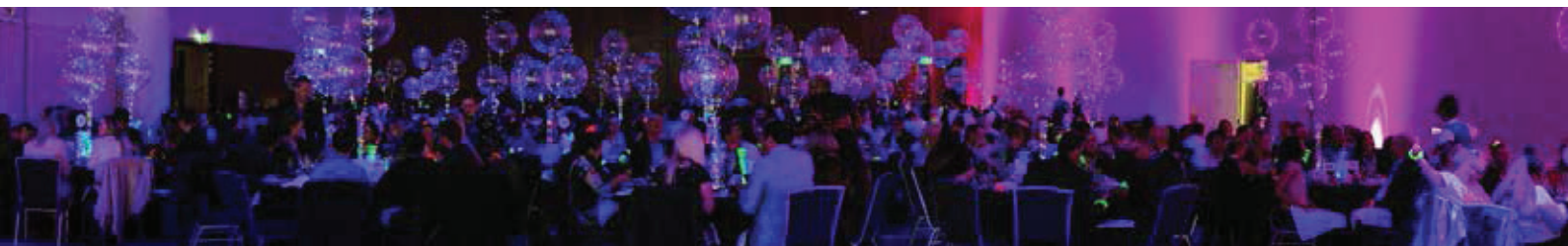
6-8 August | ICC Sydney
2019 ARCS
ANNUAL CONFERENCE
Putting patients
at the centre
of healthcare
ARCS



The annual conference was held from 6 – 8 August 2019 at the ICC Sydney (NSW) with the theme of Putting patients at the centre of healthcare.

2019 ARCS featured 87 individual sessions in 7 parallel streams over three days covering regulatory, clinical research, health economics & reimbursement, medical affairs, leadership and digital health topics. The conference also included a dedicated executive leadership stream, poster presentation, social functions including the Awards Dinner and exhibition.

The central theme of the annual conference explored barriers and enablers of putting patients at the centre of healthcare. Which trends will enable patients to participate in the decision making and what can the MTP sector do to apply this principle to achieve better patient outcomes?



Education Dome and Satellite Sessions

For the first time ARCS offered additional education sessions during the breaks. The 7 sessions were organised and presented by sponsors and very well received.



2019 MTP SECTOR AWARDS

The 2019 MTP Sector Awards are designed to recognise your peers and nominate your favourite company or person who you think has made a bold and significant contribution to our sector. The awards were presented at the Annual Conference Dinner on Wednesday 5 August 2019.

- Favourite Clinical Trials Sponsor – Bristol Myers Squibb
- Favourite CRO – Pharma-to-Market
- Favourite Investigational Site – Gallipoli Medical Research Foundation
- Sector Advocate – Lucas Litewka, Director, USC Clinical Trials Centre
- Best Booth – Akesa Pharma
- Best Booth - People's Choice Award - AstraZeneca



Top left: Akesa Pharma; bottom left: Lucas Litewka; centre: Pharma-to-Market; Top right: Bristol-Myers Squibb; Bottom right: Gallipoli Medical Research Foundation

SECTOR REPRESENTATION

The ARCS office staff and CEO worked on a number of initiatives and activities related to the therapeutics environment and healthcare.

These involved:

- Leadership in the R&D Taskforce – an initiative of Medicines Australia and MTAA
- Education Affiliate to MTPConnect
- Scientific Advisory Committee for the Pharmaceutical & Medical Device Development Masters, Graduate Diploma and Graduate Certificate Program at the University of Sydney
- Chair of the Board of the ARC Training Centre for Innovative Bioengineering

Representation at external conferences and events

ARCS Australia represented members and the sector at the following events:

- 16-17 July 2019: SCRS Asia PAC Site Solutions Summit (Melbourne) - SM/JB, corporate stand
- 26 July 2019: White Coats Thank You Breakfast (Melbourne) - SM
- 21 August 2019: Medical Device Fund Awards night, (NSW Parliament House) - SD
- 19-20 September 2019: MTAA MedTech 2019 (Sydney) - SD/SR/MD
- 2-5 October 2019: ACTA International Clinical Trials Conference (Sydney) - SD/JB/SM/GM
- 15 October 2019: Medicines Australia PharmAus 2019 (Parliament House, Canberra) - SD
- 16-October 2019: Research Australia Launch of Australia Speaks Poll 2019 (Canberra) - SD
- 21 November-2019: TGA GMP Annual Forum (Melbourne) - JB, corporate stand
- 5 March 2020: MTAA International Women's Day Breakfast (Sydney) - MD

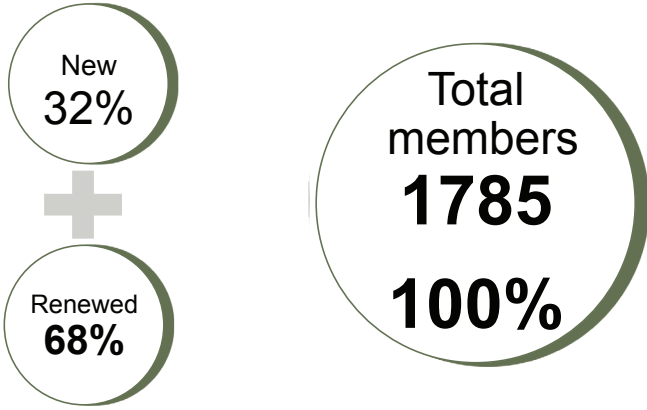
Most of the sector conference and events from March 2020 were cancelled due to COVID-19.



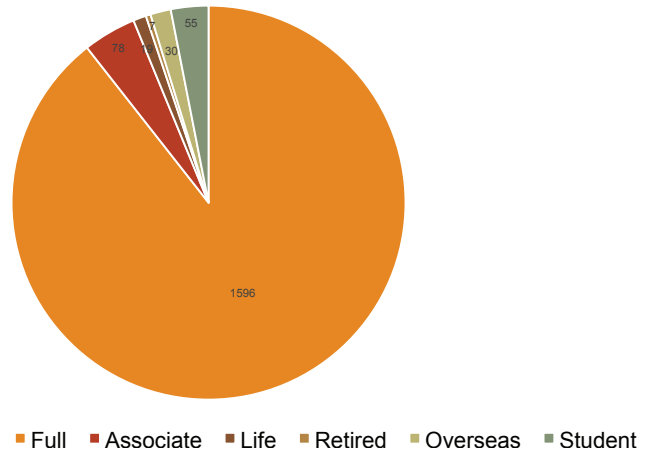
MEMBERS

Members are at the heart of everything ARCS Australia does. Our vision is to create a vibrant and engaged membership adding value to the healthcare sector.

