
FY18 Finance Report

ANZSLA AGM 18 October 2018

The summary financial results per the FY18 audited Statutory Accounts as compared to the FY18 budget presented at the 2017 ANZSLA Annual General Meeting (AGM) are as follows:

- **Profit and Loss:** - ANZSLA made an FY18 audited profit of \$17,981 compared to an FY18 budgeted loss of \$6,286. This result was \$24,267 better than the budgeted result.
- **Balance Sheet:** - Net assets (Members' Funds) increased by \$17,981 from \$234,198 in FY17 to \$252,179 in FY18 against the budgeted FY18 result of \$227,912. Total Members' Funds represents the sum of all ANZSLA's profits and losses since inception. Given this is the 27th AGM, ANZSLA has averaged a \$9,340 profit per year since inception (i.e. \$252,179/27 years).
- **Cash Flow:** - ANZSLA had FY18 audited net cash outflows of \$16,538 compared to a budgeted FY18 cash outflow of \$27,183. \$21,710 was spent in FY18 on the new Member Evolution Information Management System.

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.

I would also like to thank my fellow Board Members for all their tireless work in pursuing the vision and mission of ANZSLA. This work is crucial to the financial stability of ANZSLA.

The remainder of the Finance Report will provide a more detailed commentary and analysis of ANZSLA's FY18 audited results (i.e. the profit and loss, balance sheet and cash flow) compared to historical years FY16, FY17, and the FY18 budget.

Headline Numbers

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

Item	30-Jun-16 Audited	30-Jun-17 Audited	30-Jun-18 Audited	30-Jun-18 Budget
Profit and Loss				
Revenue (exc conference revenue)	\$87,231	\$86,223	\$97,187	\$87,886
Expenses (exc conference expenses)	(\$112,496)	(\$130,392)	(\$132,369)	(\$136,172)
Net Profit - pre conference result	(\$25,265)	(\$44,169)	(\$35,182)	(\$48,286)
Conference Result	\$39,101	\$52,211	\$53,163	\$42,000
Net Profit	\$13,836	\$8,041	\$17,981	(\$6,286)
Cash Flow				
Opening cash	\$224,104	\$253,821	\$264,642	\$264,642
Cash flow during year	\$29,717	\$10,821	(\$16,538)	(\$27,183)
Closing Cash	\$253,821	\$264,642	\$248,104	\$237,459
Balance Sheet				
Net Assets	\$226,157	\$234,198	\$252,179	\$227,912

Some key points from the table are as follows:

- ANZSLA's pre-conference loss fell from \$44,169 in FY17 to \$35,182 in FY18. Whilst each year is influenced by unique factors, the difference is largely attributable to the strategic retreat that occurred in FY17 and not FY18. FY16's pre-conference loss was lower again, primarily given there was no journal published as well as no strategic retreat. Under present operating conditions it is likely the pre-conference loss will be mid/high \$30,000s in a non-strategic retreat year and mid/high \$40,000s in a strategic retreat year.
- The FY18 pre-conference loss of \$35,182 was substantially better than the budgeted pre-conference loss of \$48,286. This was due to better than budgeted results with both revenues and expenses. The improved revenue number was driven largely by Member fees from the record Member numbers ANZSLA recorded in FY18.
- The ANZSLA conference is ultimately the factor which drives ANZSLA's ability to break even. FY18's conference surplus of \$53,163 was significantly higher than the \$42,000 budgeted result.
- 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 Bennett.
- FY18's actual performance compared to the FY18 budget is summarised in the table below.

Item	Favourable/(Unfavourable) Variance
Revenue	
Australian Member Revenue	\$9,541
New Zealand Member Revenue	(\$626)
Annual Conference	\$11,163
Other revenue	\$386
Expenses	
Direct Member Benefits	\$3,981
Administration	(\$359)
Financial Expenses	\$181
Total Variances	\$24,266
Budgeted FY18 Result	(\$6,286)
Actual FY18 Result	\$17,981

- The new Member Evolution system went live in June 2018. The operating costs of the system will begin flowing in FY19. These include depreciation and the monthly licence fee. The FY18 capital costs and cash flow impact of the system's implementation are described in the Balance Sheet and Cash Flow section.
- 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 Board has recently implemented an initiative of placing historical articles of the Commentator on the ANZSLA Member Evolution site for sale.

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 and bring ANZSLA to break-even 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 for the last four financial years.

