AUSTRALIAN COUNCIL FOR EDUCATION LEADERS

A.B.N 75 132 672 416

(A Company Limited by Guarantee)

FINANCIAL REPORT

For the Year Ended 30 June 2012

DIRECTOR'S REPORT

The Directors present their report on the accounts for the Company for the year ended 30th June 2012.

1. DIRECTORS

The names of the Directors in office at any time during or since the end of the year are:

Jim Watterston	Jenny Stanley
Neville Highett	Helen Starr
Chris Presland	Jeremy Beard
Keith Newton	Anthony Roberts
Anne Foale	Kevin Richardson
Kerrie Blain	Marion Parkinson
Tim Grace	David Lin
Anne Tonkin	Graham Chadwick

2. PRINCIPAL ACTIVITIES

The principal activity of the company is to provide professional development resources and programmes for educational leaders.

3. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The company conducted a comprehensive review of the operations in the first quarter of the financial year. This resulted in substantive changes in the accounting policies, governance and management of the company. These changes are covered in more detail in the Director's Accounts and the Notes to the Accounts.

4. MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

At the date of this report, the Directors are not aware of any matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect:

a. the company's operations
b. the results of those operations
c. the company's state of affairs

in the financial years subsequent to the 30th of June 2012

5. LIKELY DEVELOPMENTS AND EXPECTED RESULTS IN OPERATIONS

The company maintains a strong financial position and is expected to deliver a strong operational performance in the coming year.

6. INFORMATION ON DIRECTORS

Name	Qualifications	Special Responsibilities	1st Term Start Date	2nd Term End Date
Dr Jim Watterston	Dip Ed, BEd, Grad Dip Ed Admin, MEd, Doctorate	President	20/08/10	20/08/16
Dr Neville Highett	PhD; M Ed; B Ed; Grad Dip Ed Admin; Dip T (Sec); Dip T (Prim); FACEL	Past President	11/08/08	11/08/14
Mr Kevin Richardson	Bachelor of Education, Diploma of Teaching, Graduate Diploma of Theology in Education		8/09/10	8/09/16
Mr Chris Presland	BA (Sydney University), Diploma in Education (Sydney University), FACEL	NSW Branch President	21/06/11	21/06/17
Ms Kerrie Blain	BA Dip Ed. Dip Ed Leadership	ACT Branch President	28/06/11	28/06/17
Mr Jeremy Beard	B.Sc.Ed (Unimelb); M.Ed(Unimelb); ICF (GCI)	VIC Branch President	27/06/11	27/06/17
Ms Anne Foale	BA TasUni, Diploma of Teacher Libaraianship Tas Coll of Adv Edu., Grad Dip Teaching ACU, Master of Ed Leadership ACU, MACEL, MACE	TAS Branch President	29/08/11	29/08/17
Dr Jenny Stanley	Cert PR; Dip T (ECE); B Ed; M Ed Management; EdD	Secretary, SA Branch President	16/09/11	16/09/17
Mr Keith Newton	BA (Social Science), Master Education Management	WA Branch President	3/06/11	3/06/17
Mr Anthony Roberts	Dip Teaching (Queensland University of Technology); Bachelor of Education (University of South Australia)	NT Branch President	29/06/11	29/06/17
Ms Helen Starr	BEd; Grad Cert Adult Learning; Cert Project Management; Cert Behaviour Managment; Cert Leadership; FACEL, FACELQ, MAICD, MAIM	QLD Branch President	3/06/09	3/06/15

7. DIRECTORS' MEETINGS

During the year, 8 Directors' meetings were held

		Number of Meetings Attended	Number of Meetings Possible
Jeremy Beard	VIC Branch Director	5	7
Kerrie Blain	ACT Branch Director	7	7
Graham Chadwick	Retired NT Branch Director	2	2
Anne Foale	TAS Branch Director	7	7
Tim Grace	Retired ACT Branch Director	1	1
Neville Highett	Past President, Independent Director	7	8
David Lin	Retired WA Branch Director	1	1
Keith Newton	WA Branch Director	7	7
Marian Parkinson	Reitred SA Branch Director	2	3
Chris Presland	NSW Branch Director	8	8
Kevin Richardson	Independent Director	4	8
Anthony Roberts	NT Branch Director	6	7
Jenny Stanley	SA Branch Director	6	6
Helen Starr	QLD Branch Director	7	8
Anne Tonkin	Retired VIC Branch Director	1	1
Jim Watterston	President, Independent Director	8	8

8. AUDITORS INDEPENDENCE DECLARATION

The Auditors Independence Declaration for the year ended 30th June 2012 has been received and is included in this report.

