

2019 Annual Report



Contents

3	The AVA Board and Corporate Supporters	19	Statement of Financial Position
4	President's Report	20	Statement of Changes in Equity
6	CEO's Report	21	Statement of Cash Flows
8	Treasurer's Report	22	Notes to the Financial Statements
10	Organisational Chart	39	Directors' Declaration
11	Staff Structure	40	Auditor's Independence Declaration
12	Directors' Report	41	Independent Auditor's Report
18	Statement of Comprehensive Income		



The AVA Board



President, ASAV Nominee
Dr Julia Crawford



Treasurer, EVA Nominee
Dr Warwick Jonathon Vale



Vice President
Dr Robert Doneley



Director
Dr Robert Johnson



Director
Dr Paula Parker



Director, ACV Nominee
Dr Matthew David Petersen



Director
Dr Kenneth Jacobs



Director
Dr Nicholas Sangster



Director
Dr Bronwyn Orr

CORPORATE SUPPORTERS

Platinum Affinity Partner



Platinum Supporter



Platinum Supporter



Platinum Supporter



Platinum Education Supporter



Gold Finance Partner



Gold Supporters



Silver Supporters



President's Report

THIS YEAR HAS BEEN MARKED BY THE UNPRECEDENTED FIRE SEASON WHICH DEVASTATED OVER 15 MILLION HECTARES OF OUR COUNTRY.

As a profession we grieve for the loss of over a billion native animals and the habitats that support them. As veterinarians dedicated to compassionate science-based care for livestock, companion animals and wildlife, we can be proud of our response to the crises. We have worked with each other, with government and with charities. We have come together as a profession nationally and internationally to support each other as veterinarians and this is proof of the value of our profession and the AVA to our community.

I would like to take this opportunity to thank everyone, the AVA CEO and staff, the state and SIG presidents, the Benevolent Fund trustees and all our involved members for the role they played in this response. I also thank the international associations and charities that have donated to the Benevolent Fund to support us.

Animal welfare

The AVA provides continued leadership in relation to animal welfare issues across livestock, companion and performance animals. In 2019 we continued the "Love is Blind" campaign in conjunction with RSPCA Australia, to raise awareness of the health and welfare problems in dog breeds with exaggerated physical features. We campaigned against "anaesthesia-free dentistry" in dogs and cats, and this message was amplified during Pet Dental Month in August 2019.

In relation to live animal export, we made 13 submissions into the review of the Australian Standards for Export of Livestock (ASEL) and the Heat Stress Risk Assessment (HSRA) model. The Department of Agriculture released the final HSRA report in October 2019, which supported the AVA and McCarthy Review recommendations to move away from risk assessment based on mortality, to one based on morbidity. The AVA's recommended changes to stocking density for sheep travelling to the Middle East during the northern hemisphere summer have also been adopted by the government and will remain in place.

In Queensland we made a detailed submission into the state government's independent inquiry into racehorse welfare (the Martin Inquiry), following a horrendous ABC 7.30 Report revealing unacceptable handling and slaughter practices. The final report from the Inquiry supported the AVA approach, direction and discussion on the issue, and

the Queensland Government has accepted, in principle, all 55 recommendations of the Martin report.

Following the AVA response to the 2018 Senate Enquiry into Pet Food Safety, the AVA has been contributing as part of the commonwealth government's pet food regulation working group. We have continued our involvement with the national animal welfare standards and guidelines development process, and will provide further input into the poultry, abattoir and pig welfare standards and guidelines.

In 2019 we launched Vets Choice Pet Insurance. Developed to address the concerns of both pet owners and vets, it is a product of Guild Insurance, endorsed by the AVA, that has been built to promote responsible pet ownership.

Antimicrobial Resistance

The AVA continues to join forces with all users, prescribers, makers and distributors of antibiotics to help preserve these lifesaving drugs into the future. In 2019 we contributed to the development of the Government's "National AMR Strategy – 2020 and Beyond". In collaboration with Animal Medicines Australia (AMA), the AVA is in the process of developing comprehensive antimicrobial prescribing guidelines for livestock and horses. We have completed the pig and poultry guidelines, and the sheep and dairy guidelines are well underway. Beef, feedlot and horses will follow. All of these will be made freely available to veterinarians on the AVA website, and each set of guidelines will also be published in the AVJ on completion. The AMA/AVA brochures on antimicrobial stewardship for livestock, horses, and companion animals are available to download for clients. The AVA is part of the organising committee for the 2nd Biennial Australian Veterinary Antimicrobial Stewardship Conference (AVAMS) to take place in November 2020, and will showcase our antimicrobial prescribing guidelines at this event.

Our Profession

The AVA continues to lobby for improvements in legislation which impact the veterinary profession. This includes state-based Veterinary Practice Acts, Animal Welfare Acts, and Companion Animal Management Acts, as well as biosecurity and prescribing legislation. We are currently lobbying for the introduction of restricted acts of veterinary science in Victoria, which is the only state in Australia in which these are not enshrined in legislation. We are also involved in a national review of the Agvet Chemical Framework, where we have key aims to promote national harmonisation of prescribing legislation and retention of veterinary prescribing rights. We continue to advocate for implementation of National Recognition of Veterinary

Registration (NRVR) in Western Australia and the Northern Territory, as these are the only remaining Australian jurisdictions yet to implement this initiative.

We continue to promote the importance of rural vets for Australia's biosecurity and surveillance capability, and with this in mind are actively lobbying for implementation of a veterinary graduate "rural bonding scheme", which would provide HECS loan "forgiveness" for graduates who commit to work in rural locations. In 2020 we will take part in the government's process for development of a 5-year National Plan for Terrestrial Animals, and this should incorporate a lot of learnings from the bushfire crises. We will continue to stress the importance of involving local veterinarians in responses to emergency animal diseases (EADs) as well as natural disasters, preferably using a whole-of-practice model, as well as the importance of training private veterinarians in biosecurity, EADs and disaster management.

The 2018 Veterinary Workforce Survey Report was published in May 2019, and led to the formation of the AVA Veterinary Workforce Working Group, to advise on AVA advocacy approaches to workforce issues. Although the review of the *Animal Care and Veterinary Services Award* has been ongoing since 2014 and was recently completed with minimal changes, the AVA remains committed to advocating for significant improvements. In 2019 we undertook a survey on the Award, and the substantial feedback we received will inform our approaches to government on this issue.

We continue to collaborate with stakeholders such as the Australasian Veterinary Boards Council to ensure worldwide recognition of our veterinary schools and our profession, and that our standards of excellence are maintained.

Career Connect and our Graduate Mentoring Program continue to provide invaluable support for our members.

Continuing Professional Development

We continue to lead in this area and our conferences not only provide world class education but also a close, supportive and collegial atmosphere. Our CPD is developed by a dedicated team of staff and committees and we cover an extraordinary range of interests in every part of Australia. Our social events associated with our CPD lead to friendships and emotional support as we share our stories, our problems, including our problem cases, and look out for each other.

In 2019 we launched our online Return to Work Program. This is a self-paced learning program consisting of 5 clinical modules, 4 non-clinical modules and a practical skills guide for veterinarians who wish to return to clinical practice after a career break or period of leave, or veterinarians in practice and industry who are seeking a refresher course.

The ASAV Chartered Veterinary Practitioner (CVP) is well under way and we look forward to this ground-breaking development. This scheme will enhance the role and the public perception of the small animal general practitioner and is being developed in association with the Australian and New Zealand College of Veterinary Scientists (ANZCVS) and the veterinary schools.