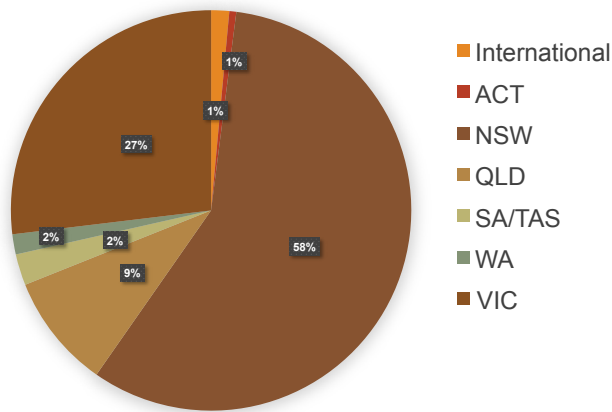
Members overview: new vs renewed



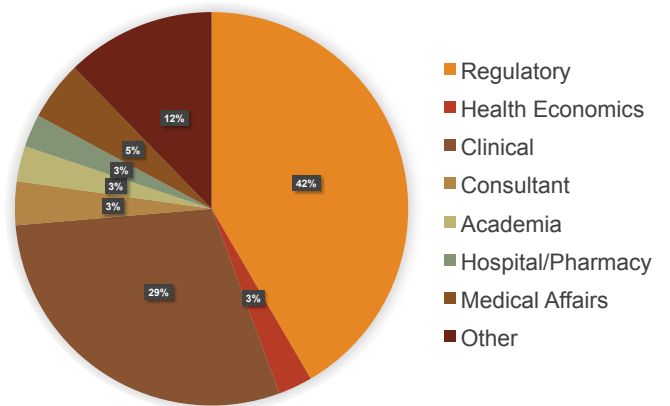
Membership breakdown



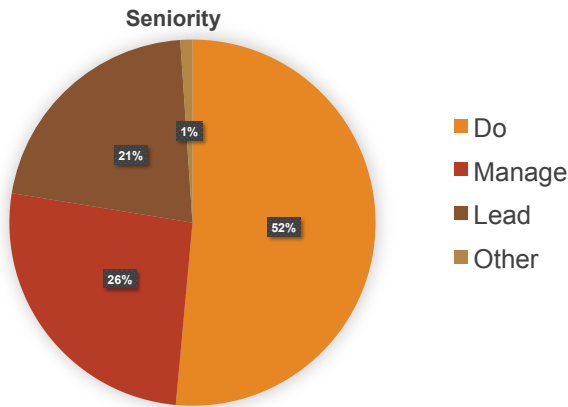
Distribution of ARCS members in Australia



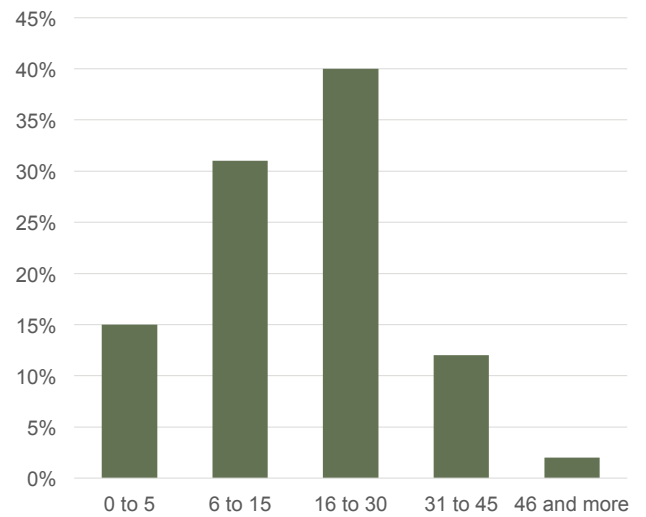
Distribution of ARCS members per sub sector



Seniority of ARCS members

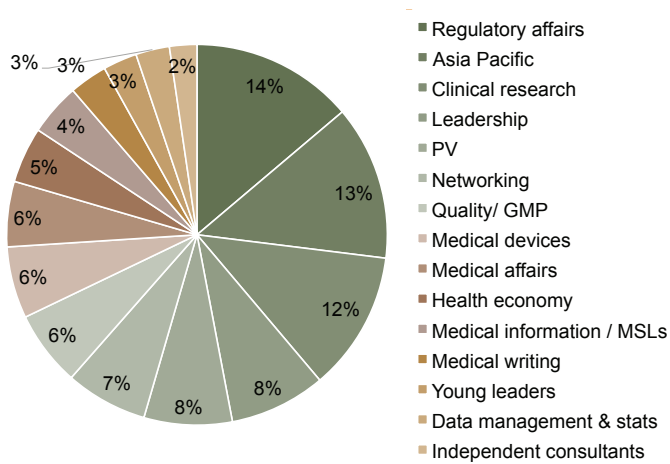


ARCS members seniority by year in the sector



Based on a sample of ARCS members

Education interests



Based on a sample of ARCS members

PARTNERS

ARCS has been actively building partnerships with key stakeholders in the healthcare sector. We believe that we can make a difference to the sector and add value to our members for example through education opportunities.