Signed on the 12th of September 2012 in accordance with a resolution of the Directors

Dr Jim Watterston	Dr Jenny Stanley
Director	Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		$	$
Revenue	2	1,522,387	2,186,789
Other income	2	-	(1,440)
Employee benefits expense		(464,348)	(460,067)
Depreciation and amortisation expense		(7,349)	(8,516)
Interest expense	3	-	(1,783)
Bad and doubtful debts expense	3	-	-
Motor vehicle expenses		-	-
Utilities expense		(6,068)	(5,384)
Rental expense		(80,653)	(72,009)
Staff training and development expenses		(2,327)	(5,037)
Audit, legal and consultancy fees		(121,602)	(18,629)
Client support services expenses		-	-
Fundraising expenses		-	-
Sundry expenses		-	-
Current year surplus (loss) before income tax		(179,431)	(115,912)
Income tax expense		-	-
Net current year surplus (loss)		(179,431)	(115,912)
Other comprehensive income			
Net gain on revaluation of property, plant and equipment	7	-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(179,431)	(115,912)
Net current year surplus (loss) attributable to members of the entity		(179,431)	(115,912)
Total comprehensive income attributable to members of the entity		(179,431)	(115,912)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012	2011
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	451,229	504,690
Accounts receivable and other debtors	5	24,153	267,391
Inventories on hand	6	24,163	83,881
TOTAL CURRENT ASSETS		499,545	855,962
NON-CURRENT ASSETS			
Accounts receivable and other debtors	5	11,970	-
Property, plant and equipment	7	6,565	11,304
TOTAL NON-CURRENT ASSETS		18,535	33,304
TOTAL ASSETS		518,080	867,266
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	8	360,989	526,018
Provisions for employee benefits	9	17,093	21,820
TOTAL CURRENT LIABILITIES		378,082	547,838
NON-CURRENT LIABILITIES			
Provisions for employee benefits	9	-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		378,082	547,838
NET ASSETS		139,998	319,428
EQUITY			
Retained surplus		139,998	319,428
Reserves		-	-
TOTAL EQUITY		139,998	319,428

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Retained Surplus	Revaluation Surplus	Financial Assets Reserve	Total
		$	$	$	$
Balance at 1 July 2010		435,340			435,340
Comprehensive income					
Surplus for the year attributable to members of the entity		(115,912)			(115,912)
Other comprehensive income for the year		-			-
Total comprehensive income attributable to members of the entity		(115,912)			(115,912)
Balance at 30 June 2011		319,428			319,428
Comprehensive income					
Surplus for the year attributable to members of the entity		(179,431)			(179,431)
Other comprehensive income for the year		-			-
Total comprehensive income attributable to members of the entity		(179,431)			(179,431)
Other transfers					
Cumulative revaluation surplus relating to sale of property, transferred to retained earnings		-			-
Total other transfers		-			-
Balance at 30 June 2012		139,998			139,998

For a description of each reserve, refer to Note 17.

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and customers		2,269,272	1,854,522
Receipts from donations, bequests and raffles		-	-
Payments to suppliers and employees		(2,322,847)	(1,940,368)
Interest received		2,434	10
Dividends received		-	-
Interest paid		-	-
Net cash generated from operating activities	14	(51,141)	(85,836)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(2,321)	(2,794)
Proceeds from sale of available-for-sale investments		-	-
Payment for available-for-sale investments		-	-
Payment for financial assets at fair value through profit and loss		-	-
Payment for intangible assets		-	-
Payment for held-to-maturity investments		-	-
Net cash used in investing activities		(2,321)	(2,794)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of finance lease liabilities		-	-
Net cash used in financing activities		-	-
Net increase in cash held		(53,462)	(88,630)
Cash and cash equivalents at beginning of the financial year		504,691	593,321
Cash and cash equivalents at the end of the financial year	4	451,229	504,691

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The financial statements cover Australian Council for Education Leaders as a Not For Profit (Reporting) entity, incorporated and domiciled in Australia. Australian Council for Education Leaders is a company limited by guarantee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. 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. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except where stated and 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 12th September 2012 by the directors of the company.

