

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED

ACN 000 493 907

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

These financial statements were authorised for issue by the directors on 14 September 2021. The company has the power to amend and reissue the financial statements

Contents

DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION	5
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10
DIRECTORS' DECLARATION	20

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report together with the financial report of Australian Finance Industry Association Limited (“the company”) for the year ended 30 June 2021.

Directors

The following persons were directors and officers of the company at any time during, or since the end of, the year. Unless otherwise stated, the director was in office for the whole of the financial year and up to the date of this report:

Aaron Baxter – attended 4 of 4 Directors’ meetings
Chief Executive Officer, CustomFleet
Appointed 28 October 2020 and continuing

James Dwyer – attended 5 of 5 Directors’ meetings
Managing Director Komatsu Australia Corporate Finance
Continuing

Joseph Healy – attended 3 of 4 Directors’ meetings
Chief Executive Officer, Judo Bank
Appointed 28 October 2020 and continuing

Cindy Hansen - attended 4 of 5 Directors’ meetings
General Counsel and Company Secretary Qudos Bank
Continuing

Peter Jones – attended 5 of 5 Directors’ meetings
Managing Director, Nissan Financial Services Australia Pty Ltd
Continuing (Appointed Chair 21 December 2020)

Ofir Kranz – attended 5 of 5 Directors’ meetings
Head of Compliance & Operational Risk, Latitude Personal Finance Pty Ltd
Continuing

Hugh Lander – attended 3 of 3 Directors’ meetings
Chief Executive Officer, BOQ Specialist, Bank of Queensland
Resigned as Director and Chair 21 December 2020

Katherine McConnell – attended 5 of 5 Directors’ meetings
Chief Executive Officer Brighte
Continuing

Greg Pell – attended 2 of 5 Directors’ meetings
General Manager, Specialised Lending & Transactional Banking, Westpac
Continuing

Cameron Poolman – attended 2 of 5 Directors’ meetings
Chief Executive Officer, On Deck Capital Australia Limited
Continuing

Keith Rodwell – attended 1 of 1 Directors’ meetings
Managing Director, 255 Finance Pty Ltd
Resigned 22 September 2020

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

Directors (continued)

Ed Stanistreet – attended 1 of 1 Directors' meetings
Vice President, Mobility Services, Toyota Finance Australia Limited
Resigned 28 October 2020

Diane Tate – attended 5 of 5 Directors' meetings
Chief Executive Officer, Australian Finance Industry Association Limited
Continuing

Phillip Waugh – attended 1 of 1 Directors' meetings
National Manager Automotive Finance, St. George Bank/Westpac Banking Corporation
Resigned 28 October 2020

Objectives and Strategies

The principal activity of the company in the course of the financial year was to act as the national finance industry association having the following objectives:

Short Term Objectives

- to promote the interests of the Members in the course of their business.
- to represent the Members and to negotiate on their behalf, collectively and individually as required, with any public or private body or government or semi government authority in relation to matters affecting the business of Members.

Long Term Objectives

- to investigate and share with Members, any information that will assist them in promoting and effectively executing their business.
- to provide a mechanism for Members to improve core skills and meet professional development responsibilities through high-quality training courses and programs.
- to survey Members and otherwise conduct research, analysis and produce reports on financial, market, economic, legal, industrial, and other matters affecting Members.
- to do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of AFIA.

In pursuing its objectives, the company adopts an analytical strategy of assessing the impact of the regulatory framework (existing and proposed) on members' operations and interests and responding as appropriate in support of those interests.

Principal Activities and Achievement of Objectives

During the year, the principal activities of the company were directed at achieving its objectives of promoting the interests of members and representing and negotiating on their behalf, collectively and individually as required, with various external stakeholders in relation to matters affecting the business of its members, particularly in the regulatory areas of consumer credit, small business finance, personal property securities, privacy / credit reporting and taxation.

During the financial year, the asset transfer and integration of Australian Salary Packaging Industry Association members occurred. There were four new members to AFIA and four existing members. Funds of \$98,167 have been allocated to projects identified by the Fleet, Car Rental and Salary Packaging Industry Group, such as a Code of Practice.