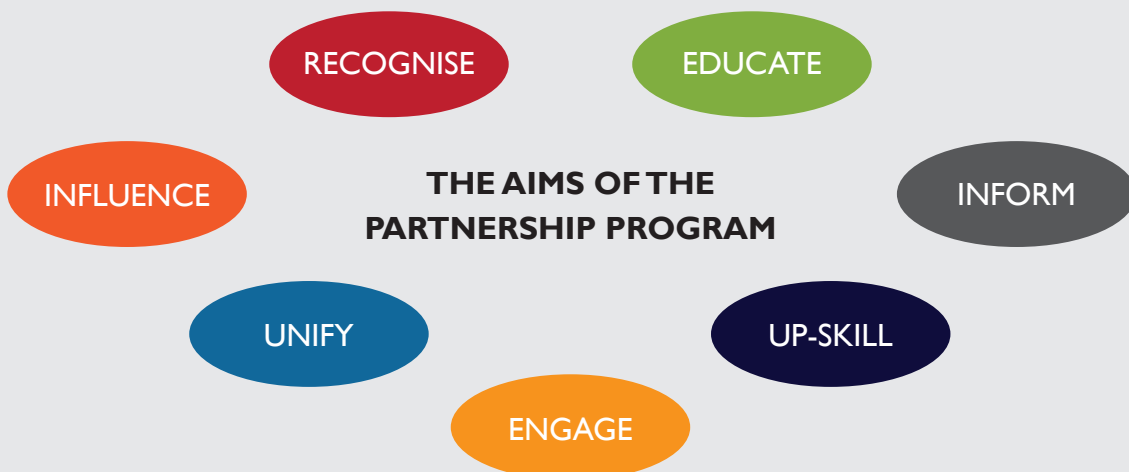


Education Partners



Media Partner

KNOW MY GROUP

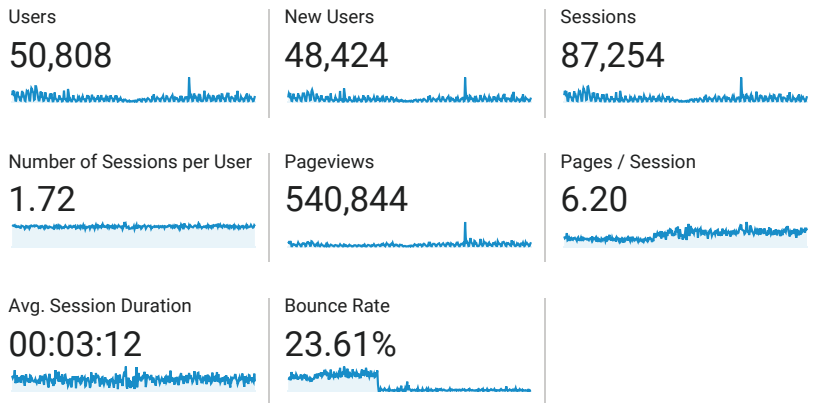


INFORMATION & COMMUNICATION

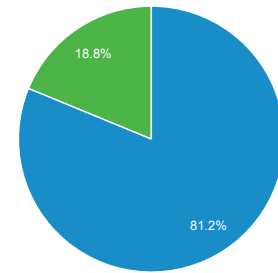
ARCS issued a range of newsletters and information services each week. The weekly CEO, News & Jobs Bulletin and the quarterly eJournal Cognitio are only available to members, whereas the fortnightly Events Bulletin is sent to an open subscription list. The Events Bulletin has a subscriber base of over 6,000.

Four editions of Cognitio were published in 2019-20.

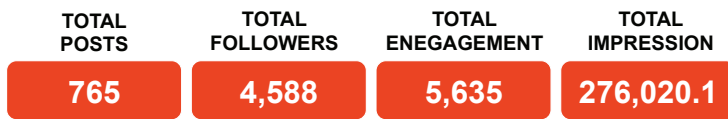
Compared to last year, ARCS has increased its social media presence on LinkedIn, Twitter, Instagram and YouTube.



■ New Visitor ■ Returning Visitor



ARCS on social media: June 2019 – June 2020



The total number of posts that ARCS have published across all social media channels.

The number of people who are following ARCS on social media.

Engagements include likes, comments and shares on posts.

An impression is when a post is visible in a social feed. This is how many people saw the ARCS brand across all social channels.



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 2020.

I. DIRECTORS 2019-20

The details of the Directors who held office during or since the end of the financial year are provided in Table I. Seven board meetings in total were held between July 2019 to June 2020, including two extraordinary meetings.

Table I. Board Meetings | July 2019 - 30 June 2020

Name	Association	Commencement	Cessation	A (B)*	Key Activities
Elizabeth Joshi	Bayer ANZ Sandoz	26 Nov 2015		6 (7)	Chair, Membership & Education Committee (as of 27 Nov 2019) Corporate Governance Committee (as of 27 Nov 2019)
Jessica Keast	Independent Consultant	30 Nov 2016	27 Nov 2019	1 (1)	Membership & Education Committee Corporate Governance Committee
Robert Kent	The Kinghorn Cancer Centre	31 July 17		7 (7)	Vice President (as of 27 Nov 2019) Chair, Membership & Education Committee (until 27 Nov 2019) Chair, Corporate Governance Committee (as of 27 Nov 2019)
Alex Leung	CareFusion Hologic	26 Nov 2015		7 (7)	Chair, Audit & Risk Management Committee Company Secretary
Kaylene O'Shea	Celgene	13 Nov 2014	27 Nov 2019	1 (1)	Vice President Chair, Corporate Governance Committee
George Papadopoulos	Emerald Corporate Group	26 Nov 2014		7 (7)	President Membership & Education Committee (until 27 Nov 2019) Corporate Governance Committee
Naomi Beveridge	PwC	13 Nov 2017	21 Nov 2019	0 (1)	Audit & Risk Management Committee
Andrew Carter	Commercial Eyes	27 Nov 2019		6 (6)	Audit & Risk Management Committee
Marisa Petersen	Retired	27 Nov 2019		6 (6)	Membership & Education Committee

*A: meetings attended from B meetings held

DIRECTOR BIOGRAPHIES as of 30 June 2020

President:

GEORGE PAPADOPOULOS

George has more than 25 years' experience in the pharmaceutical industry including clinical research, health economics, reimbursement, pricing and business development.

He has worked in both the local operating company and global levels in increasing levels of responsibility. He has worked for leading pharmaceutical companies in Australia, Belgium and the United States including Pharmacia, Johnson & Johnson, Schering-Plough and Merck. George is the Managing Director of Emerald Corporate Group, a strategic consultancy providing services to assist healthcare companies with the market access for their pharmaceutical, medical device or diagnostic technologies.

George received his BSc (Hons) from the University of Sydney and Grad Dip Epi (Pharmacoepi) from University of Newcastle. He is the Treasurer of ISPOR Australian Chapter and an active member of HTAi (Health Technology Association International), iHEA (International Health Economics Association) and a member of the AICD (Australian Institute of Company Directors).