Accounting Policies

a. **Revenue**

If non-reciprocal grant revenue is received, it is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

b. **Inventories on Hand**

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost or for nominal consideration are measured at the current replacement cost as at the date of acquisition.

c. **Property, Plant and Equipment**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	20 – 40%
Leased plant and equipment	N/A%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d. **Leases**

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity 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 (ie trade date accounting is adopted). 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 recognised in profit or loss immediately.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a “loss event”), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter into bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the writing off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. **Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset’s ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

g. **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 national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

h. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. **Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

j. **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.

k. **Income Tax**

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

l. **Intangibles**

Software

Software is recorded at cost. Software has a finite life and is carried at cost less accumulated amortisation and any impairment losses. It has an estimated useful life of between one and three years. It is assessed annually for impairment.

m. **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

to settle the obligation at the end of the reporting period.

n. **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

o. **Accounts Payable and Other Payables**

Accounts payable 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.

p. **Critical Accounting Estimates and Judgments**

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

q. **Economic Dependence**

Australian Council for Education Leaders is dependent on its members for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the members will not continue to support Australian Council for Education Leaders.

r. **New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company’s assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

– AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity’s

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

– AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Since the company is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company will take advantage of Tier 2 reporting at a later date.

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the company.

– AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127 (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The company has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the company.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the company.

– AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the company.

– AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the company.

– AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The company does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

(a) require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as either other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and

(b) the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) where for an offer that may be withdrawn – when the employee accepts;

(ii) where for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii) where the termination is associated with a restructuring of activities under AASB 137 and if earlier than the first two conditions – when the related restructuring costs are recognised.

The association has not yet been able to reasonably estimate the impact of these changes to AASB 119.

s. **Changes to Accounting Policies**

The Company has changed a number of Accounting Policies with a view to adopting a more realistic reporting regime. These changes and the effect on profit of these changes are set out as follows:

Membership. This was taken to account when invoiced. Given the nature of ACEL, it is considered to be more prudent to recognise income when received rather than on an accruals basis.

Conference. There has been a tendency in the past to allocate some of the conference income to Membership income. Although this did not have an effect on the overall results, it distorted the internal reporting attributable to the various categories.

Audit Accrual. In prior years the audit fees were recognised in the year in which the invoice was received. This year ACEL has recognised the Audit fee for the year ended 30 June 2011, in addition it has accrued the audit fee for the year ended 30 June 2012, effectively doubling the expense in the current year.

Cash and cash equivalents. In prior years ACEL has held funds for ICSEI, recognising an equivalent liability. Although there is no effect on results, the effect has been to both inflate the cash on hand and also the liabilities. The Company has changed the basis of operating with ICSEI and clears out any funds held on a monthly basis. Any funds held are now minimal. The amount held at 30 June 2012 was $88. (2011 $63,688).

Stock. The stock on hand consisting mainly of book stock was reviewed. ACEL has in the past purchased substantial quantities of books, which in many cases are not selling. The directors have determined that ACEL should not regard itself as a "bookshop", but source books for members as requested on an ongoing basis. This approach will avoid future working capital being tied up in inventory which may or may not be realised. The value of the stock on hand was written down by $59,719. The directors are of the view this is not recoverable. All stock on hand is accounted for. Should stock be sold, the sale price will be taken up as income.

Effect on Profit increase (decrease)

The effect on the results for the year as a result of the changes to the accounting policies are accounted for as follows. The amount attributable to the change in accounting for Membership fees has been estimated by the directors.

Loss for the year as reported	179,431
Membership	(175,000)
Audit Accrual	(7,000)
Inventory write down	(59,719)
Effect on results due to change in accounting policies	241,719

The loss for the year as reported of $179,431, was after taking into account the changes to the accounting policies. Had these policies not been changed, it is expected a profit in the order of $62,288 would have been reported.