COVID-19 has, and continues to have, a significant impact on the finance industry. During this difficult period for our members and their customers, AFIA played an ongoing role in supporting members to manage through the crisis period. We took steps to proactively and actively engage with Government, financial regulators, and key industry stakeholders about the crisis and then the recovery of our economy and community.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

DIRECTORS' REPORT

Principal Activities and Achievement of Objectives (continued)

These conversations helped to ensure the needs of our diverse membership were heard through a unified voice, with industry action focused on supporting our economy and getting our message to decision-makers to educate them on the needs of our members so that we continue to:

- promote simple, convenient, innovative, and affordable credit to finance Australia's future, including maximising access to credit for customers able and willing to service their commitments and minimising the likelihood or incidence of customers entering unsuitable credit contracts
- foster competition and innovation in Australia's financial services industry, which enables our members to grow, expand and thrive as key participants in the lending market and other markets
- generate greater financial and economic participation by consumers and small businesses in Australia's financial system and economy, and social participation to create financial wellbeing.

Performance Measures

A role of the board of directors is to oversee the activities of the company in pursuit of its objectives. This role is integrated with the company executives' annual performance and remuneration review. While regularly assessing whether a range of metrics could define the company's performance during a given period, the board, given the qualitative nature of the company's objects, has yet to identify such a range; nonetheless, on the basis of its understanding of the company's activities in pursuit of its objectives, the board is confident that the company is performing well.

The net surplus for the financial year after allowing for income tax was \$237,405 (2020: of \$132,903). The board does not consider periodic financial outcomes as necessarily reflecting the performance of the company in representing its members' interests.

Membership

The company has two classes of members: Full Members and Associate Members. The company has 158 members (115 Full Members; 43 Associate Members) as at 30 June 2021 (2020: 151 members – 110 Full Members; 41 Associate Members). Each member of the company is liable to contribute \$200 if the company is wound up. The total amount that members are liable to contribute if the company is wound up is \$31,600.

Events Subsequent to Balance Sheet Date

There have not been any other matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the Company's operations, results of those operations or the state of affairs in future financial years.

General Matters

In accordance with the Constitution of the company no dividend has been paid since incorporation.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

DIRECTORS' REPORT

Indemnification of Officers

During the year, the company entered into a deed of access and indemnity with each director whereby it has agreed to:

- the maximum extent permitted by law, to indemnify directors against any liability in connection with a director's act; legal costs incurred by a director in defending a claim or incurred in obtaining legal advice in relation to their performance of their functions and the discharge of their duties as an officer of the company; except where the liability arises in connection with an act which is fraudulent, criminal, dishonest or a willful default of the director's duties as a director of the company
- allow directors to have access to and take copies of the company books for the purpose of assisting them in relation to any claim
- maintain insurance against liabilities (other than excluded liabilities) incurred as a director or an officer of the company or a controlled entity.

During the financial year, the company paid a premium to ensure the officers of the company including the directors, company secretary, and other officers against allegations of wrongdoing (other than intentional wrongdoing).

Auditor's Independence Declaration

A copy of the Auditor's Independence declaration as required under *Section 307C of the Corporations Act 2001* given to the Directors by the lead auditor for the audit undertaken by Pitcher Partners is included on page 5.

Signed in accordance with a resolution of the board directors.



Peter Jones
Director

Sydney, NSW



Diane Tate
Director

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**Auditor's Independence Declaration
To the Directors of Australian Finance Industry Association Limited
ACN 000 493 907**

In relation to the independent audit of Australian Finance Industry Association Limited for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



J S Gavljak
Partner



Pitcher Partners
Sydney

14 September 2021

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue from contracts with customers	2	3,157,753	3,106,661
Other income	3	214,865	126,018
Employee benefits expense		(2,035,920)	(1,719,213)
Depreciation and amortisation expense		(111,965)	(37,455)
Rental and property expenses		(7,656)	(139,442)
Consulting expenses		(193,825)	(474,006)
Bad debts expense		(13,607)	(1,450)
Workshop and conference costs		(71,406)	(157,034)
Travel expenses		(14,154)	(77,033)
Affiliate expenses		(334,234)	(115,708)
Self-regulation and statistical reporting expenses		(149,636)	(177,220)
Administrative expenses		(168,333)	(177,902)
Finance costs		(12,066)	(4,501)
Other operating expenses		(22,411)	(18,812)
Surplus before income tax expense		237,405	132,903
Income tax expense	4	-	-
Net surplus for the year		237,405	132,903
Other comprehensive income		-	-
Total comprehensive income		237,405	132,903

