
FY17 Finance Report

ANZSLA AGM 19 October 2017

In financial year 2017 (FY17) ANZSLA achieved a net profit, an increase in net assets and cash inflows. The summary financial results per the FY17 audited Statutory Accounts as compared to the FY17 budget presented at the 2016 ANZSLA Annual General Meeting (AGM) are as follows:

- **Profit and Loss:** - ANZSLA made an FY17 audited profit of \$8,041 compared to an FY17 budgeted profit of \$9,567. This result was \$1,526 lower than the budgeted result.
- **Balance Sheet:** - ANZSLA's FY17 audited net assets correspondingly increased but by a smaller amount than the budget. Net assets increased by \$8,041 from \$226,157 in FY16 to \$234,198 in FY17 against the budgeted FY17 result of \$235,725.
- **Cash Flow:** - ANZSLA had FY17 audited net cash inflows of \$10,821 compared to a budgeted FY17 cash inflow of \$10,744. Cash flow for ANZSLA continues to be a difficult item to forecast. Each year, towards the end of the financial year, cash flows vary depending on the response to and timing of member renewals, early bird conference registrations, conference expenses paid for in the present financial year for the following financial year's conference and ANZSLA regional events/symposium revenue and expenses.

I would like to thank Sharon Scriven (Executive Manager), Kym Makepeace (Bookkeeper) and Ewa Phillips (New Zealand administrator) for their work in organising ANZSLA's finance function. The efficient and effective operation of ANZSLA's finance function depends heavily on their work.

ANZSLA's auditor E G Kostal & Co resigned after the completion of the FY16 audit. During FY17 Fortunity Auditing and Accounting were appointed as ANZSLA's new auditor. Fortunity has been very professional and diligent in the execution of their duties. In addition, Fortunity is a multi-partner firm so it is hoped continuity of auditor is more secure than with previous sole practitioner structured ANZSLA auditors.

The remainder of the Finance Report will provide a more detailed commentary and analysis of ANZSLA's FY17 audited results (i.e. the profit and loss, balance sheet and cash flow) compared to historical years FY15, FY16, and the FY17 Budget.

Headline Numbers

The table below provides an overview of ANZSLA's summary financial metrics over time:

Item	30-Jun-15 Audited	30-Jun-16 Audited	30-Jun-17 Audited	30-Jun-17 Budget
Profit and Loss				
Revenue (exc conference revenue)	\$85,581	\$87,231	\$86,223	\$87,698
Expenses (exc conference expenses)	(\$104,886)	(\$112,496)	(\$130,392)	(\$118,149)
Net Profit - pre conference result	(\$19,305)	(\$25,265)	(\$44,169)	(\$30,451)
Conference Result	\$33,101	\$39,101	\$52,211	\$40,018
Net Profit	\$13,797	\$13,836	\$8,041	\$9,567
Cash Flow				
Opening cash	\$211,485	\$224,104	\$253,821	\$253,821
Cash flow during year	\$12,618	\$29,717	\$10,821	\$10,744
Closing Cash	\$224,104	\$253,821	\$264,642	\$264,565
Balance Sheet				
Net Assets	\$212,321	\$226,157	\$234,198	\$235,725

Some key points from the table are as follows:

- ANZSLA's pre-conference loss has increased from \$19,305 in FY15 to \$44,169 in FY17. Whilst each year is influenced by unique factors, it appears the underlying trend in ANZSLA operations means the annual pre-conference loss will tend to lie between the mid to high end of this range. This is primarily due to the Board's continued commitment to meeting and exceeding KPIs on Member benefits. These include upgrading ANZSLA's information technology, regional functions and symposiums, an annual journal and other publications including the E-Newsletter and The Commentator.
- After a comprehensive strategic review of existing information technology and alternative operating platforms the ANZSLA Board has decided to invest in the Member Evolution database management software. ANZSLA has experienced significant growth in Member numbers in the last 10 years. However, ANZSLA's information technology structure is extremely limited in its ability to cater for this growth and serve Members. The Member Evolution solution is only marginally more expensive on an operating basis after incorporating the cost savings from the disparate systems we will be replacing. However, it is anticipated it will have a significant impact on Member services and the strategic allocation of ANZSLA's Management time. A detailed review of Member Evolution is provided in the President's FY17 report.
- The Board is diligent in implementing controls over supplier arrangements to ensure expenditure is targeted as much as possible towards Member benefits.
- The Board also looks to maximise such revenue streams such as interest revenue on cash deposits, regional function revenue and royalty income paid by non-members for ANZSLA publications through arrangements with 3rd party research services.
- The ANZSLA conference is ultimately the factor which drives ANZSLA's ability to break even. The conference result is becoming more important as the Board focuses on investment in Member benefits as discussed above.
- The effort of all ANZSLA conference organising committees (and conference managers) is much appreciated by the Board and has been a key driver of ANZSLA's positive financial results in

recent history. Instrumental to that success is the annual involvement and significant conference organising experience of our Executive Manager, Sharon Scriven and President, Venetia Stewart.

