

Australian Acupuncture & Chinese Medicine Association Ltd

ANNUAL REPORT 2019



• Since 1973 •

AACMA

澳大利亚针灸中医学学会

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Australian Acupuncture & Chinese
Medicine Association Ltd.

ACN: 010 020 390

Registered National Office
Suite 1, 1990 Logan Road,
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Web: www.acupuncture.org.au



PRESIDENT'S REPORT 2019

It is with pleasure that I present my report on AACMA's progress for the past year. The AACMA Board has continued to work on the foundations laid in the previous two years.

THE CONSTITUTION

As a dynamic document, the Constitution written in 2017, accepted and passed by members at the AGM in 2018 has been reviewed and amended maintaining the necessary currency to run the Association effectively.

The amendments passed by members, was a small increase in the honorarium paid to directors. This increase is to be spent by directors on governance training to help them better understand and fulfil their roles as directors.

Another amendment is the change to the construction and operation of the State Committees.

The number of state committee members has been reduced making operations more streamlined and each committee will conduct up to 5 professional development opportunities for members throughout the year.

THE AACMA OFFICE

AACMA continues to rent the current office space it occupies. The search for new premises is on going but as the economic climate and commercial real estate market is not beneficial for the buyer, the money from the sale of the previous building is invested.

At time of writing, a new lease agreement is being negotiated.

NEW CLIENT MANAGEMENT RESOURCE

AACMA has invested in a new CRM which should be fully operational from the middle of 2020.



WAVENY HOLLAND AACMA PRESIDENT

This new system will improve office efficiency and be much more user friendly.

The monthly health fund reports will be a single button press rather than the current 2 full days of work by our membership officers.

Members will have much easier access to be able to register for state committee events and AACMAC, buy any products, such as receipt books, door decals etc and pay online through a secure portal.

This will free up staff to work and improve on other member services.

GOVERNMENT LOBBYING

AACMA, through appointed project manager Stephen Janz, chair Waveny Holland and director Matt O'Hara, has continued to lobby government and the Minister for Health, Greg Hunt, for the inclusion of Acupuncture into the

Medicare Scheme through the Chronic Disease Management Program (CDM).

After presenting further, newly published research evidence on the effectiveness of acupuncture especially for pain relief, Prof Brendan Murphy CMO advised that a further letter be sent to the Hon Greg Hunt with a direct request for inclusion into the chronic disease management program. We are waiting on a response.

Stephen Janz and Waveny Holland have also met with the Chief Health Officer, Dr Jenny Firman. This meeting was to promote the inclusion of acupuncture and Chinese medicine into the referral pathways of care for our defence force personnel. This meeting was beneficial in not only raising the profile of Chinese medicine but also of AACMA.

Dr Firman was also happy to endorse the inclusion of acupuncture into the CDM.

AACMA will continue to fight for Medicare and Veteran's Affairs recognition for its members and the profession.

AHPRA AND ADVERTISING GUIDELINES

The number of practitioners who have been served with notices claiming that they have breached the advertising guidelines has been falling.

To help practitioners address this issue, Deb Gillick AHPRA EO for Chinese Medicine and David Graham CMBA vice chair presented a paper at AACMAC 2019. This presentation was recorded and is available from the CMBA website for all Chinese medicine practitioners.

Prof Charlie Xue has thanked AACMA for providing this resource for all members of the profession.

The tool created by the CMBA for members to apply to their website to gauge compliance has been well used and proven to be beneficial in reducing complaints against practitioners.

AHPRA requirements for compliant advertising are that the information provided should be accurate and based on acceptable evidence and not

mislead patients about the potential benefits of certain health services.

Laws about advertising for health practitioners and healthcare providers hold advertisers accountable for the way they advertise any health service.

ACUPUNCTURE AND CHINESE MEDICINE RESEARCH REGISTER

An AACMA Board initiative is a sequel to the Acupuncture Evidence Project.

Researchers have been approached to assess current research to create a repository of the most current, quality research showing acupuncture and Chinese medicine effectiveness.

The plan is to store this resource on our new CRM, where it can be used by members to source quality studies to use in their advertising and promotion while also adding to their knowledge to improve clinical practice.

SOCIAL MEDIA

AACMA has engaged the services of a marketing and public relations company to raise the profile of Chinese medicine and AACMA. This has proven to be successful with an increased reach and improved engagement of

practitioners and public. Facebook posts of the benefits of acupuncture treatments especially for pain relief have been well received and shared by practitioners and the public.

MENTORING PROGRAM

The unique and purpose written Mentoring Program commissioned by AACMA continues to grow with an increasing uptake by new and beginning practitioners.