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	5	360,549	122,309
Financial assets	6	2,328,686	1,917,564
Trade and other receivables	7	185,298	53,270
Other assets	8	62,106	26,421
		<u>2,936,639</u>	<u>2,119,564</u>
Total current assets			
Non-current assets			
Plant and equipment	9	23,661	32,752
Right-of-use assets	10	222,806	-
		<u>246,467</u>	<u>32,752</u>
Total non-current assets			
Total assets		<u>3,183,106</u>	<u>2,152,316</u>
Current liabilities			
Trade and other payables	11	891,828	423,305
Provisions	12	154,216	108,906
Lease liabilities	10	108,202	-
		<u>1,154,246</u>	<u>532,211</u>
Total current liabilities			
Non-current liabilities			
Provisions	12	42,852	8,292
Lease liabilities	10	136,790	-
		<u>179,642</u>	<u>8,292</u>
Total non-current liabilities			
Total liabilities		<u>1,333,888</u>	<u>540,503</u>
Net assets		<u>1,849,218</u>	<u>1,611,813</u>
Members' equity			
Retained surpluses		<u>1,849,218</u>	<u>1,611,813</u>
Total members' equity		<u>1,849,218</u>	<u>1,611,813</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Retained surpluses \$
Balance at 1 July 2019	1,478,910
Net surplus for the year	132,903
Other comprehensive income for the year	-
	<hr/>
Balance at 30 June 2020	1,611,813
Balance at 1 July 2020	1,611,813
Net surplus for the year	237,405
Other comprehensive income for the year	-
	<hr/>
Balance at 30 June 2021	1,849,218

The above statement of changes in equity should be read in conjunction with the accompanying notes.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from members		3,686,050	3,413,136
COVID relief from Australian Government grants		37,500	62,500
Payments to suppliers and employees		(2,748,232)	(3,368,225)
Payments for restricted activities		(334,234)	(115,708)
Interest received		13,602	43,001
		<u>654,686</u>	<u>(27,796)</u>
Net cash provided by / (used in) operating activities			
Cash flows from investing activities			
Payments for plant and equipment		(5,324)	(14,208)
Proceeds from the sale of plant and equipment		-	70
Investment in term deposits		(411,122)	(219,395)
		<u>(416,446)</u>	<u>(233,533)</u>
Net cash used in investing activities			
Net increase / (decrease) in cash and cash equivalents held		238,240	(261,329)
Cash and cash equivalents at the beginning of the year		122,309	383,638
Cash and cash equivalents at the end of the year	5	<u><u>360,549</u></u>	<u><u>122,309</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Australian Finance Industry Association Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 11, 130 Pitt Street, Sydney NSW 2000.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements are presented in Australian currency. Comparative information is reclassified where appropriate to enhance compatibility.

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Statement of Compliance

The financial report complied with Australian Accounting Standards – Reduced Disclosure Requirements (“RDR”) as issued by the Australian Accounting Standards Board. A statement of compliance with International Financial Reporting Standards cannot be made because of the adoption of RDR.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company’s accounting policies. There are no areas considered to have involved significant judgement or complexity, or any estimates considered significant to the financial statements.

(b) Revenue recognition

Revenue from contracts with customers

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Membership subscription fees

Membership fees are recognised as revenue when no significant uncertainty as to its collectability exists, if the fee relates only to membership and all other services or products are paid for separately, or if there is a separate annual subscription. Membership fees are recognised on a basis that reflects the timing, nature and value of the benefit provided if the fee entitles the member to services or publications to be provided during the membership period, or to purchase goods or services at prices lower than those charged to non-members.

(c) Other revenue

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

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis to write off the book value of each item of plant and equipment over its expected useful to the company. Estimates of the remaining useful lives are made on a regular basis with annual reassessments for major items. Assets are depreciated from the date of acquisition and when constructed ready for use.

The expected useful lives are as follows:

Equipment, furniture, and fittings	3 – 20 years
------------------------------------	--------------

(e) Leases

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Taxation

The company is a not-for-profit company and does not pay tax on income received from members under the mutuality principle. The only funds received by the company that are taxable is interest income, which is reduced by deductions either on a proportional basis or as specifically allowed by legislation.

(g) Trade and other receivables

All trade and other receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment. Debts which are known to be uncollectible are written off. An allowance for expected credit losses is raised where some doubt as to collection exists.