Our annual program delivered 183 conferences, face to face meetings with CPD, webinars and other CPD events across Australia. We provided continuing education to veterinarians on 11,231 occasions.

Mental health and wellness

The AVA provides a range of mental health and wellness services including our graduate mentoring program, online resources, and the wellness program at the annual conference. We provide Mental Health First Aid (MHFA) training courses and continue to aspire to having an accredited MHFA-qualified staff member in every veterinary workplace in the country.

Student Group

We are proud to announce the formation of the Australian Veterinary Student Group. This group, governed by students for students, formalises the previous association with veterinary students. This group will advocate on behalf of students, provide member services and benefits, provide continuing education and networking opportunities and assist in the development of leadership, business and governance skills for our future leaders of the profession.

Julia Crawford

President

CEO's Report

2019 HAS SEEN A PERIOD OF SIGNIFICANT CHANGE ACROSS THE AVA BUSINESS.

An organisational restructure was undertaken in order to better align with AVA needs. The revised structure focuses on facilitating staff collaboration and consistency of service delivery, reduces duplication of effort, reduces cost and better utilises changes resulting from Digital Transformation (DT).

The DT delivered its major milestones including the transition and implementation of a new member website, Customer Relationship Management software (CRM), events, finance, learning and member communication platforms. The DT has represented the largest project ever undertaken by the AVA and I am pleased to report that the major risk associated with it has been overcome. Further functionality will be released in early 2020 to complete the DT, including transitioning of flagship events to CRM, learning management system integration, consolidated member communications and reporting improvements.

Further technology changes have also been implemented across the AVA including a new HRIS/Payroll system,

consolidation of phone and file server platforms, complete transition to cloud services for all remaining information technology and a number of key IT security improvements.

Strategy & business planning has been undertaken across the business and resulted in the establishment of an annual business plan to better track progress on initiatives.

AVA has also successfully developed and launched a new pet insurance product (Vets Choice). This brings much needed competition to the Australian pet insurance market.

Further extending our new offerings, the AVA team are well progressed on a new event & exhibition (Vet Pet & Animal Show / Vet Boot Camp) that will be brought to the market in 2020. This will provide another distinct offering for both members and the public.

Preparations are also underway for large-scale member research and value proposition redevelopment, with the intent on further understanding member needs and how these can be better served in the near future.

Corey Snell
Chief Executive Officer

2019 Award Recipients

CONGRATULATIONS TO THE AVA'S 2019 AWARD RECIPIENTS

President's Award

// Dr Julia Nicholls

Fellow

// Dr Chris Reardon

Gilruth Prize

// Dr Chris Pollit

Meritorious Service Awards

// Dr Bob Rees

// Dr Geeta Saini

Don Kerr Student Award

// Dr Madeline Strong

Overview of 2019



8,490

Total membership, including veterinarian, students and associate members as at 31 December 2019



2,651

Student members as at 31 December 2019



5,617

Veterinarian members as at 31 December 2019



92%

Member retention rate for 2019



11,558,124

Total revenue for the year ending 31 December 2019



11,609,212

Net assets as at 31 December 2019



715

Paid delegates who attended the 2019 AVA Annual Conference in Perth



183

Conferences, seminars, workshops and webinars held during 2019



11,231

Veterinarians participated in AVA continuing education activities during 2019



100%

Board members, attendance at meetings in 2019



293

AVA members played an active voluntary role on committees, working groups, task forces and the board



43

Paid staff provided support and services. The equivalent of 39.88 full time staff



460

Mentors and mentees were engaged in the mentoring program as at 31 December 2019

Treasurer's Report

IN 2019, AVA HAD MANY FINANCIAL PRIORITIES AND CHALLENGES. AVA FURTHER PROGRESSED ITS IMPLEMENTATION OF THE *DIGITAL TRANSFORMATION PROJECT (DT)*, FINALISED THE SALE OF THE QUEENSLAND PROPERTY ASSET AND ROLLED OUT NEW SERVICES, MEMBERSHIP INITIATIVES AND INNOVATIVE PROGRAMS TO HELP FUTURE PROOF THE ORGANISATION.

AVA continues to review its whole of business cost basis and operated in a manner that reflected ongoing challenges with membership retention and income earned from our traditional revenue streams.

The Board reviewed the investment diversification roadmap of the sale of property assets and at this stage has decided that further asset sales are not appropriate in the current operating environment. The Board looks to ensure that members' funds are appropriately allocated across asset classes. It is the Board's view that following the sale of the Victorian and Queensland properties, the mix of investment in cash, property and listed securities provides for a more balanced investment portfolio.

The process of ongoing innovation in member services and opportunities has realised the launch of the new AVA Website and Member Portal, Vets Choice Pet Insurance, the Return to Work Program and the creation of the Australian Veterinary Students Group (AVSG). The Board expects that these initiatives will prove to be a valuable part of our member value proposition and be an addition to our income streams and diversification.

Much organisational restructure has taken place under the leadership of Corey Snell, who has experienced his first year as CEO. Thanks to his substantive efforts with the management team, AVA has been able to mitigate a softening in income by a substantial reduction in business costs. This has been achieved by improved management of discretionary expenditure, together with the organisational restructure that streamlined activities across the business facilitating savings in staff and other administration costs.

The 2019 financials follow a pattern that has been occurring in AVA core business over the last few years. There are signs of change however, as new AVA membership initiatives, the DT project and an increased focus on the member value proposition point toward financial stimulation and heightened member engagement.

The Board and management are focused on meeting the challenge of a changing CPD marketplace, competition for stakeholder support and creating value for members.

Operating result

In 2019, the consolidated result including the trusts for the AVA was a deficit of \$273,226 compared to a deficit of \$190,438 in 2018. Within this figure, the AVA parent entity result was a deficit of \$275,712 which was \$19,908 better than budget and \$647,529 better than the 2018 reported deficit of \$923,241.

The Statement of Profit and Loss and Other Comprehensive Income of the parent entity show a revenue of \$11,439,582 (\$11.6M; 2018) and expenses of \$11,715,294 (\$12.5M; 2018).

The magnitude of the operational and financial challenge faced by the Board and management this year is seen in the total end of year income being \$1,172K below budget.

CPD attendance and income was significantly down against budget across key conferences. Successful management of these conferences still managed to make them profitable and key conferences held or exceeded their budgeted profit margins.

Subscription income results were under budget by \$55k for the year, however \$27k better than 2018 results. Membership retention remains a major challenge facing the Board and management. The performance against budget reflects the slight drop in membership numbers year on year (Veterinary Members – 5,715 Dec 18 v 5,617 Dec 19).

In addition to management of conference costs, staff savings, administration expense savings and reduced AVJ publication costs helped offset the reduced income. Efficient management of divisions, 19 SIGs and 40 branches within the AVA also helped keep AVA on its financial targets.

Balance sheet

AVA remains in a sound financial position. As at 31st December 2019, AVA parent entity held a total of \$13.8 M in total assets up from \$13.2 M in 2018. Unrestricted cash is at \$2.8M and the current ratio is 1.49 indicating that the AVA remains solvent and can pay bills when they fall due.

Investment performance

AVA investments in our managed funds grew by 12.5% despite market volatility during the mid-year period. As at the end of 2019, the AVA parent entity held financial investments in the form of managed funds and listed shares of \$2.85M. This includes a cash injection following the sale of the Queensland property.



Finance Committee

The Finance Committee is a subcommittee of the Board and meets face to face (or by teleconference). In total the Committee met on five occasions during 2019.