Profit and Loss

Revenue Items

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

Item	30-Jun-16 Audited	30-Jun-17 Audited	30-Jun-18 Audited	30-Jun-18 Budget
Member subscriptions - Aus	\$61,231	\$61,234	\$70,775	\$61,234
Member Subscriptions - NZ (AUD)	\$13,841	\$14,466	\$13,116	\$13,743
Conference income	\$181,615	\$145,002	\$222,727	\$166,000
Other income	\$12,160	\$10,523	\$13,295	\$12,909
Total Income	\$268,846	\$231,225	\$319,914	\$253,886

Ratios - year on year growth

Member subscriptions - Aus	0.0%	15.6%
Member Subscriptions - NZ (AUD)	4.5%	-9.3%
Conference income	-20.2%	53.6%
Other income	-13.5%	26.3%
Total income	-14.0%	38.4%

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

- Australian Member subscription revenue increased 15.6% in FY18. This is due substantially to record ANZSLA Member numbers driven by the hugely successful Sydney conference which had record delegate attendances. The Board hopes Member subscription levels are maintained at this level. Continually meeting Member Benefit KPIs and the implementation of the Member Evolution are primary strategies the Board is using to achieve this objective.
- New Zealand Member subscriptions in FY18 declined slightly from FY17 levels as in FY17 the conference was held in New Zealand.
- 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 increased 26.3% in FY18, primarily as a New Zealand symposium was held in FY18 whilst FY17 did not have a symposium. Full details of other income items are shown in Note 2 of the Statutory Accounts.

Expense Items

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

Item	30-Jun-16 Audited	30-Jun-17 Audited	30-Jun-18 Audited	30-Jun-18 Budget
Conference Expenses	\$142,514	\$92,792	\$169,564	\$124,000
Direct Member Benefits	\$22,483	\$47,974	\$44,219	\$48,200
Administration Expenses	\$82,182	\$71,317	\$79,031	\$78,672
Financial Expenses	\$7,832	\$11,101	\$9,119	\$9,300
Total Expenses	\$255,010	\$223,184	\$301,933	\$260,172
Ratios - year on year growth				
Conference Expenses		-34.9%	82.7%	
Direct Member Benefits		113.4%	-7.8%	
Administration Expenses		-13.2%	10.8%	
Financial Expenses		41.7%	-17.9%	
Total Expenses		-12.5%	35.3%	

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 were relatively stable between FY17 and FY18. At a high level, the costs for the strategic retreat in FY17, were spent by a broadly equivalent further investment in regional functions in FY18.
- Administration expenses remain relatively stable year on year but are affected by inflation and often once off events. FY18 was affected by an increase in employee leave provision of \$3,000 and approximately \$1,000 in once off costs relating to digitising hard copy organisational records.
- Financial Expenses consist of Accounting, Bank Fees and Insurance Costs. These costs will be relatively stable year on year.

Balance Sheet and Cash Flow

ANZSLA has a simple balance sheet with the key focus being cash management. In FY18, \$21,710 in Software costs for the Member Evolution were added to the balance sheet as an asset. Full balance sheet details are provided in the Statutory Accounts.

The tables below summarise the cash balances and cash flows over the last three financial years, and the FY18 budget:

High level cash flow	Audited 30-Jun-16	Audited 30-Jun-17	Audited 30-Jun-18	Budget 30-Jun-18
Operating Cash Flow				
Net Profit	\$13,836	\$8,041	\$17,981	(\$6,286)
Add/(Less) Non-cash items				
Depreciation	\$400	\$449	\$0	\$1,100
Movement in working capital (see table below)	\$15,481	\$2,331	(\$12,809)	(\$5,497)
Investing Cash Flow				
Less Investment in Member Evolution MIS	\$0	\$0	(\$21,710)	(\$16,500)
Movement in cash for the year	\$29,717	\$10,821	(\$16,538)	(\$27,183)
Opening cash balance	\$224,104	\$253,821	\$264,642	\$264,642
Closing cash balance	\$253,821	\$264,642	\$248,104	\$237,459
Working capital	Audited 30-Jun-16	Audited 30-Jun-17	Audited 30-Jun-18	Budget 30-Jun-18
Current assets (exc cash)	\$13,849	\$27,991	\$15,712	\$20,002
Current liabilities	(\$44,620)	(\$61,093)	(\$36,005)	(\$47,607)
Working capital	(\$30,771)	(\$33,102)	(\$20,293)	(\$27,605)
Movement in working capital	\$15,481	\$2,331	(\$12,809)	(\$5,497)

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.

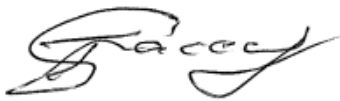
In relation to cash flow it is noted:

- FY16 and FY17 saw cash inflows to ANZSLA. FY18 had a cash outflow of \$16,538. This however includes a \$21,710 investment in Information Systems.
- ANZSLA's cash balance at the end of FY18 stood at \$248,104.
- ANZSLA is reliant on the annual conference to break even and achieve cash inflows. The Board will continue to carefully manage cash reserves with a focus on enhancing Member benefits and safeguarding ANZSLA's long term future.

Summary

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 to manage ANZSLA's finances. I wish all Members, Sponsors and Associates of ANZSLA a happy FY19.

For full details of ANZSLA's FY18 financial results, please refer to ANZSLA's audited FY18 Statutory Accounts.



Terrence Gracey
Finance Director
7 October 2018