George is a member of the Audit and Risk Management Committee and Membership and Education Committee of ARCS.

Vice-President:

KAYLENE O'SHEA

Kaylene has worked in the pharmaceutical industry for more than 25 years. During that time, Kaylene has been employed in six seven companies ranging from small biotechs to large multinationals. The roles she has

held have encompassed all aspects of the medical function within those organisations.

Kaylene currently holds the role of Senior Director, Head of Clinical Operations, Asia Pacific for Celgene. This role encompasses the oversight of the clinical operations function within the Asia Pacific Region with personnel located in Australia, China, Taiwan and Korea. She assumed responsibility for this regional role in 2011. At the time of her appointment, clinical operations did not exist so her key focus then was to build out the function within the Asian region. The role requires the strategic and effective management of all clinical trials conducted in Australia, New Zealand, Taiwan, China, Korea, Hong Kong and Singapore across phases 1 to 4 of drug development.



Vice President ROBERT KENT

(27 November 2019)

Robert has over 25 years of clinical and research experience. Since 2005, Robert has worked in roles such as Research Coordinator and Senior Clinical Research Associate for both academic and commercial institutions, in Australia and overseas.

In 2011 Robert was appointed as the Research Manager at The Kinghorn Cancer Centre in Darlinghurst. Leading a dynamic clinical trials department, Robert is responsible for building site capabilities and the rapid expansion of the centres Phase I unit as part of the NSW NECTA collaboration. He currently manages a large portfolio Phase I – III Industry trials, as well as developing and managing multi-centred national & international Investigator led research.

Robert has been an active volunteer for ARCS since 2005 and a Human Research Ethics Committee member since 2015. Robert brings a focus on site and regulatory issues to the board to add to the representation of ARCS diverse membership.



Company Secretary:

ALEX LEUNG

Alex has more than 20 years' of experience in leadership roles in quality and regulatory affairs in Asia Pacific, Alex led a network of quality and regulatory professionals in Sydney, Tokyo, Beijing, Shanghai and Shenzhen,

set long-term regulatory strategies to complement business growth in the region. In addition to the matured markets of Australia/New Zealand and Japan, Alex is also responsible for China and other emerging markets in Asia, including India, Taiwan, South Korea, Hong Kong, ASEAN.

Alex holds bachelor's degree in engineering from the UK, master's degree in engineering from the USA and MBA from Australia.

Alex is the Company Secretary of ARCS and is Chair of the Audit and Risk Management Committee. Alex also participates in a Standards sub-committee on behalf of ARCS.



ELIZABETH JOSHI

Liz has over 18 years of regulatory affairs experience working in Australia and NZ in pharmaceuticals and the consumer care sector. Her key roles have been in new product registrations, orphan designation, mergers, organisational efficiency, high-impact cross-functional interactions on scheduling and major regulatory reform. Liz has led multiple negotiations for best product labels across the world, and has provided direction and enabled effective regulatory strategies to support key product launches and issue management.

During her career Liz has shown strong leadership, communication and inter-personal skills with a passion for people development through knowledge sharing and continuous improvement.

Liz is a prominent member of the industry group who supports and drives professional development in partnership with the health authority. She has been instrumental in a number of policy reforms on regulatory burden and improved certainty of supply. She has also overseen the development of eCTD and RMP new interest area groups to meet ARCS' membership needs.

Liz holds a Bachelor's and Master's degree in pharmacy, specialising in pharmaceuticals. She has been an active ARCS contributor since 2006 – she was the co-convenor of an ARCS education sub-committee in 2008 and was elected to the Board of Directors in 2015.



JESSICA KEAST

Jessica has more than 30 years' experience in the pharmaceutical industry in Australia, New Zealand and South Asia-Pacific, including clinical research, pharmacovigilance and medical affairs, regulatory and quality assurance in medicines and devices. She has worked for leading pharmaceutical companies in Australia, has been on the TGA Industry Working Group as part of the major consultative regulatory reform process, been the GBMA Chair of the Regulatory Group, on the GBMA Core Working Group for Biosimilars and a participant of the Biosimilars Forum.

She currently works as a consultant, providing strategic management expertise in prescription medicines and devices.



MARISA PETERSEN

With 30 years in clinical trial management and business leadership in the Asia Pacific region Marisa has worked with and led several small to medium sized companies and organisations, focusing on strategic leadership with development of achievable medium and long term goals to guide the businesses. This has included growing businesses, ensuring financial sustainability, nurturing stakeholder relationships across healthcare, government and related organisations (Austrade, APPA, ACTA) and actively engaging on Committees such as the Pharmaceuticals Industry Council to advocate for more streamlined processes aimed at making Australia competitive in the global business of therapeutics development. Prior to her leadership roles, Marisa worked in the pharmaceutical industry fulfilling roles in Regulatory Affairs, Clinical Research and Project Management in the Australian and Asia-Pacific operations of global CROs, and also developed a network of offices across the Asia-Pacific region.



ANDREW CARTER

Andrew is the Founder and Managing Director of Commercial Eyes with nearly 30 years' experience in the medicines and medical device industry. He is a highly qualified and skilled business leader and company director, with nearly twenty years of governance experience in both the private and public sector. Andrew is a current member of the Medicines Australia Advisory Council and the University of Melbourne, Master of Biotechnology Advisory Board, past Chair of BioMelbourne Network Inc (a Victorian life science industry association with over 220 member companies) and past member of Medicines Australia's Strategic and Access Committees, QUM and Continuing Education Working Groups, and the National Prescribing Service Medicines Industry Liaison Group. He is active in social justice and delivery of disadvantaged support services. Past directorships include: Chair of Melbourne City Mission Ltd (a Victorian organisation that employed 700+ staff and delivered vital services in Disability, Homelessness, Justice, Residential Aged Care, Palliative Care and Education); Chair of MCM Housing Association Ltd; Chair of the Melbourne CBD Youth Refuge Advisory Committee; Member of the Committee for Melbourne Not for Profit Taskforce; Councillor of Whitley College, University of Melbourne. Recipient of the Pat Clear Award for services to the Australian Medicine Industry (2014).



NAOMI BEVERIDGE

(Independent Director)



Naomi has over 14 years' experience in Management Accounting in the Health Industry, within Australia the United Kingdom. Through this experience she has highly developed skills, capabilities and knowledge in relation to the local, national and international health industries.