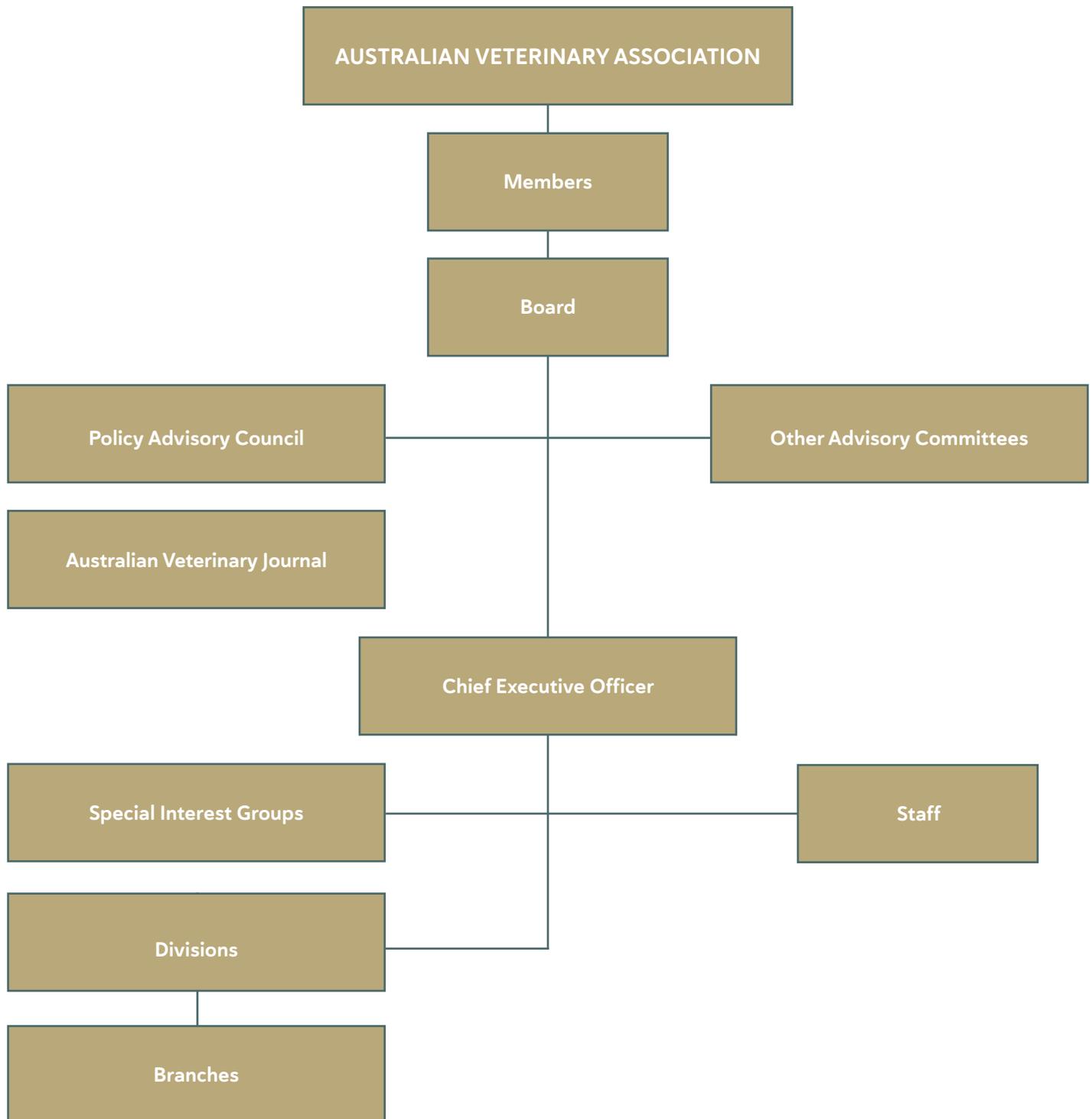
Members for the year were Julia Crawford, Paula Parker, Bronwyn Orr, David Petersen and Nick Sangster. In the operations of the Committee the President is ex officio in fulfilling their individual role on the Committee and the CEO Corey Snell and Peta Bortfield attended all meetings. The Head of Corporate Services (Michael Ghattas) supported

the subcommittee providing timely, relevant, accurate and invaluable reports and advice. Our auditors, Pitcher Partners continued to offer sound independent advice.

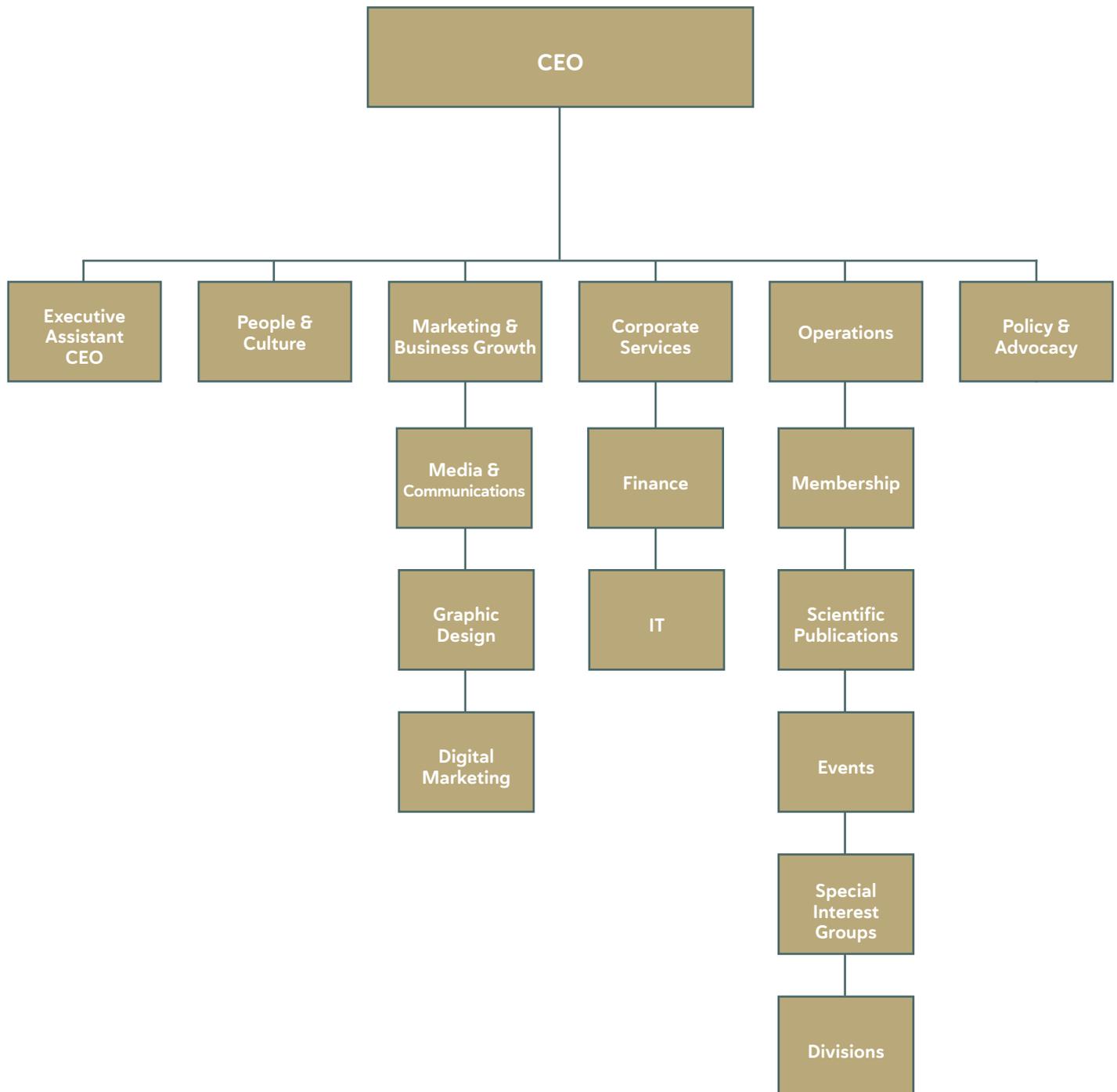
I give a most heartfelt thank you to both my fellow Board members, President Julia and the dedicated AVA staff who have been pivotal to managing the AVA's business and financial achievement of these results.