This AACMA initiative is the first-ever mentoring program for the Chinese medicine profession in Australia and is an extraordinarily valuable resource we have available to only our members.

Mentees under the guidance of experienced practitioner mentors ensures that our medicine and profession will continue from strength to strength with knowledge, experience and expertise handed on and on.

CPD PROVISION

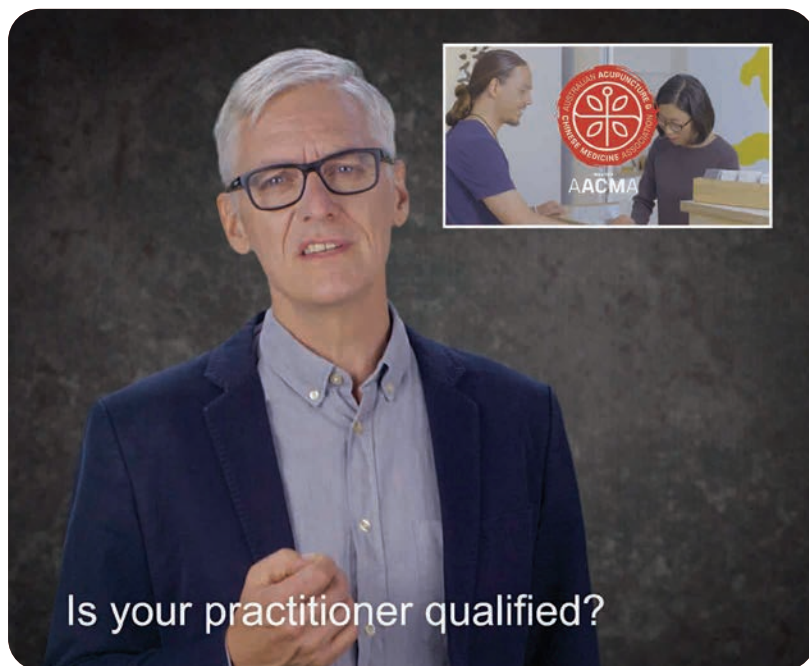
The AACMA State Committees continue to provide good quality professional development opportunities to members at reduced cost. These events generate a small profit for AACMA that enables us to support our student members with free admission to these events.

Many students are grateful and make the most of these educational opportunities which only serve to strengthen the future of our medicine and profession through our sharing of knowledge.

Seminar workshops conducted are designed to cover the areas of acupuncture, Chinese herbs, professional issues and practitioner interaction that are mandatory for registration.

Our continued thanks are offered to the volunteers who make up our State Committees.

The Learning Management System that was proposed in 2018 as a member service for on going professional development, proved to be cost prohibitive and difficult to establish. This was due to the majority of local and international speakers already





being contracted to other online providers of professional development seminars.

A collaboration with the main international provider of online learning enabled AACMA members to access this resource at reduced rates while benefitting the Association with a small payment for every member who accessed this resource. Thus providing another income stream for AACMA during the collaboration period.

It is hoped that it will continue again through 2020.

AACMAC

AACMAC Melbourne 2019 was held at the Pullman Hotel in Melbourne. Attracting international speaker/practitioners Mazin al Khafaji and Charles Buck as keynote speakers, AACMA members were also able to attend pre-conference and post conference workshops presented by these renowned practitioners.

Not only providing good quality education but the platform for members to network and be exposed to the new equipment, books and industry specific materials on show in the trade exhibits,

AACMAC continues to be the foremost Chinese medicine conference in the southern hemisphere.

International keynote speakers Lorne Brown, Debra Betts, Zhang Jiangbin and Poeny Chang have been confirmed for AACMAC Gold Coast 2020 (postponed until 2021).

THE PHIL MACQUEEN SCHOLARSHIP

2019 AACMAC continued the awarding of this scholarship. For new and beginning practitioners and final year students, this scholarship has been made possible by the generosity of Phil Macqueen's partner Julie Geldard. This scholarship is a lasting memory of Phil and his contribution to the profession that he loved.

AACMA is very thankful for this very generous on going scholarship.

IN CLOSING...

The AACMA Board has consolidated its activities with emphasis on earning recognition for members as acupuncture providers in the Chronic Disease management Program, be

recognised by GPs on their referral pathways especially for pain relief and be included in the Veteran's Affairs scheme.

My thanks and great appreciation go to my fellow Board members, also volunteers, who have given up enormous amounts of time from family and clinic to be able to contribute to our association.