Naomi has well developed leadership and management capability. She has the ability to align the team to the organisational strategy view and develop and oversee business planning.

Naomi has sound experience in leading financial strategy and governance in senior leadership teams and delivering this at operational level. She has been successful in leading change through organisational restructures with effective stakeholder engagement and subsequent cultural change.

2. PRESIDENT

George Papadopoulos held the role of President. Kaylene O'Shea stood down as Vice President on 27 November 2019. Robert Kent was elected to the position of Vice President on 27 November 2019.

3. COMPANY SECRETARY

Alex Leung has held the role of company secretary since 13 December 2016.

4. SHORT- AND LONG-TERM OBJECTIVES AND STRATEGY

In 2017, the Board approved a new vision and mission. These are supported by the development of the 2018-23 strategy. The Board reviewed and confirmed the strategy in 2019.

The strategy has 4 key goals:

1. To have a sustainable, skilled, connected and motivated professional workforce
2. To have a broad and effective reach in the traditional and emerging healthcare sector
3. To promote best practice implementation in digital strategy across the sector
4. To ensure sustainability of ARCS

Integral to our strategy are our values of integrity, excellence, leadership and influence. With these values in mind, we have undertaken the principal activities.

5. PRINCIPAL ACTIVITIES

ARCS Australia Ltd is a national, membership-based organisation focused on the development and growth of the healthcare sector. ARCS provides education, career pathways, professional development and advocacy to the healthcare sector.

Our membership is made up of individuals working in regulatory affairs, clinical research, health economics, medical information and other disciplines who work in the development and quality use of therapeutic goods. ARCS members are based in industry, academia, medical research institutes, government, hospitals and patient groups.

Through its members ARCS has a broad and effective reach throughout the healthcare sector, and provides a neutral forum to develop, agree and implement aligned policies and initiatives.

ARCS and its members are dedicated to improving the quality of life of healthcare consumers.

The company's principal activities during the year were:

- Holding the 2019 ARCS annual conference in August. This event covered clinical research, regulatory affairs, medtech, health economics and Quality/GMP with the addition of 20 patients/consumers attending through scholarships. The theme of the conference was Putting patients at the centre of healthcare
- eClinical Trials & Management Skills Summit, AGM & Annual Dinner (27 November 2019)
- Transitioning from EU MDD to MDR: *navigating the challenges* Summit (19 March 2020, virtual)
- The delivery of workshops, interest area meetings, peer-to-peer events, webinars and networking events
- Continuation of the CRO Forum
- Representation of members interest at government meetings and forums
- In response to the COVID-19 pandemic we initiated
 - o COVID-19 Webinar Series
 - o Senior Clinical Research Managers (SCRuM) Meetings
 - o Learn Share Connect Series

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

- Providing high-quality, relevant, and current education programs that are targeted to specific member groups
- Providing opportunities for members to exchange information and collaborate with peers from the sector
- Providing information relevant to members
- Representing member interests in significant areas
- Providing an interactive website that hosts a multitude of member only resources, training material, collaborative forum and professional development tracking process.

6. PARTNERSHIPS

In 2016, the Board approved the development of partnerships with key stakeholders. The purpose of these partnerships was to strengthen the organisations ability to maintain value and relevance to the Australian marketplace looking to ensure:

- Collaboration between industry, government and academia hospitals and MRIs to improve the clinical research framework
- Growing the breadth and depth of educational offerings through the expertise of the partners
- Expanded relationship with key government regulators such and TGA and OGTR
- Ability to influence the direction of the sector both nationally and internationally.

By the end of June 2020, partnerships were established with:

- AWJ Insurance
- Biointellect
- Brandwood CKC
- Cochlear
- Copyright Agency
- Cryosite
- Global Data
- Groworx
- IQVIA
- Novotech
- On Q Recruitment
- St Vincent's Hospital

Collaborative relationships in place with:

- AHRDMA
- APPA
- DIA
- MTPConnect
- ISPE
- RACI
- Research4Me
- SCRS
- Know My Group (Media Partner)

7. PERFORMANCE MEASURES

Metric	FY18	FY19	FY20*	trend
Number of members	1,792	1,869	1,785	▼
Educational events held	133	125	110	▼
Updated/new events	6	6	6	↔
Conference	1	1	1	↔
Attendees at conference (day visits)	990 (1,911)	1,158 (2,216)	1,170 (2,255)	▲
Online learning	639	611	549	▼
Attendance at interest area meetings	1,862	1,602	1,103	▼
Quality rating of education events	93%	92%	94.6%	▲

**outcomes for this financial year have been significantly affected by the COVID-19 pandemic*

8. 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 2020, the total amount members would contribute is \$17,850.

9. AUDITORS' INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2020 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 the Australian Charities and Not for Profit Commission (ACNC).



George Papadopoulos
Director

Dated this 19th day of October 2020



ARCS AUSTRALIA LIMITED
ABN 25 050 334 444

FINANCIAL REPORT - 30 JUNE 2020

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ARCS AUSTRALIA LIMITED
ABN 25 050 334 444

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	302,615	540,321
Trade and other receivables	7	263,528	605,400
Financial assets	8	574,252	654,921
<i>Total current assets</i>		<u>1,140,395</u>	<u>1,800,642</u>
Non-current assets			
Property, plant and equipment	9	110,054	136,740
Right-of-use asset	10	525,689	-
Intangible assets	11	16,291	36,880
<i>Total non-current assets</i>		<u>652,034</u>	<u>173,620</u>
TOTAL ASSETS		<u>1,792,429</u>	<u>1,974,262</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	486,802	1,013,206
Employee benefits	13	94,953	120,432
Lease liability	14	110,123	-
<i>Total current liabilities</i>		<u>691,878</u>	<u>1,133,638</u>
Non-current liabilities			
Employee benefits	13	15,343	9,904
Lease liability	14	439,761	-
<i>Total non-current liabilities</i>		<u>455,104</u>	<u>9,904</u>
TOTAL LIABILITIES		<u>1,146,982</u>	<u>1,143,542</u>
NET ASSETS		<u><u>645,447</u></u>	<u><u>830,720</u></u>
FUNDS			
Accumulated funds		<u>645,447</u>	<u>830,720</u>
TOTAL FUNDS		<u><u>645,447</u></u>	<u><u>830,720</u></u>