Dr Warwick Vale
Treasurer

Organisational Report



Staff Structure



Directors' Report

THE DIRECTORS OF THE AUSTRALIAN VETERINARY ASSOCIATION LIMITED ("THE COMPANY") PRESENT THEIR REPORT TOGETHER WITH THE FINANCIAL STATEMENTS OF THE AUSTRALIAN VETERINARY ASSOCIATION LIMITED AND CONTROLLED ENTITIES ("ECONOMIC ENTITY") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019.

Directors

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

- // Dr Julia Crawford
- // Dr Warwick Jonathon Vale
- // Dr Paula Parker
- // Dr Kenneth Jacobs
- // Dr Christopher Reardon (Ceased May 2019)
- // Dr Robert Doneley
- // Dr Robert Johnson
- // Dr Malcolm McLennan (Ceased May 2019)
- // Dr Matthew David Petersen
- // Dr Bronwyn Orr (Appointed May 2019)
- // Dr Nicholas Sangster (Appointed May 2019)

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

Information on Company Secretary

- // Michael Ghattas, BBus, CPA
Company Secretary since 21 December 2018
- // Corey Snell, BSc, Grad Dip IT, Grad Cert Management
Company Secretary since 21 December 2018

Principal activities

The principal activities of the Economic Entity during the financial year focused on the advancement of veterinary and allied sciences and included:

- // operation as an association representing veterinary professionals in Australia;
- // providing high standards of continuing education and professional development, including:
 - conduct of the 2019 AVA National Conference in Perth;
 - conduct of various Divisional and Special Interest Group conferences including the 41st Bain Fallon Memorial Lectures for EVA, the ACV, the ASAV, SCGV &

AVBIG Conference, and the VBG Summit all targeted at delivering the latest scientific and professional updates to members;

- the presentation of a large number of seminars, workshops and meetings throughout Special Interest Groups, Divisions and Branches;
- // publication of the Australian Veterinary Journal, Australian Veterinary Practitioner, Companion, Australian Equine Veterinarian, The Australian Cattle Veterinarian and Skirting the Issues;
- // publication of other scientific newsletters, journals, communications and materials and the maintenance of the Vet Ed library;
- // promotion of the value of the profession to the community, industry and government;
- // providing a forum for veterinarians to exchange information, ideas and access member services;
- // providing leadership and expert scientific advice on animal health, welfare and production to members, industry and government;
- // stimulating and contributing to informed debate on issues of scientific and professional importance;
- // developing technical evidence-based policy on animal health and welfare issues;
- // developing scientific guidelines for members on a range of topics, e.g. Antimicrobial Prescribing Guidelines;
- // on behalf of members, making science-based submissions in response to developments in government policy and legislation which may affect the conduct of veterinary science within Australia;
- // providing scientific advice on issues of veterinary or public health significance, adverse events associated with pet food, major animal welfare incidents, emergency animal diseases, and natural disasters affecting animals or the profession;
- // representing the AVA as a member of key national and international committees dealing with veterinary scientific issues.

There were no significant changes in the nature of the Economic Entity's principal activities during the financial year.

Operating results

The consolidated deficit from operations for the year was \$273,226 (2018: deficit \$190,438).

Review of operations

A review of the operations of the Economic Entity during the financial year is contained in the Report of the National President.

The Economic Entity comprises The Australian Veterinary Association Limited, including 8 Divisions, 19 SIGs and 40 Branches in addition to the AVA National Group and 5 Trusts. All groups operate within their own budgetary control but within financial operating guidelines promulgated by the Board of Directors. Being a not-for-profit entity, the Company does not seek to maximise profits but to undertake activities with available income. On the foregoing basis, it is expected that the Economic Entity will generate surpluses in some years (to be carried forward for future use) and deficits in some years (representing the expenditure of past or future surpluses).

Vision, purpose, objectives and AVA strategy

The objects of the Company are set out in its Constitution.

The vision of the Company is to be the health and welfare leader in Australia's animal industries.

The strategic priorities of the Company are:

1. Improving animal welfare
2. Fighting antimicrobial resistance
3. Our Profession (which includes):
 - // Planning an effective veterinary workforce
 - // Ensuring economic sustainability, and
 - // Better regulation of the profession.

These strategic priorities underpin the continuing foundation provided by the range of core scientific activities delivered each year by the AVA.

Among the projects already planned or underway are:

1. Continue to build upon the foundations of the Digital Transformation to include the integration of the Learning Management System with the AVA Member Website, a new Electronic Direct Marketing platform, AVA merchandise and extending events registration and functionality to include flagship events;
2. Development of Antibiotic Prescribing Guidelines for livestock species and horses;
3. Establishment of a new Group within the AVA, the Australian Veterinary Student Group to focus programs and services that will better support students as they transition to the profession;

4. Initiation of a member value research project to review value proposition to ensure that we continue to evolve our offering to meet members' needs;
5. Introduction of the Return to Work program, a structured online self-paced learning program to assist small animal veterinarians to refresh their skills after a career break;
6. AVA Culture and Leadership Development - designed to support the delivery of organisational sustainability and progress through an integrated program of activity intended to establish and underpin culture expectations supported by leadership and management development.

Key performance measures

The Company measures its own performance in achieving its objectives through the use of both quantitative and qualitative benchmarks set out in the Strategic Plan of a relevant year. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

A key benchmark in assessing the financial stability of the parent company has been the performance against the Company's approved annual budget. The AVA parent entity result was a deficit of \$275k (2018-deficit \$923k) representing a positive variance of \$20k to the budget target deficit of \$295k.

Significant changes in state of affairs

No significant changes in the Economic Entity's state of affairs occurred during the financial year.

Events subsequent to reporting date

On March 19 2020 the Group's financial statements for the year ended 31 December 2019 were authorised for issue. The Directors have considered the impact of COVID-19 and have determined that there are no adjustments required to the 2019 financial statements. However as a provider of education and professional development through the conduct of various conferences, the travel bans and community restrictions imposed by the Government has led to the cancellation of AVA's National Conference in May 2020. The expiry period of these government restrictions is unknown, however it is likely that further events will be cancelled in 2020. The Group has implemented cost reduction strategies to mitigate the impacts of revenues lost as a result of the cancellation of these events. Given the uncertainty surrounding COVID-19 an estimate of its financial effect cannot be made.

There has also been a substantial decline in equity markets since reporting date. The movement in the equity markets has not been reflected in the financial statements, however the fair value of financial assets at fair value through other comprehensive income declined 25.1% from 31 December 2019 to date of the signing of this report.