A cohesive team who has worked well together, Richard Li, (Vice President) Rose Pinter (Director) Drew Matfin (Audit and Risk) and Michael Poplewell (Director) Thank you!

Our office staff under the guidance of CEO Paul Stadhams, has very capably supported the Board

Yan (accounts), Mia (events), Elena (membership), Chris (membership) and Ethan (reception) thank you for all your hard work on behalf of the members and Board.

Waveny Holland

AACMA PRESIDENT

TREASURER'S REPORT 2019

This year the AACMA held steady financially this year. The decisions by the Board have created good financial growth during 2019.

In 2019 the AACMA Board and Head Office decided to upgrade our customer relationship management software, this major investment is designed to improve member services and enable better engagement between the AACMA and its members. The integration of such a significant feature of the AACMA Head Office core business is currently being completed and is due to be completed by June 2020. The total profit for the AACMA this year was \$103,254. The AACMA cash balance is still inflated due to the sale of the Coorparoo building in 2018, as at 31 December 2019, it stood at \$1,699,537.

Excluding \$62,000 income collected in 2019 from the merger of the AACMA with Acupuncture Association of Victoria, the total income for the

association was \$1,171,825, an increase of \$58,264 compared to 2018. As usual, the majority of this income came from membership fees, however, other sources included, term deposit interest, advertising, AACMAC, product sales, Guild insurance and State Committee functions.

The major expense for 2019 was the staff payroll at \$500,996, remaining stable from 2018. The streamlining of running costs of the office that was seen in 2017 carried over to 2018, with the cost of running the AACMA Head Office dropping further by nearly \$40,000. There were no unusual expenses from Head Office activity in 2019. Other expenses dropped considerably due to changes in legislation and the rental lease of Head Office now being accounted as a depreciable expense, which is why there was a significant increase in depreciation and amortisation expenses.

The running of AACMAC 2019 cost considerably more than 2018, but was similar to previous years. As the

2018 conference was held at Sydney University and the venue cost was significantly less expensive. AACMAC did also bring in greater revenue than 2018 and achieved the highest attendance AACMAC has had in Victoria to date, and still ran at a profit.

The Board engaged the services of a legal firm this year on multiple occasions to provide security of the AACMA brand, this led to an increase in legal fees paid. Further the Board continued the acquisition of professional media and marketing agency services to continue to promote the AACMA and Chinese medicine, creating a footprint within media outlets and improved general public awareness.

The Board decided to reintroduce an annual printed Jing-Luo for the membership, the printing and postage costs of this service led to an increase in the cost of the publication. Member services expenses rose considerably in 2019 due to upgrading of the features of the customer relations management software to the AACMA website, new brochure design and printing and the production costs of running the first AACMA State Committee webinar nationally.

Ultimately, the AACMA is again in a strong financial position. With positive membership growth, and the continued solidifying of other income sources outside membership fees providing increased stability and increasing revenue for the next few years to come.

Personally, I would like to thank to the AACMA Financial Officer, Yan Zhang for her dedication, impeccable and uncompromised attention to detail, and for providing the detailed information that the Board uses to guide the AACMA towards greater strength.