Overall the financial objectives of the Board can be summarised as minimising the pre ANZSLA conference loss, investing in Member benefits and giving the ANZSLA conference every chance to return a positive result through proactive and timely organisation and clear Board delegation instructions to ANZSLA conference organising committees.

Thankfully due to the efforts of those mentioned (and generous contributions by ANZSLA’s Members and networks generally in areas such as regional functions and publications) ANZSLA has been able to achieve these objectives in recent years, with net profit and cash inflows for the last three financial years.

Profit and Loss

Revenue Items

The table below provides a summary of the sources of revenue for ANZSLA:

Item	30-Jun-15 Audited	30-Jun-16 Audited	30-Jun-17 Audited	30-Jun-17 Budget
Member subscriptions - Aus	\$64,328	\$61,231	\$61,234	\$62,149
Member Subscriptions - NZ (AUD)	\$9,538	\$13,841	\$14,466	\$14,049
Conference income	\$128,496	\$181,615	\$145,002	\$130,251
Other income	\$11,715	\$12,160	\$10,523	\$11,500
Total Income	\$214,077	\$268,846	\$231,225	\$217,949
Ratios - year on year growth				
Member subscriptions - Aus		-4.8%	0.0%	
Member Subscriptions - NZ (AUD)		45.1%	4.5%	
Conference income		41.3%	-20.2%	
Other income		3.8%	-13.5%	
Total income		25.6%	-14.0%	

Some key observations in relation to ANZSLA’s revenue sources are as follows:

- ANZSLA has been successful at keeping income from all sources combined above \$200,000.
- Australian Member subscription revenue growth has plateaued since FY15. The Board hopes Member growth resumes as Member benefit KPIs are met and exceeded. The implementation of the Member Evolution solution is one key strategy in achieving this objective.
- New Zealand Member subscriptions have exhibited growth over the period under analysis. Ewa Phillips has been a key ANZSLA asset in her role as New Zealand administrator. During the year, the Board co-opted Keith Binnie of Rugby New Zealand as a Director to provide input and support on Board matters, NZ regional events and assist with the organisation of the 2016 ANZSLA conference. The combined work of Paul David (New Zealand Director), Keith and Ewa has contributed significantly to the growth in New Zealand Member subscription.
- ANZSLA conference income is highly variable in nature. It is driven solely by Registrations and Sponsorship. The Board is aware of the importance of being proactive with ANZSLA conference organisation and preparations begin over 12 months out from the ANZSLA conference.
- The Board aims to keep conference registration prices consistent each year. However, this objective is assessed each year based on the outlook for the conference and ANZSLA finances overall.

- Other income decreased 13.5% between FY16 and FY17. Whilst interest revenue increased year on year it was not enough to offset a decrease in regional seminar revenues and royalties/sales of ANZSLA’s publications. Full details of other income items are shown in Note 2 of the Statutory Accounts.
- Overall FY17 income was \$13,276 over budget. The main driver of this result was conference revenue being \$14,752 over budget.

Expense Items

The table below provides a summary of the key categories of expenses for ANZSLA:

Item	30-Jun-15 Audited	30-Jun-16 Audited	30-Jun-17 Audited	30-Jun-17 Budget
Conference Expenses	\$95,395	\$142,514	\$92,792	\$90,233
Direct Member Benefits	\$28,436	\$22,483	\$47,974	\$40,505
Administration Expenses	\$66,474	\$82,182	\$71,317	\$69,494
Financial Expenses	\$9,976	\$7,832	\$11,101	\$8,150
Total Expenses	\$200,281	\$255,010	\$223,184	\$208,382
Ratios - year on year growth				
Conference Expenses		49.4%	-34.9%	
Direct Member Benefits		-20.9%	113.4%	
Administration Expenses		23.6%	-13.2%	
Financial Expenses		-21.5%	41.7%	
Total Expenses		27.3%	-12.5%	

Some observations in relation to ANZSLA’s expense items are as follows:

- The majority of ANZSLA’s conference expenses are variable costs (i.e. costs are greater the more delegates attend).
- Direct Member Benefits increased between FY16 and FY17 by approximately \$26k. The factors driving this result were as follows:
 - The Board’s biennial strategic retreat was held in FY17 (\$9.8k). There was no retreat in FY16. The retreat was highly beneficial and the details and outcomes of the weekend are outlined in the President’s FY17 report.
 - ANZSLA also spent approximately \$9k more on regional functions in FY17 then FY16.
 - Due to unavoidable delays in the publication process, FY16 did not have an ANZSLA journal whilst FY17 did have a journal published and distributed (the 2015 Edition). As ANZSLA no longer has sponsorship for the journal \$6.2k in expenses were incurred to publish and distribute the journal.
 - New Zealand operations were higher in FY17 than FY16 by approximately \$4k due to administrative and incidental costs incurred in managing the FY17 conference held in October 2016 in Wellington, New Zealand.
- Administration expenses remain relatively stable year on year but are affected by inflation and often once off events. FY16 was affected by once off, non-recurring costs totalling approximately \$13.5k relating to employee leave provisions, printing and computer equipment expenditure. Taking these into account, the FY16 Administration expenses were relatively similar to FY15 and FY17.
- Finance Expenses consist of Accounting, Bank Fees and Insurance Costs. These costs will be relatively stable year on year.

- Bank fees include currency adjustments. FY16 recorded an exchange rate gain of \$3.7k due to the strengthening of the New Zealand dollar across the financial year whilst FY17 experienced a \$2.7k exchange rate loss. Currency gains/losses were therefore the main driver of the higher FY17 Finance Expense relative to FY16.
- All categories of expenses were modestly above budget in FY17 which contributed to expenses being approximately \$15k above budget. Investment in Direct Member Benefits (\$7k over budget) was the main driver of this result.

Balance Sheet and Cash Flow

ANZSLA has a simple balance sheet with the key focus being cash management. The tables below summarise the cash balances and cash flows over the last three financial years, and the FY17 budget:

High level cash flow	Audited 30-Jun-15	Audited 30-Jun-16	Audited 30-Jun-17	Budget 30-Jun-17
Operating Cash Flow				
Net Profit	\$13,797	\$13,836	\$8,041	\$9,567
Add/(Less) Non-cash items				
Depreciation	\$332	\$400	\$449	\$449
Movement in working capital (see table below)	(\$1,510)	\$15,481	\$2,331	\$727
Movement in cash for the year	\$12,618	\$29,717	\$10,821	\$10,744
Opening cash balance	\$211,485	\$224,104	\$253,821	\$253,821
Closing cash balance	\$224,104	\$253,821	\$264,642	\$264,565
	(\$0)	\$0	\$0.00	

Working capital	Audited 30-Jun-14	Audited 30-Jun-15	Audited 30-Jun-16	Audited 30-Jun-17	Budget 30-Jun-17
Current assets (exc cash)	\$11,892	\$10,466	\$13,849	\$27,991	\$10,002
Current liabilities	(\$28,692)	(\$25,757)	(\$44,620)	(\$61,093)	(\$41,500)
Working capital	(\$16,801)	(\$15,290)	(\$30,771)	(\$33,102)	(\$31,498)
Movement in working capital		(\$1,510)	\$15,481	\$2,331	\$727

The movement of working capital is necessary to derive cash flow as the profit number is not entirely cash (e.g. net profit contains expenses incurred in FY17 that we will pay cash for in FY18, and it excludes cash received for Member services in FY17 that we will provide to Members and book as revenue in FY18).

ANZSLA's working capital levels are volatile given the timing and nature of our events (e.g. conference registrations, Membership renewals etc) vary year to year.

In relation to cash flow it is noted:

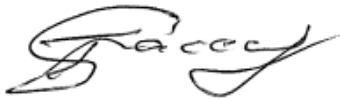
- FY15, FY16 and FY17 saw cash inflows to ANZSLA.
- ANZSLA's cash balance at the end of FY17 stood at \$264,642.
- FY18 will see a major upgrade in ANZSLA's information technology via implementation of the Member Evolution database solution. The cash and net profit impacts will be discussed in the FY17 AGM FY18 Budget document. The expected Member and general organisational benefits are outlined in the President's FY17 report.

- ANZSLA is reliant on the annual conference to break even and achieve cash inflows. With this in mind, the Board will continue to carefully manage cash reserves with a focus on enhancing Member benefits and safeguarding ANZSLA's long term future.

Summary

FY17 was a positive year in all respects for ANZSLA's finances. It was a pleasure working with my fellow Board Members, Executive Manager Sharon Scriven, ANZSLA's bookkeeper Kym Makepeace and ANZSLA's New Zealand administrator Ewa Phillips throughout the year. I wish all Members, Sponsors and Associates of ANZSLA a happy FY18.

For full details of ANZSLA's FY17 financial results, please refer to ANZSLA's audited FY17 Statutory Accounts.



Terrence Gracey
Finance Director
[4 October 2017]