NOTE 2: REVENUE AND OTHER INCOME

	2012	2011
	$	**$**
Revenue		
Other Income		
– income from operations	1,519,457	2,190,078
– Interest received	2,434	10
– Other revenue	495	(3,299)
– Gain on disposal of non-current assets	-	-
Total Other Income	1,522,386	2,186,789
Total Revenue and Other Income	1,522,386	2,186,789

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 3: SURPLUS (LOSS) FOR THE YEAR

	2012	2011
	$	**$**
a. **Expenses**		
The results for the year from operations includes the following specific expenses through profit or loss		
Cost of operations	836,032	1,414,291
Employee benefit expense		
– Contributions to defined superannuation funds	38,632	56,317
Auditor Fees		
– audit services	14,000	6,000
– taxation services	-	-
Total Audit Remuneration	14,000	6,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 3: SURPLUS (LOSS) FOR THE YEAR

	2012	2011
	$	$

b. **Significant Revenue and Expenses**

During the financial year ACEL had a major change of direction with the departure of the CEO and appointment of a new CEO. In addition the Company had a thorough review of its operations by two external consultants who worked in conjunction with each other.

In keeping with the current economic situation, the Company is now focusing more on the Australian environment rather than spreading itself in the international environment. It is believed it is prudent and more beneficial in the approach of stabilising its position, function and direction in the Australian environment at this time.

The advice received has helped re-establish direction, controls, and the transparency required in an organisation of this nature. There have been major publicised changes in accounting and reporting requirements in very recent times. The directors believed it prudent to ensure ACEL was keeping pace with the various changes, many of which have the force of law.

The effect on the results of these various matters for the year ended 30 June 2012 is as follows. These expenses will not be repeated:

	2012 $	2011 $
Consultancy fees	78,463	-
Costs associated with CEO departure	21,576	-
Total	100,039	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 4: CASH AND CASH EQUIVALENTS

	2012	2011
	$	$
CURRENT		
Cash at bank – unrestricted	449,822	503,374
Cash float	1,407	1,316
Total cash and cash equivalents as stated in the statement of financial position	451,229	504,690
Total cash and cash equivalents as stated in the cash flow statement	451,229	504,690

In prior years ACEL held funds for ICSEI included in the Cash at Bank. ACEL has changed the way it operates with ICSEI. Any funds collected on behalf of ICSEI are cleared out on a monthly basis. The funds held at 30 June 2012 amounted to $88. (2011 $63,688) Effectively the cash on hand attributable to ACEL at 30 June 2012 is $451,141 (2012 $441,002).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	Note	2012	2011
		$	$
CURRENT			
Accounts receivable		24,153	250,853
Other debtors		-	16,538
Provision for doubtful debts	5(i)	-	-
		24,153	267,391
NON-CURRENT			
Accounts receivable		11,970	-
		11,970	-
Total accounts and other receivables	16	36,123	267,391

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

(i) **Provision for Doubtful Debts**

Current accounts receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for doubtful debts is recognised when there is objective evidence that an individual accounts receivable is impaired. These amounts have been included in doubtful debts expense. When the company is satisfied that no recovery of the amount owing is possible, the amounts are written off against the receivable directly.

Movement in the provision for doubtful debts is as follows:

	$
Provision for doubtful debts as at 1 July 2010	
– Charge for year	-
– Written off	-
Provision for doubtful debts as at 30 June 2011	-
– Charge for year	-
– Written off	-
Provision for doubtful debts as at 30 June 2012	-

(ii) **Credit Risk – Accounts Receivable and Other Debtors**

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

			Past due but not impaired (days overdue)				
	Gross amount	**Past due and impaired**	**< 30**	**31–60**	**61–90**	**> 90**	**Within initial trade terms**
	$	$	$	$	$	$	$
2012							
Accounts receivable	24,153		22,451	1,212	490		22,451
Other debtors	11,970					11,970	11,970
Total	36,123		22,451	1,212	490	11,970	34,421
2011							
Accounts receivable	250,853		215,396	34,290	1,167		215,396
Other debtors	16,538		4,567			11,970	16,538
Total	267,391		219,963	34,290	1,167		231,934

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 6: INVENTORIES ON HAND

	2012	**2011**
	$	**$**
CURRENT		
At cost		
Inventory	24,163	83,881
	24,163	83,881

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	2012	**2011**
	$	**$**
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	27,623	25,302
Less accumulated depreciation	(21,058)	(13,998)
	6,565	11,304

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Leased Motor Vehicles	Furniture and Equipment	Total
	$	$	$	$
2011				
Balance at the beginning of the year	-	-	18,466	18,466
Additions at cost	-	-	2,794	2,794
Additions at fair value	-	-	-	-
Disposals	-	-	(2,421)	(2,421)
Revaluation increment	-	-	-	-
Depreciation expense	-	-	(7,535)	(7,535)
Carrying amount at end of year	-	-	11,304	11,304
2012				
Balance at the beginning of the year	-	-	11,304	11,304
Additions at cost	-	-	2,321	2,321
Additions at fair value	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	-	-	(7,060)	(7,060)
Carrying amount at end of year	-	-	6,565	6,565