Andrew Matfin

CHAIR OF AUDIT AND RISK COMMITTEE



ANDREW MATFIN CHAIR OF AUDIT AND RISK COMMITTEE

MEMBERS OF THE BOARD



WAVENY HOLLAND
President / Staff Liason /
Membership officer



RICHARD LI
Vice President / International
Relations Officer



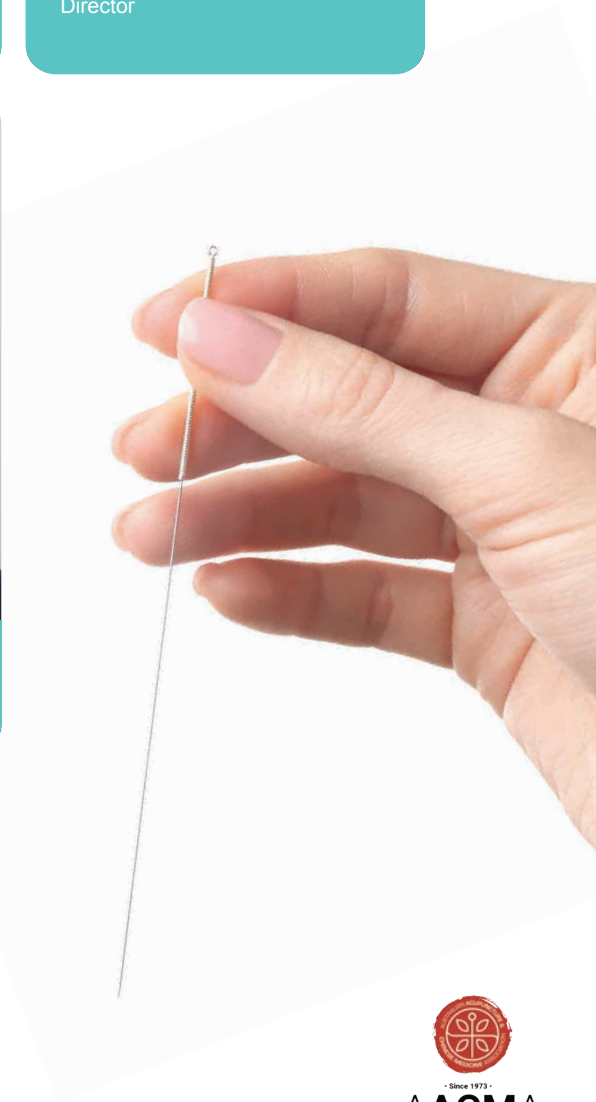
MICHAEL POPPLEWELL
Director



ANDREW MAFTON
Chair of Audit and Risk Committee



ROSE PINTER
Minutes Secretary



DIRECTOR'S REPORT 2019

The directors present their report on Australian Acupuncture & Chinese Medicine Association Ltd for the financial year ended 31 December 2019.

1. GENERAL INFORMATION

The names of each person who has been a director during the year and to the date of this report are:

HOLLAND, WAVENY

Director

QUALIFICATIONS

- Master of Chinese Medicine (UWS)
- Bachelor of Health Science (Acupuncture) (ACNM)
- Advanced Diploma of Health Science (Acupuncture)
- Certificate IV An Mo Tui Na (ACNM)
- Registered Nurse and Midwife (Non-practicing)

EXPERIENCE

- Member of AACMA (17 years), AACMA Fellow
- Member Course Advisory Committee ECNH
- Member of ITCMDA Advisory Board
- 20 years Clinical Practice in Australia
- QLD State Committee Member (2009 - Current)
- Chair QLD State Committee (2011 - 2014)
- Practitioner/ owner Serendip Natural Healing and Wellness Centre (2003 Current)
- Registered with the CMBA

LI, RICHARD KE YUAN

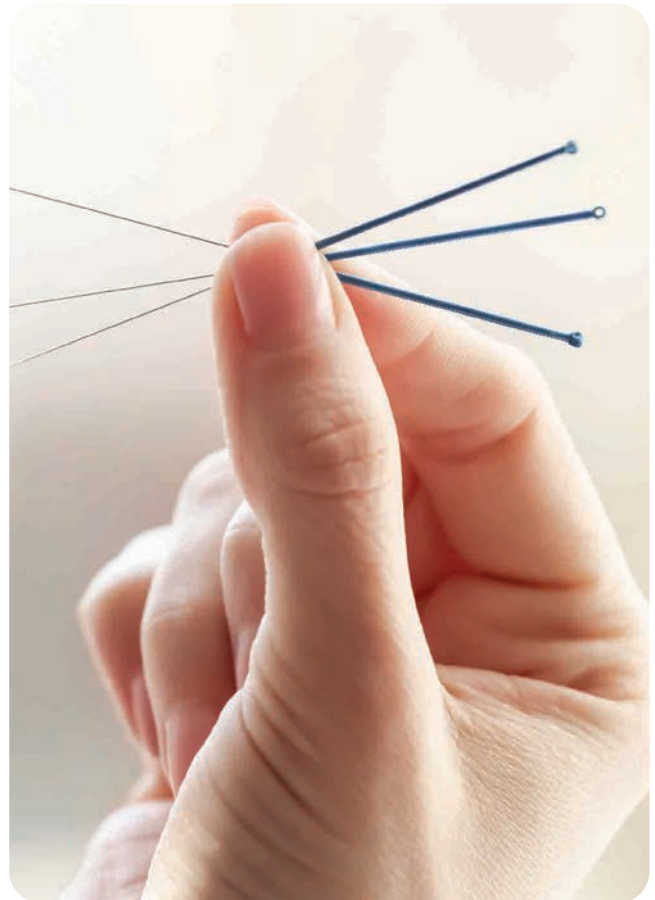
Director

QUALIFICATIONS

- Bachelor of Medicine (TCM)
- Certificate of English for Academic Purpose
- Certificate IV Workplace Training and Assessment
- Certificate of Information Technology