The accompanying notes form part of these financial statements

ARCS AUSTRALIA LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
Revenue	4	2,376,114	2,349,842
Other income	2	-	18,365
		<u>2,376,114</u>	<u>2,368,207</u>
Expenses			
Administration and other expenses		(268,949)	(421,757)
Course expenses		(860,151)	(663,741)
Depreciation and amortisation	5	(175,462)	(45,371)
Employee costs		(1,126,585)	(921,633)
Fair value loss on financial assets	5	(48,857)	-
Finance costs - leases	5	(27,211)	-
Project funding		(49,486)	(145,542)
Occupancy costs		(4,686)	(208,179)
		<u>(2,561,387)</u>	<u>(2,406,223)</u>
Deficit before income tax		(185,273)	(38,016)
Income tax expense		-	-
Deficit for the year		<u>(185,273)</u>	<u>(38,016)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u><u>(185,273)</u></u>	<u><u>(38,016)</u></u>

The accompanying notes form part of these financial statements

ARCS AUSTRALIA LIMITED**STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2020**

	Accummulated Funds \$	Total \$
Balance at 1 July 2018	868,736	868,736
Comprehensive income		
Deficit for the year	(38,016)	(38,016)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(38,016)</u>	<u>(38,016)</u>
Balance at 30 June 2019	<u>830,720</u>	<u>830,720</u>
Balance at 1 July 2019	830,720	830,720
Comprehensive income		
Deficit for the year	(185,273)	(185,273)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(185,273)</u>	<u>(185,273)</u>
Balance at 30 June 2020	<u>645,447</u>	<u>645,447</u>

ARCS AUSTRALIA LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers and government		2,409,399	2,777,072
Payments to suppliers and employees		(2,576,822)	(2,823,527)
Interest and investments received		29,108	28,359
Interest paid - leases		(27,211)	-
<i>Net cash flows from operating activities</i>		<u>(165,526)</u>	<u>(18,096)</u>
Cash flows from investing activities			
Proceeds from sale of financial assets		50,000	336,578
Purchase of property, plant and equipment		(4,496)	(152,237)
Purchase of financial assets		(18,188)	(32,086)
<i>Net cash flows from investing activities</i>		<u>27,316</u>	<u>152,255</u>
Cash flows from financing activities			
Repayments of lease liabilities		(99,496)	-
<i>Net cash flows from financing activities</i>		<u>(99,496)</u>	<u>-</u>
Net increase in cash and cash equivalents		(237,706)	134,159
Cash and cash equivalents at the beginning of the financial year		<u>540,321</u>	<u>406,162</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>302,615</u></u>	<u><u>540,321</u></u>

ARCS AUSTRALIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2020**Note 1 - Reporting entity**

The financial report includes the financial statements and notes of ARCS Australia Limited. ARCS Australia Limited is registered as a company limited by guarantee and not having a share capital under the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements were approved by the Board of Directors on 17 September 2020.

Note 2 - Basis of preparation***Statement of compliance***

ARCS Australia Limited has adopted Australian Accounting Standards - Reduced Disclosure Requirements as set out in *AASB 1053 Application of Tiers of Australian Accounting Standards* and *AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

Basis of measurement

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

Currency and rounding of amounts

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

Comparatives

Where required by Accounting Standards or to achieve consistency in financial statements presentation, the prior year financial comparatives have been adjusted to conform with current year disclosures and allow comparison with current financial year disclosures.

Critical accounting estimates and judgements

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

Key estimates***Impairment***

The Directors assess impairment at the end of each reporting period by evaluation of conditions and events 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.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of rates and pay increases through promotion and inflation have been taken into account.

ARCS AUSTRALIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2020**Note 2 - Basis of preparation (continued)*****New and revised standards that are effective for these financial statements******AASB 15 Revenue from Contracts with Customers***

AASB 15 establishes a comprehensive five-step framework for recognising revenue. AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. Under AASB 15, revenue is recognised when a performance obligation has been satisfied at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The company applied the five-step model to its various revenue streams to assess the impacts of AASB 15.

The adoption of AASB 15 has not resulted in any changes to the company's recognition of revenue and accordingly has not materially impacted the company's financial statements.

AASB 16 Leases

AASB 16 removes the current operating and finance lease distinction for lessees and requires entities to recognise all material leases on the *Statement of Financial Position*. AASB 16 requires the recognition of a right-of-use asset and a corresponding lease liability at the commencement of all leases, except for short-term leases and leases of low value assets. The company has elected to apply the modified retrospective method of adoption. At the date of initial application, 1 July 2019, the company elected to measure the right-of-use asset as an amount equal to the lease liability, adjusted by the amount of any prior accrued lease payments relating to that lease recognised in the *Statement of Financial Position* immediately before the date of initial application.

The adoption of AASB 16 has resulted in:

- The recognition of right-of-use asset of \$649,380
- The recognition of lease liability of \$649,380

The difference between the operating lease commitments as at 30 June 2019 and the lease liability as at 1 July 2019 is due to the lease liability being discounted by the incremental borrowing rate, the effect of timing differences on entering into the lease agreements and the effect of short-term leases being excluded from the calculation of lease liability as at 1 July 2019.

New standards and interpretations not yet adopted

There are no other new accounting standards and interpretations expected to have any significant impact on the company's financial report that are issued and not yet applicable.

Note 3 - Significant accounting policies

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

Income Tax

ARCS Australia Limited is a not-for-profit Charity & public educational institution and it is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

ARCS AUSTRALIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2020**Note 3 - Significant accounting policies (continued)*****Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable. All revenue is stated net of the amount of goods and services tax (GST). Revenue is recognised for the major business activities as follows:

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, or funds are received in respect of events occurring in the subsequent financial year.

Interest

Interest revenue is recognised as it accrues using the effective interest method.

Other revenue

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

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.

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 insignificant risk of changes in value.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less a provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

Property, plant and equipment**Recognition and measurement**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Depreciation

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

The depreciation effective life used for each class of depreciable assets is:

Office equipment & furniture	3 - 10 years
Software	4 years
Leasehold improvements	5 years

ARCS AUSTRALIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2020**Note 3 - Significant accounting policies (continued)*****Property, plant and equipment (continued)*****Depreciation (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Right-of-use assets

At inception, a right-of-use assets and a lease liability is recognised. Right-of-use assets are included in the *Statement of Financial Position* within a classification relevant to the underlying asset.