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8: ACCOUNTS PAYABLE AND OTHER PAYABLES

	Note	2012	2011
		$	$
CURRENT			
Accounts payables		360,989	526,018
Deferred income		-	-
Other current payables		-	-
Employee benefits		17,093	21,820
	8a	378,082	547,838

a. **Financial liabilities at amortised cost classified as trade and other payables**

	2012	2011
Accounts payable and other payables		
– Total current	378,082	547,018
– Total non-current	-	-
	378,082	547,018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8: ACCOUNTS PAYABLE AND OTHER PAYABLES

	Note	2012	2011
		$	$
Less deferred income		-	-
Less annual leave entitlements		(17,093)	(21,820)
Financial liabilities as accounts payable and other payables	16	360,989	526,018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 9: PROVISIONS FOR EMPLOYEE BENEFITS

	Provisions for Employee Benefits
	$
Opening balance at 1 July 2011	21,820
Additional provisions raised during year	
Amounts used	(4,727)
Balance at 30 June 2012	17,093

	2012	2011
	$	$
Analysis of Total Provisions		
Current	17,093	21,820
Non-current	-	-
	17,093	21,820

Provision for Non-current Employee Benefits

No provision has been recognised for employee entitlements relating to long service leave. If it had been, in calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(g) to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 10: CAPITAL AND LEASING COMMITMENTS

	2012	2011
	$	$
a. **Finance Lease Commitments**		
Payable – minimum lease payments		
– not later than 12 months	-	-
– later than 12 months but not later than 5 years	-	-
– greater than 5 years	-	-
Minimum lease payments	-	-
Less future finance charges	-	-
Present value of minimum lease payments	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 10: CAPITAL AND LEASING COMMITMENTS

		2012	2011
		$	**$**
b.	**Operating Lease Commitments**		
	Non-cancellable operating leases contracted for but not capitalised in the financial statements		
	Payable – minimum lease payments		
	– not later than 12 months	53,045	75,316
	– later than 12 months but not later than 5 years		53,045
	– greater than 5 years	-	-
		53,045	128,361

The property lease commitments are non-cancellable operating leases contracted for but not recognised in the financial statements with a five-year term. Increase in lease commitments may occur in line with the Consumer Price Index (CPI).

No capital commitments exist in regards to the lease commitments at year-end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 11: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	2012	2011
	$	**$**
The directors are not aware of any contingent liabilities or contingent assets		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 12: EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 13: RELATED PARTY TRANSACTIONS

The directors are not aware of any related party transactions. Transactions between related parties would be on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 14: CASH FLOW INFORMATION

	2012	2011
	$	**$**
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	(179,431)	(115,912)
Non-cash flows		
Depreciation and amortisation expense	7,349	8,516

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 14: CASH FLOW INFORMATION

	2012	2011
	$	$
Fair value gains on investments in shares held for trading		
Profit on sale of property, plant and equipment	(2,610)	
Doubtful debts expense		
Furniture and equipment written off		
Loss on sale of investments		
Gain on assets contributed		
Changes in assets and liabilities		
(Increase)/decrease in accounts receivables and other debtors	231,268	(134,503)
Increase/(decrease) in accounts payable and other payables	(165,029)	77,692
Decrease in accrued income		
Increase in provisions for employee benefits	(4,727)	21,820
Decrease in inventories on hand	59,718	53,757
Decrease in prepayments		
	(53,462)	(88,630)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, receivables and payables and lease liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: FINANCIAL RISK MANAGEMENT

	Note	2012	2011
		$	$
Financial assets			
Cash and cash equivalents	4	451,229	504,690
		36,123	267,391
Accounts receivable and other debtors	5		
Financial assets at fair value through profit or loss			
– investments in listed shares, held for trading		-	-
Held-to-maturity investments			
– investments in government and fixed interest securities		-	-
Available-for-sale financial assets:			
– investments in listed shares, available for sale		-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: FINANCIAL RISK MANAGEMENT

	Note	2012	2011
		$	**$**
Total Financial Assets		487,352	772,081
Financial Liabilities			
Financial liabilities at amortised cost			
– accounts payable and other payables	8a	360,989	526,018
– lease liabilities	10	-	-
Total Financial Liabilities			
		126,363	246,063

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The audit and risk committee is responsible for monitoring and managing the company's compliance with its risk management strategy. The audit and risk committee's overall risk management strategy is to assist the company in meeting its financial targets whilst minimising potential adverse effects on financial performance.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company does not have any material credit risk exposures as its major source of revenue is income from members, sale of its programs and the conference.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5.