EXPERIENCE

- Member of AACMA (22 years), AACMA, Fellow
- Over 29 years of Clinical Practice in Australia & 5 years Clinical Practice overseas
- Lecturer at Shanghai University of TCM (5 years) & sessional lecturer at Western Sydney University (14 years)
- Vice president, World Federation of Acupuncture Moxibustion Society
- Former member of Chinese Medicine Council of NSW
- Registered with CMBA



PINTER, ROSEMARY

Director

QUALIFICATIONS

- Bachelor of Health Science (Acupuncture)
- Diploma (Acupuncture Theory and Practice, Moxibustion and Tui Na) China
- Diploma (Acupuncture Theory and Practice)
- Australian Company Directors Course (GAICD)
- Certificate IV Small Business Management
- Bachelor of Arts (Literary Theory)

EXPERIENCE

- Member AACMA (7 years)
- Past State Committee Chair (4 years)
- Current Deputy Chair of State Committee
- 24 years clinical practice (Since 1985)
- Internship Guangxi University of Traditional Chinese Medicine (TCM)
- Registered with CMBA

MATFIN, ANDREW

Director

QUALIFICATIONS

- Diploma Applied Science (Acupuncture) 1997 ACNM
- Certificate IV (Oriental Massage) 1996 ACNM
- Master of Health Science (Acupuncture) with Distinction 2012 UWS

EXPERIENCE

- AACMA member 25 years
- Practicing Acupuncturist 23 years' experience
- Registered Acupuncture with CMBA 2012
- AACMA Queensland State Committee 5 years
- AACMA Mentoring Program Mentor 2 years

POPPLEWELL, MICHAEL

Director (Appointed on 18 May 2019)

QUALIFICATIONS

- Bachelor of Applied Science (Acupuncture) (UTS)
- Master of Engineering Research (USyd)
- PhD (UTS)

EXPERIENCE

- Member of AACMA (22 years), AACMA Member
- 24 years Clinical Practice in Australia
- Practitioner/ owner Wentworth Clinic (1996 - Current)
- Registered with the CMBA
- TCM practice management lecturer and guest lecturer at the University of Technology Sydney (9 years)

O'HARA, MATTHEW

Director (Retired on 18 May 2019)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activity of Australian Acupuncture & Chinese Medicine Association Ltd during the financial year was regulate, represent and promote the profession of acupuncture and traditional Chinese Medicine.

No significant changes in the nature of the Company's activity occurred during the financial year.

MEMBERS' GUARANTEE

Australian Acupuncture & Chinese Medicine Association Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person

or association who ceased to be a member in the year prior to the winding up, is limited to \$ 100 for members that are corporations and \$ 100 for all other members, subject to the provisions of the company's constitution.

At 31 December 2019 the collective liability of members was \$ 207,600 (2018: \$ 205,100).

2. OTHER ITEMS

FUTURE DEVELOPMENTS AND RESULTS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

MEETINGS OF DIRECTORS

During the financial year, 14 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

NAME OF DIRECTOR	DIRECTOR'S MEETINGS	
	No. Eligible to attend	No. Attended
Holland, Waveny	14	14
Li, Richard Ke Yuan	14	13
Pinter, Rosemary	14	14
Matfin, Andrew	14	14
Popplewell, Michael (Appointed on 18th May 2019)	8	8
O'Hara, Matthew (Retired on 18th May 2019)	6	6

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 31 December 2019 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Holland, Waveny

Secretary: 
Paul Stadhams

Dated this **9th** day of **March 2020**



FINANCIAL REPORT 2019

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTRALIAN ACUPUNCTURE & CHINESE MEDICINE ASSOCIATION LTD

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019, there have been: 2019 has been received and can be found on page 4 of the financial report.

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

INDEPENDENT AUDIT SERVICES

Chartered Accountants



Jiahui (Jeremiah) Thum

Director

Brisbane, QLD
9th March 2020



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue	5	1,093,908	1,046,817
Finance income	6	32,534	11,296
Other income	5	107,383	119,164
Board related expenses		(35,442)	(21,919)
Employee benefits expense	7	(500,996)	(500,840)
Maintenance expenses - office premises		-	20,000
Depreciation and amortisation expense	7	(72,026)	(14,823)
AACMAC related expenses		(152,629)	(84,074)
Audit, legal and consultancy fees		(91,122)	(42,022)
Computer related expenses		(8,410)	(24,660)
Directors' fees		(57,500)	(49,680)
Jing-Luo related expenses		(20,160)	(11,320)
Office related expenses		(73,297)	(112,949)
Member service expenses		(80,138)	(48,330)
Website related expenses		(4,305)	(75,884)
Journal related expenses		-	(4,865)
AGM related expenses		(1,488)	(975)
Other operating expenses		(33,058)	(92,175)
Surplus before income tax		103,254	112,761
Income tax expense		-	-
Surplus for the year		103,254	112,761
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
Total comprehensive income for the year		103,254	112,761

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement.