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period

Subsequently, right-of-use assets are measured using a cost model. The right-of-use asset is depreciated to the earlier of the useful life of the asset or the lease term using the straight-line method and is recognised in the statement of profit or loss and other comprehensive income in "Depreciation and amortisation".

The company tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right of use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in surplus or deficit, except where the decrease reverses a previously recognised revaluation increase for the same asset.

The resulting decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Leases

The company leases business premises on an arm's length basis from a third-party lessor. A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

The assessment of the reasonable certainty of the exercising of options to extend the lease, or not exercising of options to terminate the lease, is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the company's control and it affects the reasonable certainty assumptions. The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

ARCS AUSTRALIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2020**Note 3 - Significant accounting policies (continued)*****Leases (continued)***

The company does not recognise leases that have a lease term of 12 months or less or are of low value as a right-of-use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the *Statement of Profit or Loss and Other Comprehensive Income* on a straight-line basis over the lease term.

Lease liability

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The tenor of a lease includes any renewal period where the lessee is reasonably certain that they will exercise the option to renew. The company has reviewed all its leases and included any extensions where the company assessed it is reasonably certain the lease agreement will be renewed.

The lease payment used in the calculation of the lease liabilities should include variable payments when they relate to an index or rate. Where leases contain variable lease, payments based on an index or rate at a future point in time, the company has used the incremental uplift contained in the lease or the respective Reserve Bank forward-looking CPI target for CPI-related increases.

In the absence of any floor or cap clauses in the lease agreements, the company measures the rent for the year under market review at an amount equal to the rent of the year preceding the market review increased by a fixed rate.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the relevant company's incremental borrowing rate. The incremental borrowing rate used for this calculation is dictated by the tenor of the lease and the location of the asset. The incremental borrowing rate is the rate the company would be charged on borrowings, provided by our banking partners. The weighted average incremental borrowing rate is 4.5%. The following lease payments being fixed payments, less any lease incentives receivable are included where they are not paid at the commencement date.

Subsequently, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability
- reducing the carrying amount to reflect the lease payments made
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments

The unwind of the financial charge on the lease liability is recognised in the *Statement of Profit or Loss and Other Comprehensive Income* in "Finance costs" based on the company's incremental borrowing rate.

Financial instruments**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets this is equivalent to the date that the company commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component

ARCS AUSTRALIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2020**Note 3 - Significant accounting policies (continued)*****Financial instruments (continued)***Classification and subsequent measurement*Financial assets*

Financial assets other than those designated and effective as hedging instruments are classified upon initial recognition into the following categories:

- amortised cost
- equity instruments at fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVPL)

Classification and subsequent measurement (continued)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or finance costs, except for impairment of trade receivables which are disclosed with other expenses.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset
- the business model for managing the financial asset

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designated as FVPL):

- the financial asset is managed solely to collect contractual cash flows
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

Equity instruments at fair value through other comprehensive income

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at fair value through other comprehensive income. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss unless the dividend clearly represents return of capital.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than to “hold and collect” or “hold to collect and sell” are categorised at fair value through profit or loss. The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Impairment of financial assets

The impairment requirements as applicable under AASB 9 use more forward-looking information to recognise expected credit losses. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument

The Directors considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this approach, a distinction is made between:

ARCS AUSTRALIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2020**Note 3 - Significant accounting policies (continued)*****Financial instruments (continued)******Impairment of financial assets (continued)***

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk
- financial instruments that have deteriorated significantly in credit quality since initial recognition and the credit risk is not low
- financial assets that have objective evidence of impairment at reporting date

The loss allowance for the first category is measured as “12-month expected credit loss” and for the second category is measured as “lifetime expected credit losses”.

Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. The carrying amount of trade and other payables is deemed to reflect fair value.

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

Fair value of intangible assets

The estimated useful life of the database and related website is estimated at 4 years from the date on which the asset was first completed and ready for use. Should that useful life vary (up or down), then the resulting provision for amortisation may have a material impact on that intangible asset.

ARCS AUSTRALIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
Note 4 - Revenue		
Revenue		
Membership subscriptions	347,567	381,758
Education activities	1,732,571	1,583,573
Grants revenue	49,486	145,542
Partnership income*	84,828	147,383
	<u>2,214,452</u>	<u>2,258,256</u>
Other revenue		
Interest income	5,505	10,144
Investments revenue	23,603	18,215
Other revenue	132,554	63,227
	<u>161,662</u>	<u>91,586</u>
<i>Total revenue</i>	<u>2,376,114</u>	<u>2,349,842</u>
Other income		
Fair value gain on financial assets	-	18,365
<i>Total other income</i>	<u>-</u>	<u>18,365</u>
<i>Total revenue and other income</i>	<u>2,376,114</u>	<u>2,368,207</u>
* A nominal amount of membership subscriptions have been included in partnership income.		
Note 5 - Expenses		
Depreciation and amortisation		
Property, plant and equipment	30,366	39,384
Right-of-use asset	123,691	-
Amortisation	21,405	5,987
<i>Total depreciation and amortisation</i>	<u>175,462</u>	<u>45,371</u>
Finance costs - leases	27,211	-
Fair value loss on financial assets	48,857	-
Note 6 - Cash and cash equivalents		
Cash at bank	302,615	540,321
<i>Total cash and cash equivalents</i>	<u>302,615</u>	<u>540,321</u>
Note 7 - Trade and other receivables		
<u>Current</u>		
Trade receivables	119,370	405,400
Other receivables	10,343	13,850
Prepayments	133,815	186,150
<i>Total current trade and other receivables</i>	<u>263,528</u>	<u>605,400</u>

ARCS AUSTRALIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
Note 8 - Financial assets		
<u>Current</u>		
Financial assets at fair through profit or loss		
Held to maturity investments	100,634	150,634
Managed funds	473,618	504,287
<i>Total financial assets</i>	<u>574,252</u>	<u>654,921</u>
(a) Movement in held to maturity		
Opening net carrying amount	150,634	468,413
Additions	-	18,799
Disposals	(50,000)	(336,578)
Closing net carrying amount	<u>100,634</u>	<u>150,634</u>
(b) Movement in managed funds		
Opening net carrying amount	504,287	472,635
Additions	18,188	13,287
Fair value gain - pre COVID19	3,008	-
Fair value loss - COVID19	(51,865)	18,365
Closing net carrying amount	<u>473,618</u>	<u>504,287</u>