Likely developments

No information is included in this report as it is the opinion of the Directors that the disclosure of this information would prejudice the interests of the Economic Entity.

Likely developments in the activities of the Economic Entity are noted elsewhere in the Annual Report, with the Company continuing to work towards the achievement of its objectives.

Dividends

The Company's constitution precludes the payment of dividends. Accordingly, the Directors do not recommend the payment of a dividend. No dividend has been paid or declared since the commencement of the financial year.

Directors' benefits

Since 31 December 2019, no Director has received or become entitled to receive any benefit by reason of a contract made by the Economic Entity or a related corporation with the Director or with a firm of which he/she is a member, or with a Company in which he/she has a substantial financial interest. However, the President and Directors who serve in an honorary capacity are entitled to receive a reimbursement for actual expenses incurred as well as an honorarium for their services as Directors of the Company. Directors' interests were identified ahead of every meeting.

Information on Directors

Dr Julia Crawford

BVSc

AVA President since May 2019, AVA Director since May 2015, Meritorious Service Award 2015, NSW Division President 2012, NSW Division Treasurer 2009–2011, Chair National Industry Advisory Group for Veterinary Nursing 2013–2016, Deputy Chair Animal Care and Management IRC, Director Bondi Junction Veterinary Hospital. AVA Member since 1996. Chair of Policy Advisory Committee 2018, 2019.

Dr Warwick Jonathon Vale

BSc BVMS (Hons II) FAVA

AVA Treasurer since May 2019. AVA Board member since November 2018. Graduated from Murdoch University 1989. Past Partner of Midland/Bullsbrook Veterinary Hospitals, large mixed practices in WA. Now Partner Valley Equine Veterinary Services, actively working in clinical

practice. Has extensive board/committee governance experience in not for profit organisations. Both AVA, SIG and Division experience. Member AVA for 28+ years. Previously Divisional Committee Member (WA). Past President EVA 2012, Treasurer EVA Executive Committee 2001–2007. Awarded AVA Meritorious Service Award 2010 and AVA Fellowship 2018. Professional interests are Equine Practice, Medication Control Horses, FEI Veterinarian, Practice Management, Student mentoring and training, Association Governance, Professional Collegiality.

Dr Paula Parker

BVSc (Hons), PGCert (Veterinary Clinical Studies), MVS (Small Animal Practice), MBA MANZCVS (Emergency and Critical Care), GAICD

AVA President 2017–2019. AVA Director since May 2015. Chair Nominations and Remunerations Committee 2019–2020. Chair, Veterinary Business Advisory Group 2017–2019. Member, Veterinary Business Advisory Group since 2017. Conveyor, Veterinary Business Group Summit since 2017. AVA Student Member 2004–2009. AVA Full member from 2009. Member Australian Institute of Company Directors since 2015, Graduate of the Australian Institute of Company Directors in 2017. Assistant Director, Education and Research, American Veterinary Medical Association since 2020.

Dr Kenneth Jacobs

BVSc, MVSc, MANZCVS (Equine Surgery) GAICD

AVA Director since May 2017, Chair of Risk and Audit Committee since 2018, NSW SW Slopes Branch President and Executive 1985–1987. Director Canberra Veterinary Hospital and Canberra Equine Hospital 1987–2008. Executive, Treasurer, President, Treasurer, Policy Councillor and Committee Member EVA 1998–2004. Treasurer, Policy Councillor and Committee Member VERA 2012–2015, University Educator (part-time) Charles Sturt University 2005–present. Equine practitioner at Wallendbeen 2006–present. 2017 Graduate, Australian Institute of Company Directors.

Dr Christopher Reardon

BVSc (Hons), BSc (Hons), MANZCVS (Equine Medicine), GAICD

AVA Fellow. AVA Member since 1994. AVA Director from 2013–2019. AVA Vice President (2015), AVA Treasurer (2016–2019), Graduate of the Australian Institute of Company Directors, President of the Darling Downs & South West branch (1996–1999), EVA Committee member (2006–2010), EVA President 2010, Member of AVA-EVA Hendra Virus Task Force; Meritorious Service Award 2018 (QLD). Director Wells & Garde Pty Ltd T/A Warwick & Allora Veterinary Clinics.

Dr Robert JT Doneley

BVSc FANZCVS (Avian Health)

AVA Member since 1978. AVA Board Director since 2016. AVA Vice President since 2018. Executive Committee member Unusual Pets and Avian Veterinarians since 2014. Executive Committee member Unusual and Exotic Pets Veterinarians 2008–2014. Executive Committee member Australian Avian Veterinary Medical Association 2005–2008. Board Director Association of Avian Veterinarian Australasian Committee 2015–2018. Secretary/Treasurer Darling Down and South West Queensland Branch of the AVA 1989–1991, President 1991–1992. Member of the Australian Institute of Company Directors 2016–2019. Associate Professor, School of Veterinary Science, The University of Queensland. Chair of Nomination and Remuneration Subcommittee 2018–19.

Dr Robert Johnson

BVSc MANZCVS (Feline) CertZooMed BA MAICD

AVA Director since 2014, AVA President 2015–2017, President Unusual Pet and Avian Veterinarians SIG (UPAV) 2009–2015, Policy Councillor UEP/UPAV 2005–2014. Chair, Policy Advisory Council 2015, Treasurer Feline Chapter ANZCVS 2010–2015. Australian/New Zealand representative to the International Committee of the Association of Reptile and Amphibian Veterinarians (ARAV) 2012–2015. Lecturer, James Cook University, School of Veterinary and Biomedical Sciences 2006–2016. Member of two animal ethics committees 1998–2005. Clinical Veterinarian Taronga Conservation Society Australia (TCSA) 2005–2012; locum veterinarian TCSA 2019–present. Principal/Partner Springwood Veterinary Clinic 1983–2003; South Penrith Veterinary Clinic 2003–2018. Director, Vets Beyond Borders 2017–present. Member, Wildlife Health Australia Committee 2019–present. Chair, Veterinary Science Alumni Association, The University of Sydney. Chair, Stock Welfare Panel, NSW Department of Primary Industries, Biosecurity and Food Safety. AVA Member since 1977.

Dr Malcolm McLennan

BVSc, MSc MVSc. MANZCVS (Medicine of Dairy Cattle), GCEd, MAICD, FAVA

AVA Member since 1964. AVA Director 2002–2004 and 2013–2019. Queensland Division President 2001–2002 and South-east Queensland Branch President 1999–2001 and 2011–2013. Coordinator, AVA Education Day at Annual Conference 2003–2019. Adjunct Senior Lecturer UQ from 2011–present. Chief Clinical Examiner, National Veterinary Exam (NVE) for overseas veterinarians 2010–2017 and NVE Board member 2008–2019. Honorary Historian, Queensland Division, AVA, 2006–2015. Distinguished Service Award 1997 (QLD), Distinguished Service Award 2019 (AVBC), MSA 1996.

Dr Matthew David Petersen

BSc, BVMS

AVA Board member since November 2018. ACV Treasurer 2012–2016, AVA Meritorious Service Award 2016, member ACV World Buiatrics 2014 Cairns organising committee, ACV President 2007–2008, ACV President Elect 2006–2007, ACV Vice President 2008–2009, ACV NSW State Representative 2004–2007, ACV conference organiser 2006 Port Macquarie, Accredited Pregnancy Testing examiner for Australian Cattle Veterinarians (manual & ultrasound), Australian Veterinary Reserve Member since inception, member Veterinary Programming Committee Charles Sturt University 2006–2009, AVA and ACV member since 1990. Shareholder and director Southern Riverina Vets and prior entities 1986–2015. Director and shareholder Cowbank Pty Ltd (cattle finance company). Owns and operates an irrigated beef farm. Northern group lead Apiam Animal Health 2016–2017.