STATEMENT OF FINANCIAL POSITION

As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,699,537	1,634,322
Trade and other receivables	9	11,967	9,056
Other assets	11	52,360	11,979
TOTAL CURRENT ASSETS		1,763,864	1,655,357
NON-CURRENT ASSETS			
Property, plant and equipment	10	48,771	3,071
Right-of-use assets	12	111,810	-
TOTAL NON-CURRENT ASSETS		160,581	3,071
TOTAL ASSETS		1,924,445	1,658,428
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	162,132	177,788
Employee benefits	16	39,584	29,952
Contract liabilities	15	775,918	740,437
Lease liabilities		50,752	-
TOTAL CURRENT LIABILITIES		1,028,386	948,177
NON-CURRENT LIABILITIES			
Long-term provision	14	52,269	-
Lease liabilities		30,285	-
TOTAL NON-CURRENT LIABILITIES		82,554	-
TOTAL LIABILITIES		1,110,940	948,177
NET ASSETS		813,505	710,251
EQUITY			
Retained earnings		813,505	710,251
TOTAL EQUITY		813,505	710,251

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement.

STATEMENT OF CHANGES IN EQUITY

As of 31 December 2019

2019

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2019	710,251	710,251
Surplus for the year	103,254	103,254
Balance at 31 December 2019	813,505	813,505

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2018	597,490	597,490
Surplus for the year	112,761	112,761
Balance at 31 December 2018	710,251	710,251

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement.

STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,198,380	1,106,748
Payments to suppliers and employees	(1,118,590)	(896,707)
Interest paid	32,534	11,296
Net cash provided by operating activities	<u>112,324</u>	<u>221,337</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	621,072
Purchase of property, plant and equipment	(47,109)	-
Net cash (used in)/ provided by investing activities	<u>(47,109)</u>	<u>621,072</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	-	(80)
Net cash used in financing activities	<u>-</u>	<u>(80)</u>
Net increase in cash and cash equivalents held	65,215	842,329
Cash and cash equivalents at beginning of year	<u>1,634,322</u>	<u>791,993</u>
Cash and cash equivalents at end of financial year	<u>8</u> <u>1,699,537</u>	<u>1,634,322</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2019

The financial report covers Australian Acupuncture & Chinese Medicine Association Ltd as an individual entity. Australian Acupuncture & Chinese Medicine Association Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Australian Acupuncture & Chinese Medicine Association Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 02 March 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts with Customers* for the first time in the current year with a date of initial application of 1 January 2019.

The Company has applied AASB 15 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118 and related interpretations. All adjustments on adoption of AASB 15 have been taken to retained earnings at 1 January 2019.

Upfront fees - Subscriptions

The Company has recognised membership joining fees (subscriptions) in accordance with AASB 15 where the fees that do not relate to a performance obligation have been combined with other goods and services transferred to the customer and was spread over the expected life of the contract with the customer (i.e the time that the member will remain a member).

There are no changes to the Company's accounting policies and no impact on these financial statements from applying AASB 15.

Sales of bundled items (Revenue from AACMAC Conference, Jing-Luo Royalty Income and Rental Income from State Committee Function)

The Company has recognised bundled items in accordance with AASB 15 where the total consideration in the contract is allocated to all products and services based on their stand-alone selling price. The performance obligations within the contract was identified and the allocated revenue is recognised when the performance obligation is satisfied.

There are no changes to the Company's accounting policies and no impact on these financial statements from applying AASB 15.

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

2 Change in Accounting Policy (continued)

Leases - Adoption of AASB 16 (continued)

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating, or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- right-of-use assets at 1 January 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 31 December 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 31 December 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are the same value as the leased asset and liability on 31 December 2019.

Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of \$111,810, make good provision of \$52,269 and lease liabilities of \$81,037 at 1 January 2019, for leases previously classified as operating leases.

3 Summary of Significant Accounting Policies (continued)

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

For comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year. Any prepaid memberships are recognised under liabilities on the statement of financial position.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

Revenue from contracts with customers - from 1 January 2019

For current year

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

3 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Revenue from contracts with customers - from 1 January 2019 (continued)

Contract modifications

Contract modifications are defined as changes in the scope of work, other than changes envisaged in the original contract that may result in a change in the revenue associated with that contract. Modifications to the initial contract require the customer's technical and financial approval before billings can be issued and the amounts relating to the additional work can be collected.