Note 9 - Property, plant and equipment

	Leasehold Improvements	Equipment	Total
	\$	\$	\$
At 30 June 2019			
Cost	154,837	28,947	183,784
Accumulated depreciation	(42,137)	(4,907)	(47,044)
<i>Net carrying amount</i>	<u>112,700</u>	<u>24,040</u>	<u>136,740</u>
Movements in carrying amounts			
Opening net carrying amount	112,700	24,040	136,740
Additions	-	4,496	4,496
Depreciation charge for the year	(20,806)	(10,376)	(31,182)
Closing net carrying amount	<u>91,894</u>	<u>18,160</u>	<u>110,054</u>
At 30 June 2020			
Cost	154,837	33,443	188,280
Accumulated depreciation	(62,943)	(15,283)	(78,226)
<i>Net carrying amount</i>	<u>91,894</u>	<u>18,160</u>	<u>110,054</u>

	2020	2019
	\$	\$
Note 10 - Right-of-use asset		
Leased office - at cost	649,380	-
Accumulated depreciation	(123,691)	-
<i>Total right-of-use asset</i>	<u>525,689</u>	<u>-</u>
Movements in carrying amounts		
Balance at the beginning of the year (adoption of AASB 16)	649,380	-
Depreciation charge for the year	(123,691)	-
Closing net carrying amount	<u>525,689</u>	<u>-</u>

ARCS AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 11 - Intangible assets	Software	Website Development	Total
	\$	\$	\$
At 30 June 2019			
Cost	3,340	82,358	85,698
Accumulated amortisation	(3,340)	(45,478)	(48,818)
<i>Net carrying amount</i>	<u>-</u>	<u>36,880</u>	<u>36,880</u>
Movements in carrying amounts			
Opening net carrying amount	-	36,880	36,880
Amortisation charge for the year	-	(20,589)	(20,589)
Closing net carrying amount	<u>-</u>	<u>16,291</u>	<u>16,291</u>
At 30 June 2020			
Cost	3,340	82,358	85,698
Accumulated amortisation	(3,340)	(66,067)	(69,407)
<i>Net carrying amount</i>	<u>-</u>	<u>16,291</u>	<u>16,291</u>
		2020	2019
		\$	\$
Note 12 - Trade and other payables			
<u>Current</u>			
Trade payables		58,983	40,984
Income in advance		324,934	788,586
Liabilities to employees		42,527	28,101
Other payables		60,358	155,535
<i>Total current trade and other payables</i>		<u>486,802</u>	<u>1,013,206</u>
Note 13 - Employee Benefits			
<u>Current</u>			
Annual leave		61,019	80,955
Long service leave		33,934	39,477
<i>Total current employee benefits</i>		<u>94,953</u>	<u>120,432</u>
<u>Non-current</u>			
Long service leave		15,343	9,904
<i>Total non-current employee benefits</i>		<u>15,343</u>	<u>9,904</u>
Note 14 - Lease liability			
<u>Current</u>			
Lease liability		110,123	-
<i>Total current lease liability</i>		<u>110,123</u>	<u>-</u>
<u>Non-current</u>			
Lease liability		439,761	-
<i>Total non-current lease liability</i>		<u>439,761</u>	<u>-</u>
Movements in carrying amounts			
Balance at the beginning of the year (<i>adoption of AASB 16</i>)		649,380	-
Repayments		(126,707)	-
Interest		27,211	-
Closing net carrying amount		<u>549,884</u>	<u>-</u>

ARCS AUSTRALIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
<u>Note 15 - Key management personnel compensation</u>		
The aggregate amount of compensation paid to key personnel during the year was:	<u>511,125</u>	<u>430,216</u>

Note 16 - Commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Not later than one year	-	148,482
Later than 1 year not later than 5 years	-	654,410
Later than 5 years	-	50,879
	<u>-</u>	<u>853,771</u>

Due to the adoption of AASB 16 effective from 1 July 2019, operating lease commitments are no longer separately disclosed and are recorded as a right-of-use asset and lease liability in the statement of financial position.

Note 17 - Contingent liabilities

At balance date the Directors of the company are not aware of the existence of any contingent liability.

Note 18 - Related party transactions***Director's Compensation***

No Director received remuneration in the current and previous financial years.

Note 19 - Events occurring after balance date

Subsequent to the end of the financial year there have been considerable economic impacts in Australia and globally arising from the outbreak of the COVID-19 virus, and Government actions to reduce the spread of the virus.

At the date of signing the financial statements the Directors are unable to determine what financial effects the outbreak of the virus could have on the company in the coming financial period.

The Directors acknowledge their responsibility to continuously monitor the situation and evaluate this impact including its ability to pay its debts as and when they become due and payable.

There were no significant events occurring after the balance sheet date.

ARCS AUSTRALIA LIMITED
ABN 25 050 334 444

FINANCIAL REPORT - 30 JUNE 2020

DIRECTORS' DECLARATION

The Directors of the ARCS Australia Limited declare that:

1. The financial statements, which comprises the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
 - (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the company.
2. In the opinion of the Directors 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.



George Papadopoulos
Director

Sydney, 17 September 2020

ARCS AUSTRALIA LIMITED
ABN 25 050 334 444

FINANCIAL REPORT - 30 JUNE 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ARCS AUSTRALIA LIMITED

Opinion

We have audited the financial report of ARCS Australia Limited which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the 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.

In our opinion, the accompanying financial report of ARCS Australia Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year then ended, and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) 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 Responsibility 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.

Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Directors determine is 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.

The Directors are responsible for overseeing the company's financial reporting process.

ARCS AUSTRALIA LIMITED

ABN 25 050 334 444

FINANCIAL REPORT - 30 JUNE 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ARCS AUSTRALIA LIMITED

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

A further description of our responsibilities for the audit of the financial report is located at *The Auditing and Assurance Standards Board* and the website address is <http://www.auasb.gov.au/Home.aspx>

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.



StewartBrown

Chartered Accountants



S.J. Hutcheon

Partner

17 September 2020

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