(h) Employee entitlements

Wages, salaries, and annual leave

The provisions for employee entitlements to wages, salaries and annual leave represent the amounts which the company has a present obligation to pay resulting from employees' services provided up to the balancing date.

The provisions have been calculated at nominal amounts based on current wage and salary rates and include related on-costs.

Long service leave

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date.

In assessing expected future payments, the company has adopted the "short hand" measurement technique and based the provision on remuneration rates current as at balance date for all employees with five or more years of service. The directors believe that this method provides an estimate of the liability that is not materially different from the estimate that would be obtained by using the present value of measurement.

Related on-costs have also been included in the liability where considered necessary.

(i) Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Non-financial issues other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Trade and other payables

Trade payables represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables (other than accruals) are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

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

(l) Provisions

Provisions are recognised when the company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(m) Cash and cash equivalents

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

(n) Critical accounting estimates and judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. There are no estimates and judgements that have significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

(o) New or amended Accounting Policies adopted by the Company

The Company has adopted new accounting standards and interpretations applicable for the current year and there is no material impact.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Corona Virus (COVID-19) pandemic

The World Health Organisation declared Coronavirus (COVID-19) as a pandemic on the 11th March 2020, making COVID-19 an in-period event for the company.

Judgement has been exercised in considering the impact of COVID-19 as part of year-end impairment assessments of the AFIA's assets, the determination of the carrying value of the AFIA 's liabilities and the assessment of AFIA's ability to continue as a going concern.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
2. Revenue from contracts with customers		
Membership income	2,737,078	2,614,602
Events, conferences, and workshop income	266,092	413,309
Income from self-regulation activities	154,583	78,750
	3,157,753	3,106,661
3. Other Income		
Interest income	10,529	28,694
Profit on sale of plant and equipment	-	70
Income from Australian Salary Packaging Association	98,167	-
Other income	106,169	97,254
	214,865	126,018
4. Income tax expense		
<p>The company has accumulated tax losses at year-end of \$876,435 (2020: \$800,340) as a result of specifically allowable deductions exceeding taxable revenue.</p> <p>No deferred tax asset has been recognised for unused tax losses as it is not expected that the company will generate future taxable earning to utilise the tax losses</p>		
5. Cash and cash equivalents		
At bank – at call	<u>360,549</u>	<u>122,309</u>

Cash at bank bears interest at the variable rate applicable to interest bearing cheque accounts. At balance date the applicable interest rate on the cheque account was Nil (2020: Nil) and that on the cash management account was 0.01% per annum (2020: 0.05% per annum).

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
6. Financial assets		
Current		
Term deposits	<u>2,328,686</u>	<u>1,917,564</u>
<p>Term deposits include restricted amounts of \$130,038 (2020: \$464,272) representing cash transferred on closure of the affiliates and is to be used for affiliate purposes. The amounts are Australian Equipment Lessors Association Inc \$11,070 (2020: \$56,070), Australian Fleet Lessors Association Inc \$118,968 (2020: \$264,493) and Debtor and Invoice Finance Association of Australia and NZ Inc \$Nil (2020: \$143,709).</p> <p>During the year, the Company expended \$334,234 (2020 \$115,708) of cash transferred on closure of the affiliates in accordance with the agreed use as per the Company and the affiliates.</p> <p>Consistent with approvals made by the Board on 24 June 2020, for FY22, the Finance and Audit Committee will continue to exercise the Board delegated authority to approve the use of remaining restricted cash by management in accordance with the approved FY22 budget with periodic reporting to be provided to the Committee, the Board and nominated member representatives from the legacy divisions.</p> <p>The effect of this approval is that the remaining Restricted Cash balance of \$130,038 is expected to be fully utilised in Financial Year 2022.</p> <p>Included in term deposits is a separate term deposit for \$77,602 (2020:\$79,797) which is held as security over the lease described in note 10.</p>		
7. Trade and other receivables		
Current		
Trade receivables – members	194,205	59,104
Provision for expected credit losses	<u>(10,000)</u>	<u>(10,000)</u>
	184,205	49,104
Other receivables – contract assets	1,093	4,166
	<u>185,298</u>	<u>53,270</u>
8. Other assets		
Current		
Prepayments	<u>62,106</u>	<u>26,421</u>
9. Plant and equipment		
Non-current		
Office equipment – at cost	32,573	42,678
Accumulated depreciation	<u>(20,079)</u>	<u>(27,080)</u>
	12,494	15,598
Furniture and fittings – at cost	91,815	113,512
Accumulated depreciation	<u>(80,648)</u>	<u>(96,358)</u>
	11,167	17,154
Total Plant and Equipment	<u>23,661</u>	<u>32,752</u>