The Company does not recognise the revenue from such additional work until the customer's approval has been obtained. In cases where the additional work has been approved but the corresponding change in price has not been determined, the requirement described above for variable consideration is applied, namely to recognise revenue for an amount with respect to which it is highly probable that a significant revenue reversal will not occur. The costs associated with these additional units or services performed are recognised when incurred, irrespective of whether or not the modification has been approved.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Subscriptions

The Company generates revenue from member subscriptions by delivering a range of services and benefits to support members throughout Australia. Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year. Any prepaid memberships are recognised under liabilities on the statement of financial position.

AACMAC Annual Conference, Jing-Luo Royalty Income and Rental Income from State Committee Function

The Company's comprehensive membership packages includes marketing, business and professional development support and the essential tools needed to establish and maintain a proactive. Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

The Company has determined that no significant financing component exists in respect of the sales and services revenue streams since the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

A receivable in relation to these services is recognised when a bill has been invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

3 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

Contract cost assets

The Company recognises assets relating to the costs of obtaining a contract and the costs incurred to fulfil a contract or set up / mobilisation costs that are directly related to the contract provided they will be recovered through performance of the contract.

Costs to obtain a contract

Costs to obtain a contract are only capitalised when they are directly related to a contract and it is probable that they will be recovered in the future. Costs incurred that would have been incurred regardless of whether the contract was won are expensed, unless those costs are explicitly chargeable to the customer in any case (whether or not the contract is won).

The capitalised costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Set-up / mobilisation costs

Costs required to set up the contract, including mobilisation costs, are capitalised provided that it is probable that they will be recovered in the future and that they do not include expenses that would normally have been incurred by the Company if the contract had not been obtained. They are recognised as an expense on the basis of the proportion of actual output to estimated output under each contract. If the above conditions are not met, these costs are taken directly to profit or loss as incurred.

Costs to fulfil a contract

Where costs are incurred to fulfil a contract, they are accounted for under the relevant accounting standard (if appropriate), otherwise if the costs relate directly to a contract, the costs generate or enhance resources of the Company that will be used to satisfy performance obligations in the future and the costs are expected to be recovered then they are capitalised as contract costs assets and released to the profit or loss on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.

3 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Statement of financial position balances relating to revenue recognition (continued)

Provisions relating to contracts with customers

There are no provisions relating to contracts with customers.

Financing component of contracts with customers

There is no financing component of contracts with customers.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

(d) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Property, Plant and Equipment	20% to 30%

3 Summary of Significant Accounting Policies (continued)

(d) Property, plant and equipment (continued)

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL - Not applicable to the Company
- fair value through other comprehensive income - equity instrument (FVOCI - equity) - Not applicable to the Company
- fair value through other comprehensive income - debt investments (FVOCI - debt) - Not applicable to the Company

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

3 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

3 Summary of Significant Accounting Policies (continued)**(e) Financial instruments (continued)****Financial assets (continued)***Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

(f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Cash and cash equivalents

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

3 Summary of Significant Accounting Policies (continued)

(h) Leases

For comparative year

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

For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3 Summary of Significant Accounting Policies (continued)

(i) 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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(j) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. There are no indicators of impairment identified during the financial year.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

5 Revenue and Other Income

	2019	2018
	\$	\$
Revenue from contracts with customers		
- Sale of goods	15,110	23,116
- Membership subscriptions	826,773	817,235
- AACMA related income	184,495	134,457
- Jing-Luo income	13,292	13,250
- State committee function income	46,901	47,841
- Others	7,337	10,918
Total Revenue	1,093,908	1,046,817

	2019	2018
	\$	\$
Other Income		
- Grant income	62,000	-
- Others	45,383	55,448
- net gain on disposal of property, plant and equipment	-	63,716
Total Other Income	107,383	119,164

6 Finance Income

	2019	2018
	\$	\$
Interest income		
- Assets measured at amortised cost	32,534	11,296
Total finance income	32,534	11,296

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

7 Result for the Year

The result for the year includes the following specific expenses:

	2019	2018
	\$	\$
Other expenses:		
Employee benefits expense	500,996	500,840
Depreciation expense	72,026	14,823
Rental expense on operating leases:		
- Minimum lease payments	-	22,104

10 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and in hand	1,699,537	1,634,322
	<u>1,699,537</u>	<u>1,634,322</u>

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2019	2018
	\$	\$
Cash and cash equivalents	1,699,537	1,634,322
Balance as per statement of cash flows	<u>1,699,537</u>	<u>1,634,322</u>