Dr Bronwyn Orr

BVSc, MSc (IAWEL), MANZCVS (Animal Welfare)

AVA Director since May 2019. AVAWE Policy Councillor 2016–2019. AVA Member since 2014. Graduated from James Cook University (JCU) 2013. Member of the Australian Institute of Company Directors since 2019. UQ AEC Category C member 2016. Pets in the Park Executive Committee member 2016 (QLD) and 2017–2019 (ACT). TGA AEC Category C member. JCU Outstanding Early Career Alumni award 2018. Casual RSPCA ACT shelter veterinarian since 2017. RSPCA Australia Scientific Officer for Companion Animals 2017–2019. Casual academic at The University of Sydney since 2018. Current PhD candidate at The University of Sydney. Director of Animal Welfare in Entertainment Pty Ltd.

Dr Nicholas Sangster

BSc (Hons), BVSc (Hons), PhD, DipEVPC, MAICD

AVA Board Director since 2019 and member of Finance Committee and Audit and Risk Committee. Associate Editor for the Australian Veterinary Journal. Past member of the Cattle and Sheep SIGs of the AVA. Other awards include Fellow of the Australian Society for Parasitology and Diplomate of the European Veterinary Parasitology College. University Academic and Researcher including roles as Professor in Veterinary Parasitology (Sydney) and Professor in Veterinary Pathobiology and Head of School of Animal and Veterinary Sciences (Charles Sturt). Registered Specialist in Veterinary Parasitology and a private consultant in antiparasitic agents. Previous engagements with Australian Pesticides and Veterinary Medicines Authority (APVMA), Animal Health Australia, Veterinary Surgeons Board of NSW, Editor-in-Chief International Journal for Parasitology, the World Organisation for Animal Health (OIE) and Council of Veterinary Deans of Australia and New Zealand.

Meetings of Directors

During the financial year, 8 meetings of Directors were held. Attendances were:

	Number Eligible to Attend	Number Attended
Julia Crawford	8	8
Warwick Jonathon Vale	8	8
Paula Parker	8	8
Kenneth Jacobs	8	8
Christopher Reardon	4	4
Robert Doneley	8	8
Robert Johnson	8	8
Malcolm McLennan	4	4
Matthew David Petersen	8	8
Bronwyn Orr	4	4
Nicholas Sangster	4	4

Members Limited Liability

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 \$50 each towards meeting any outstanding obligations of the Company. At 31 December 2019, the total amount that members of the Company are liable to contribute if the Company is wound up is \$424,500 (2018: \$436,000).

Insurance for Company Officers

During and since the financial year the Company has paid, or agreed to pay, premiums in respect of contracts insuring persons who are or have been a Company Officer, against certain liabilities incurred in that capacity. Company Officer for this purpose means any Director or Secretary of the Company and includes any other person who is concerned, or takes part, in the management of the Company, including Trustees of the five trusts: Australian Veterinary Association Benevolent Fund (AVABF), Australian Companion Animal Health Foundation (ACAHF), Australian Veterinary Association Animal Welfare Trust (AVAAWT), AVA Animal Welfare Institute Trust and The Stephen Rose Foundation.

The insurance contracts prohibit disclosure of the nature of the liabilities insured by the contracts and the amount of the premiums.

Indemnity and insurance of Directors and Officers

The Company has, to the extent permitted by law, entered into agreements to indemnify its Directors and officers for all losses or liabilities incurred as an Officer of the Company or a related company. This includes losses or liabilities incurred as an Officer of a Company where such office is held for the benefit of the Company.

Environmental issues

The Economic Entity's operations are not subject to significant environmental regulation under the law of the Commonwealth or any State or Territory.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (*Rounding of Financial/Directors' Reports*) Instrument 2016/191, the amount in the Directors' Report have been rounded to the nearest dollar, unless otherwise stated.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 40.

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



Warwick Vale
Director and Treasurer



Julia Crawford
Director and President

Dated at Sydney 19 March 2020



Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019	Notes	2019 \$	2018 \$
Revenue from ordinary activities			
Membership and Subscription		4,133,800	4,108,438
Sponsorship		538,626	585,390
Affinity Commissions		1,003,603	950,645
Communications and Publications		310,091	412,376
Conference & Education		5,002,911	5,051,484
Rental Income		17,907	26,460
Other Revenue			
Interest		66,095	77,760
Investment Income		182,514	208,867
Other Revenue		302,577	992,279
Total revenue		11,558,124	12,413,699
Expenses			
Service expenses		(703,430)	(705,293)
Sponsorship, marketing and promotions expenses		(191,201)	(180,987)
Conferences and continuing education expenses		(3,871,994)	(4,111,266)
Communications and publications expenses		(1,637,608)	(1,962,419)
Occupancy expenses		(237,689)	(254,127)
Finance Costs		(3,297)	-
Policy and advocacy		(478,277)	(427,777)
Realised loss on asset held for sale		-	(90,300)
Administration expenses		(4,133,206)	(4,124,592)
Other operating expenses		(574,648)	(747,376)
Total expenses		(11,831,350)	(12,604,137)
(Deficit) from ordinary activities before income tax expense		(273,226)	(190,438)
Income tax expense relating to ordinary activities	1(b)	-	-
(Deficit) from ordinary activities after income tax expense	15	(273,226)	(190,438)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit and loss			
Realised/unrealised (loss)/gain on property	16	(139,574)	38,643
Items that may not be reclassified to profit or loss			
Realised/unrealised gain/(loss) on financial assets at fair value through other comprehensive income	16	584,127	(289,206)
Total comprehensive income/(loss) for the year		171,327	(441,001)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	17	3,505,789	4,047,189
Financial assets	7	336,000	325,770
Trade and other receivables	4	1,236,684	811,817
Inventories		23,830	18,626
Other current assets	5	729,485	368,513
Asset held for sale	6	-	306,500
Total current assets		5,831,788	5,878,415
Non-current assets			
Financial assets	7	4,895,799	3,597,313
Property and equipment	8	3,654,812	4,868,097
Right of use assets	9	375,932	-
Intangible assets	10	1,719,702	1,261,680
Total non-current assets		10,646,245	9,727,090
Total assets		16,478,033	15,605,505
LIABILITIES			
Current liabilities			
Trade and other payables	11	789,229	974,224
Contract liabilities	12	3,144,036	2,679,627
Lease liabilities	13	23,431	-
Provisions	14	471,497	353,130
Total current liabilities		4,428,193	4,006,981
Non-current liabilities			
Lease liabilities	13	295,923	-
Provisions	14	144,705	160,640
Total non-current liabilities		440,628	160,640
Total liabilities		4,868,821	4,167,621
Net assets		11,609,212	11,437,884
EQUITY			
Retained earnings	15	6,238,303	6,501,979
Reserves	16	5,370,909	4,935,905
Total Equity		11,609,212	11,437,884

The accompanying notes form part of these financial statements.