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

9. Plant and equipment (continued)

Reconciliation

	Office Equipment \$	Furniture and Fittings \$	Total \$
Opening balance at 1 July 2020	15,598	17,154	32,752
Additions	4,840	-	4,840
Depreciation expense	(7,944)	(5,987)	(13,931)
Closing balance at 30 June 2021	12,494	11,167	23,661

10. Right-of-use assets and lease liabilities

Right-of-use assets

Office premises	222,806	-
Total carrying amount of lease assets	222,806	-

Reconciliation

	Office premises 2021 \$	Office premises 2020 \$
Carrying amount at 1 July 2020	-	-
Additions	320,840	-
Depreciation expense	(98,034)	-
Carrying amount at 30 June 2021	222,806	-

	2021 \$	2020 \$
Lease liabilities		
Current lease liabilities	108,202	-
Non-current lease liabilities	136,790	-
	244,992	-

The lease of office premises was re-negotiated for a 3-year term commencing on 1 August 2020. A requirement of the lease is a security equal to 6 months average rent, secured by way of the term deposit, described in Note 6.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

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

	2021 \$	2020 \$
11. Trade and other payables		
Current		
Trade payables and accruals	668,738	391,742
Income in advance	201,065	17,633
GST payable	22,025	12,214
Other payables	-	1,716
	891,828	423,305
12. Provisions		
Current		
Annual leave	154,216	85,628
Lease make good	-	23,278
	154,216	108,906
Non-current		
Long service leave	19,574	8,292
Lease make good	23,278	-
	42,852	8,292

13. Related Party Transactions

The names of persons who were directors of the company during the year were as follows:

A Baxter appointed 28.10.20 / continuing	K McConnell appointed 30.10.19 / continuing
J Dwyer appointed 30.10.19 / continuing	G Pell appointed 28.10.20 / continuing
C Hansen appointed 30.10.19 / continuing	C Poolman appointed 02.08.18 / continuing
J Healy appointed 28.10.20 / continuing	K Rodwell appointed 02.08.18 / resigned 22.09.20
P Jones appointed 27.04.17 / continuing	E Stanistreet appointed 30.10.18 / resigned 28.10.20
O Kranz appointed 27.04.17 continuing	D Tate appointed 19.11.19 / continuing
H Lander appointed 02.08.18 / resigned 21.12.20	P Waugh appointed 27.04.17 / resigned 28.10.20

Key Management Personnel (KMP)

Disclosures relating to KMP are set out in Note 14 below.

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.

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

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

	2021	2020
	\$	\$
14. Key Management Personnel Disclosures		
Key management personnel compensation	<u>562,231</u>	<u>635,200</u>
Entitlements outstanding at year end	<u>48,409</u>	<u>20,122</u>

All directors of the company are considered key management personnel.

15. Subsequent events

There have not been any other matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the Company's operations, results of those operations or the state of affairs in future financial years

16. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020: Nil)

17. Members' Guarantee

Australian Finance Industry Association Limited is a company limited by guarantee. The Constitution provides that every member of the company undertakes to contribute an amount not exceeding two hundred dollars (\$200) in the event of the company being wound up during the time of membership or within one year afterwards.

The company has 158 members as at 30 June 2021 (2020: 151 members).

AUSTRALIAN FINANCE INDUSTRY ASSOCIATION LIMITED
(A Company Limited by Guarantee)
ACN 000 493 907

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001;
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- (b) 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 directors.



Peter Jones
Director



Diane Tate
Director

Sydney, NSW

**Independent Auditor's Report
To the Members of Australian Finance Industry Association Limited
ACN 000 493 907**

Report on the Financial Report

Opinion

We have audited the financial report of Australian Finance Industry Association Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the accompanying financial report of Australian Finance Industry Association Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

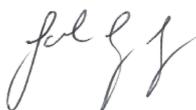
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



J S Gavljak
Partner



Pitcher Partners
Sydney

14 September 2021