9 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	1,325	-
Deposits	8,800	8,800
GST receivable	1,842	256
Total current trade and other receivables	<u>11,967</u>	<u>9,056</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

10 Property, plant and equipment

	2019	2018
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	179,961	179,961
Accumulated depreciation	(178,300)	(176,890)
Total plant and equipment	<u>1,661</u>	<u>3,071</u>
Capital work-in-progress		
At cost	47,110	-
Total Capital work-in-progress	<u>47,110</u>	<u>-</u>
Total plant and equipment	<u>48,771</u>	<u>3,071</u>
Total property, plant and equipment	<u>48,771</u>	<u>3,071</u>

10 Property, plant and equipment (continued)

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:

	Plant and Equipment \$	Capital work-in-progress \$	Total \$
Year ended 31 December 2019			
Balance at the beginning of year	3,071	-	3,071
Additions	-	47,110	47,110
Depreciation expense	(1,409)	-	(1,409)
Balance at the end of the year	1,661	47,110	48,771

11 Other Assets

	2019 \$	2018 \$
CURRENT		
Prepayments	<u>52,360</u>	11,979

12 Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Company as a lessee

The Company has lease over the office premise where the Company operates. The lease has provided the Company the right-of-use for 2 years.

Terms and conditions of leases

Office Premise

The Company leases office premise to operate its principal activities. The term of lease is 2 years which include a renewal option to allow the Company to renew for up to 1 year of the non-cancellable lease term.

The Company is dependent on the right of use of the office premise to operate its principal activities. The rent is \$48,000 in the first year with a subsequent yearly increment of 4% over the lease term of 2 years. As at 31 December 2019, there are 6 months remaining on the lease. The Company is looking to renew the lease for another 2 years and office premise is restricted to the principal activities of the Company.

The Company has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability.

12 Leases (continued)

Right-of-use assets

	Office Premise \$	Total \$
Year ended 31 December 2019		
Additions to right-of-use assets	182,427	182,427
Less: Accumulated depreciation	(70,617)	(70,617)
Balance at end of year	111,810	111,810

13 Trade and Other Payables

	2019 \$	2018 \$
Current		
Trade payables	96,434	79,234
Sundry payables and accrued expenses	65,698	98,554
	162,132	177,788

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

14 Provisions

	2019 \$	2018 \$
NON-CURRENT		
Make Good Provision	52,269	-
	52,269	-
	Make Good Provision \$	Total \$
Non-current		
Opening balance at 1 January 2019	-	-
Additional provisions	52,269	52,269
Balance at 31 December 2019	52,269	52,269

15 Contract liabilities

	2019	2018
	\$	\$
CURRENT		
Prepaid memberships	775,918	740,437

16 Employee Benefits

	2019	2018
	\$	\$
Current liabilities		
Annual leave	39,584	29,952
	<u>39,584</u>	<u>29,952</u>

17 Capital Commitments

	2019	2018
	\$	\$
Contracted commitments for:		
Plant and equipment	61,400	-

Contracted Commitments

Capital commitments relates to items of plant and equipment specifically Bond/Website implementation where funds have been committed but the asset is yet to be 100% implemented/completed.

18 Leasing Commitments

	2019	2018
	\$	\$
Operating leases		
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	81,035	24,000

Operating leases are in place for 1 year commencing 16 July 2018 and ended on 15 July 2019. No operating leases as at 31 December 2019 due to the Adoption of AASB 16 Leases effective from 1 January 2019.

19 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any out standings and obligations of the Company. At 31 December 2019 the number of members was 2,076 (2018: 2,051).

20 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$57,500 (2018: \$49,680).

21 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2019 (31 December 2018: None).

22 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 20.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There are no related party transactions identified during the year.

(c) Loans to/from related parties

There are no loans to or from related parties identified during the year.

23 Events after the end of the Reporting Period

The financial report was authorised for issue on 9th March 2020 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

24 Statutory Information

The registered office and principal place of business of the company is:

Australian Acupuncture & Chinese Medicine Association Ltd
Suite 1, 1990 Logan Road
Upper Mount Gravatt QLD 4112

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 26, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2019 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 
Holland, Waveny

Secretary 
Paul Stadhams

Dated this 9th day of March 2020

Independent Audit Report to the members of Australian Acupuncture & Chinese Medicine Association Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Acupuncture & Chinese Medicine Association Ltd (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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.

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

Independent Audit Services Pty Ltd ABN 87 168 884 875
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Registered Authorised Audit Company No. 460755



Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDIT SERVICES Chartered Accountants



Jiahui (Jeremiah) Thum
Director

Brisbane, QLD
Dated this 9th day of March 2020