Financial Statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR TO 31 DECEMBER 2019	Retained Earnings	Asset Revaluation Reserve	FVOCI Reserve	Capital Profits Reserve	Total
	\$	\$	\$	\$	\$
Balance at 01 January 2018	6,681,867	973,873	594,590	3,628,555	11,878,885
Total comprehensive (loss)/income:					
Deficit from operating activities	(190,438)	-	-	-	(190,438)
Other comprehensive income/(loss):					
Change in fair value of property and financial assets at fair value through other comprehensive income	-	39,816	(290,379)	-	(250,563)
Total comprehensive (loss)/income	(190,438)	39,816	(290,379)	-	(441,001)
Transfer of depreciation on appraisal of property from retained earnings to asset revaluation reserve	10,550	(10,550)	-	-	-
Balance at 31 December 2018	6,501,979	1,003,139	304,211	3,628,555	11,437,884
Total comprehensive income/(loss):					
Deficit from operating activities	(273,226)	-	-	-	(273,226)
Transfer of realised gain on sale of property to capital profit reserve	-	(411,303)	-	411,303	-
Other comprehensive income/(loss):					
Realised/unrealised loss on property	-	(139,574)	-	-	(139,574)
Change in fair value of property and financial assets at fair value through other comprehensive income	-	-	584,127	-	584,127
Total comprehensive income/(loss)	(273,226)	(550,877)	584,127	411,303	171,327
Transfer of depreciation on appraisal of property from retained earnings to asset revaluation reserve	9,550	(9,550)	-	-	-
Balance at 31 December 2019	6,238,303	442,712	888,339	4,039,858	11,609,212

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019	Note	2019 \$	2018 \$
Cash flow from operating activities			
Receipts from members' subscriptions		4,493,117	4,421,199
Receipts from other ordinary activities		7,650,046	8,924,407
Payments to suppliers and employees		(12,146,074)	(13,036,999)
Net payments to Australian Taxation Office for GST		(591,818)	(370,047)
Investment income received		182,514	217,231
Interest received		66,095	89,922
Net cash (used in)/provided by operating activities		(346,120)	245,713
Cash flow from investing activities			
Proceeds from sale of financial assets at fair value through other comprehensive income		674,376	1,903,917
Payments for purchases of financial assets at fair value through other comprehensive income		(1,388,734)	(2,455,411)
Net investments of short-term placements		(10,230)	366,002
Payments for purchases of intangible assets		(666,527)	(831,273)
Proceeds from sale of property and equipment		1,060,000	-
Proceeds from sale of asset held for sale		306,500	-
Payments for purchases of property and equipment		(170,665)	(9,484)
Net cash used in investing activities		(195,280)	(1,026,249)
Net decrease in cash held		(541,400)	(780,536)
Cash and cash equivalents at the beginning of the financial year		4,047,189	4,827,725
Cash and cash equivalents at end of the financial year	17	3,505,789	4,047,189

The accompanying notes form part of these financial statements.

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 2019

Note 1. Statement of significant accounting policies

The general purpose financial statements cover the consolidated group of The Australian Veterinary Association Limited as an individual parent entity (“the Company”) and The Australian Veterinary Association Limited and the controlled entities as a consolidated group (“the Group” or “Economic Entity”). The Australian Veterinary Association Limited is an unlisted public company limited by guarantee, incorporated and domiciled in Australia.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements except for the cash flow information, have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial statements are presented in Australian dollars, which is the Economic Entity’s functional and presentation currency.

The financial statements were authorised for issue on 19 March 2020.

Accounting policies

(a) Principles of consolidation

An entity is consolidated when the substance of the relationship between an entity and the Company indicates that the entity is “controlled” by the Company. The power to appoint or force resignation of trustees in accordance with the Trust Deed is an indication of this control.

The controlled entities are:

- // Australian Companion Animal Health Foundation (ACAHF);
- // Australian Veterinary Association Benevolent Fund (AVABF);
- // Australian Veterinary Association Animal Welfare Trust (AVAAWT);
- // AVA Animal Welfare Institute Trust;
- // The Stephen Rose Foundation.

All controlled entities have the same financial year-end as that of the Company.

All inter-company (Company-Trust) balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of the controlled entities have been changed where necessary to ensure consistency with those policies applied by the Company.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(b) Income tax

No income tax is payable by the Company as it has been advised on 30 October 1981 by the Deputy Commissioner of Taxation that it is exempt from income tax under the terms of section 50(5) of the *Income Tax Assessment Act*. As part of the self-assessment regime the Company sought professional advice during 2013, 2017 and 2019 which affirmed that there had been no substantial change in purpose of the Company since October 1981 and that the Company could continue as a tax-exempt entity.

(c) Inventories

Inventories comprise primarily of forms, publications, clothing and membership insignia which have been included in the accounts at cost on a first in first out basis. All inventories are stated at the lower of cost and net realisable value.

(d) Property and equipment

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

Property

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction. It is the policy of the Company to have an independent valuation every three

years, with annual appraisals being made by the Directors. Independent valuations of all properties as at 31 December 2017 have been obtained and provide the basis of property valuations in the financial statements. Newly acquired properties are valued at fair value.

At the end of each reporting period, the Directors update their assessment of the fair value of each property, taking account of the most recent independent valuations. In the event the carrying amount of these assets is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised.

Increases in carrying amount arising on revaluation of buildings are credited to asset revaluation reserve in the statement of changes in equity. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserves directly in the statement of changes in equity. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the comprehensive income and depreciation based on the asset's original cost is transferred from the retained earnings to asset revaluation reserve.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The buildings, which are a component of the total valuation of each property, are isolated from the land component and depreciated over expected life of 40 years, consistent with AASB 116 – *Property, Plant and Equipment*.

Office furniture, fittings and equipment

Office furniture, fittings and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amounts of office furniture, fittings and equipment are reviewed annually by Directors to ensure they are not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all property and equipment, excluding freehold land, is depreciated on a straight-line basis over their estimated useful lives to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of depreciable asset	Depreciation rate
Buildings	2.5%
Office furniture and fittings	5-10%
Equipment	25-33%
Leasehold improvements	10%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each statement of financial position date.

An asset's carrying amount is written down immediately to recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These gains and losses are included in the comprehensive income and transferred to capital profits reserve. Amounts included in the asset revaluation reserve relating to the asset sold are reversed to the capital profits reserve.

Impairment of assets

At each reporting date, the Economic Entity reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Intangible assets

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

For intangible assets arising from development is recognised if, and only if, the following have been demonstrated:

- // The technical feasibility of completing the intangible asset so that it will be available for use;
- // The intention to complete the intangible assets and use it;
- // The ability to use the intangible asset;
- // How the intangible asset will generate probable future economic benefits;

- // The availability of adequate technical, financial and other resources to complete the development and to use the intangible assets; and
- // The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Systems and software

Systems and software costs are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 7 years.

(e) Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current asset to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current asset, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

(f) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Economic Entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Derecognition

Financial assets are derecognised, where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Economic Entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are reflected at fair value. Unrealised and realised gains and losses arising from changes in fair value, or on disposal of the financial assets, are taken directly to asset revaluation reserve in equity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

Fair value

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

Impairment of financial assets

The Economic Entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition (this has replaced the incurred loss model). All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 31 December 2019, there are no expected credit losses recognised (31 December 2018: nil).

(g) Employee benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on Australian corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Provisions

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

(i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.

(j) Revenue

Revenue recognition policy for Revenue from Contracts with Customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration.

The customer for these contracts is the member or third party recipient.

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
5. Recognise revenue.

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.

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but may be property which has been donated or sold to the company at significantly below its fair value.

Once the asset has been recognised, the Company recognises any related liability amounts (e.g. provisions, financial liabilities).