The company has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 5.

Credit risk related to balances with banks and other financial institutions is managed by the audit and risk committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

NOTE 15: FINANCIAL RISK MANAGEMENT

	Note	2012	2011
		$	$
Cash and cash equivalents			
– AA rated		451,229	504,690
	4	451,229	504,690

b. **Liquidity risk**

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through the following mechanisms:

– preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;

– maintaining a reputable credit profile;

– managing credit risk related to financial assets;

– only investing surplus cash with major financial institutions; and

– comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

NOTE 15: FINANCIAL RISK MANAGEMENT

Sensitivity analysis

The company has minimal exposures to changes in interest rates.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost (ie accounts receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

NOTE 15: FINANCIAL RISK MANAGEMENT

	Note	2012 Carrying Value $	2012 Fair Value $	2011 Carrying Value $	2011 Fair Value $
Financial assets					
Cash and cash equivalents	(i)	451,229	451,229	504,690	504,690
Accounts receivable and other debtors	(i)	36,123	36,123	267,391	267,391
		487,352	487,352	772,081	772,081
Available-for-sale financial assets:					
– at fair value					
- listed investments available for sale	(ii)	-	-	-	-
Financial assets at fair value through profit or loss:					
– at fair value					
- listed investments held for trading	(ii)	-	-	-	-
Held-to-maturity financial assets					
– government and fixed interest securities	(iii)	-	-	-	-
Total financial assets		487,352	487,352	772,081	772,081
Financial liabilities					
Accounts payable and other payables	(i)	360,989	360,989	526,018	526,018
Lease liabilities	(iv)	-	-	-	-
Total financial liabilities		360,989	360,989	526,018	526,018

NOTE 15: FINANCIAL RISK MANAGEMENT

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.

Trade and other payables excludes amounts provided for annual leave, which is outside the scope of AASB 139.

(ii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period are used. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

(iii) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.

(iv) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair values of fixed rate debt will differ to the carrying values.

NOTE 16: CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that within tolerable risk parameters adequate cash flows are generated to fund its portfolio of activities and programs and that returns from investments are maximised. The Audit and Risk Committee ensures that the overall risk management strategy is in line with this objective.

The Audit and Risk Committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. There is currently no debt other than normal accounts payable. The directors therefore consider it is not relevant to include gearing ratios.

NOTE 17: RESERVES

The company had no reserves set aside at the end of the financial year.

NOTE 18: ENTITY DETAILS

The registered office of the entity is:

Australian Council For Education Leaders
Suite 9 Level 1
308 High Street
Penrith NSW 2751

The principal place of business is:

Suite 9 Level 1
308 High Street
Penrith NSW 2751

NOTE 19: MEMBERS' GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $1.00 each towards meeting any outstandings and obligations of the entity. At 30 June 2012 the number of members was 6225.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Australian Council for Education Leaders, the directors declare that:

1. The financial statements and notes, as set out on pages 6 to 30, are in accordance with the *Corporations Act 2001*:

32 a. comply with Australian Accounting Standards; and

b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Jim Watterston (Director)	Jenny Stanley (Director)

Dated this 12th day of September 2012

Tolley & Co Pty Ltd

ABN 11 087 355 539

Chartered Accountants

Nigel E Tolley BA FCA FCIS

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Independent Auditor's Report

To the members of AUSTRALIAN COUNCIL FOR EDUCATIONAL LEADERS

Report on the Financial Report

I have audited the accompanying financial report of AUSTRALIAN COUNCIL FOR EDUCATIONAL LEADERS, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting the audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of AUSTRALIAN COUNCIL FOR EDUCATIONAL LEADERS, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion the financial report of AUSTRALIAN COUNCIL FOR EDUCATIONAL LEADERS is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Nigel Tolley
28th September 2012

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