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

The following specific recognition criteria should also be met before revenue is recognised:

- // Membership subscriptions are brought to account as income at the time these are received except that where members' subscriptions are received in respect of a future financial period, the income is deferred and subsequently recognised in that future period.
- // Interest revenue is recognised on a proportional basis using the effective interest method applicable to the financial assets.
- // Affinity commission is recognised when the right to receive the income has been established.
- // Conferences and events revenue which includes sponsorships and delegates fees are recognised upon commencement of the conferences and events.
- // Advertising revenue for the publishing activity of the Company is recognised when the particular article is due to be published.
- // Dividend and distribution revenue are recognised when the right to receive the income has been established.
- // Grant income is recognised on completion of grant performance obligation.

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

(k) Contract Liabilities

Contract liabilities generally represent the unspent grants or other revenues received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the grant / revenues.

Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

(l) Leases

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.

The Company has elected not to separate non-lease components from lease components and has accounted for all leases as a single component.

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.

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

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 of 8% 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.

The Company has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Significant estimates and judgements

Lease term – As a result of a significant event or significant change in circumstances the Directors have reviewed the extension option available for the commercial buildings. The lease payments that would arise during the optional extension periods have been included in the lease liability only if it is reasonably certain that the Company will choose to exercise the option.

Incremental borrowing rate - Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(m) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Economic Entity during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis except that the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparative Figures

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

(p) Fair Value of Assets and Liabilities

The Economic Entity measures some of its assets at fair value. Fair value is the price the company would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(q) Rounding of Amounts to Nearest Dollar

In accordance with *ASIC Corporations (Rounding of Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Financial Report have been rounded to the nearest dollar, unless otherwise stated.

(r) Critical Accounting Estimates and Judgments

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

The Directors assess impairment at each reporting date by evaluating conditions specific to the Economic Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates. At 31 December 2019 there are no impairments.

Estimation of Useful Lives of Assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of Non-financial Assets

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee Benefits Provision

As discussed in Note 1(g), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease Term

The Directors considered the extension option on the commercial buildings and have determined that the company will likely choose to exercise the option and therefore the lease payments that would arise during the optional extension periods have been included in the lease liability.

Incremental borrowing rate - Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(s) New or amended Accounting Standards and Interpretations adopted

The Economic Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The Group has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 January 2019.

The key changes to Group's accounting policies and the impact on the financial report from applying AASB 15 and AASB 1058 are described below. The Company has applied AASB 15 and AASB 1058 using the modified retrospective (cumulative catch-up) method which means the comparative information has not been restated and continues to be reported under AASB 118 Revenue, AASB 1004 Contributions and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to accumulated funds at 1 January 2019.

The following practical expedients have been applied on transition to AASB 15 and AASB 1058:

// For contracts modified prior to 1 January 2019, the company has elected not to restate the contract for the modifications and has instead reflected the aggregate effect of all the modifications that occur before the transition date on 1 January 2019.

Impact of adoption

The impact of the adoption of the standards on the following revenue streams is not material:

// Membership subscriptions
// Affinity commission
// Conferences and events revenue
// Advertising revenue
// Grant income.

AASB 16 Leases

The Group has elected to adopt 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 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

Impact of adoption

The impact of adopting AASB 16 is described below.

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 lessee 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 where an exemption election is used). The leases identified by the company (including building leases and certain office equipment) have been recognised as a right of use asset with a corresponding lease liability on the statement of financial position. The company has elected to use the exception to lease accounting for leases of low value assets (for the company this is most of the office equipment leases) and the lease expense relating to these leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis. The company has also elected to record concessionary leases at cost rather than fair value.

Practical expedients used on transition

AASB 16 includes several practical expedients which can be used on transition, the company has used the following expedients:

- // lease liabilities have been discounted using the Company's incremental borrowing rate at 8% at 1 January 2019;
- // a single discount rate was applied to all leases with similar characteristics;
- // leases with an expiry date prior to 31 December 2019 were excluded from the statement of financial position and the lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- // the Company did not have any finance leases.



Notes to Financial Statements

Note 2. Parent entity disclosures

In accordance with the *Corporations Amendment (Corporate Reporting Reform) Act 2010 and the Corporations Act 2001* the following summarised parent entity information is set out below. As at, and throughout, the financial year ended 31 December 2019 the parent company was The Australian Veterinary Association Limited.

Note 1(a) provides details as to the identity of the controlled entities (being AVA Trusts) which are consolidated with those of The Australian Veterinary Association Limited itself to create these consolidated financial statements.

Note 1(a) also provides further details as to the principles of consolidation used in the preparation of these consolidated financial statements.

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$
NOTE 2. PARENT ENTITY DISCLOSURES		
Profit and loss and other comprehensive income of the parent entity		
REVENUE		
Operating activities:		
Memberships and Subscriptions	4,133,800	4,108,438
Sponsorship	538,626	585,390
Affinity commissions	1,003,603	950,645
Communications and Publications	310,091	412,376
Conference and Education	5,002,911	5,051,484
Interest	49,800	58,827
Investment income	118,354	153,002
Rental income	17,907	26,460
Other revenue	264,490	230,234
Total revenue	11,439,582	11,576,856
EXPENSES		
Service expenses	703,430	705,293
Sponsorship, marketing and promotions expenses	191,201	180,987
Conferences and continuing education expenses	3,871,994	4,111,266
Communications and publications expenses	1,637,608	1,962,419
Occupancy expenses	237,689	254,127
Policy and advocacy expenses	478,277	427,777
Administration expenses	3,985,905	3,992,476
Finance cost	35,924	28,075
Realised loss on assets held for sale	-	90,300
Other operating expenses	573,266	747,377
Total Expenses	11,715,294	12,500,097
(Deficit) for the year	(275,712)	(923,241)

FOR THE YEAR ENDED DECEMBER 2019**2019****2018****\$****\$****NOTE 2. PARENT ENTITY DISCLOSURES****Items that may be classified to profit or loss**

Reversal of unrealised gain on property in prior year realised this year	-	38,643
Realised/unrealised loss on property	(139,574)	-

Items that may not be classified to profit or loss

Realised (loss)/gain on financial assets at fair value through other comprehensive income	(7,809)	254,224
Unrealised gain/(loss) on financial assets at fair value through other comprehensive income	309,673	(133,134)
Unrealised (loss) on property at fair value through other comprehensive income	-	(324,492)

Total other comprehensive income/(loss)	162,290	(164,759)
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Total comprehensive (loss)/income for the year	(113,422)	(1,088,000)
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Financial position of the parent entity:

Current assets	5,188,123	5,030,544
Total assets	13,792,560	13,197,247
Current liabilities	4,742,529	4,313,781
Total liabilities	5,183,158	4,474,421
Net assets	8,609,402	8,722,826

Total equity of the parent entity comprising:

Capital profits reserve	4,039,858	3,628,555
Asset revaluation reserve	442,711	1,003,138
FVOCI reserve	691,880	390,016
Retained earnings	3,434,953	3,701,117
Total equity	8,609,402	8,722,826

NOTE 3. PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities has been determined after:

Expenses

Realised loss on sale of property	-	90,300
Depreciation and amortisation	341,237	219,996
Provision for employee entitlements	102,432	(244,225)

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$

NOTE 4. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	1,087,127	648,407
Other receivables	149,558	163,410
	1,236,684	811,817

NOTE 5. OTHER ASSETS

Current

Prepayments	729,485	368,513
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NOTE 6. ASSET HELD FOR SALE

Property	-	306,500
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The office suite held at 401 Docklands Drive, Docklands Victoria was held for sale at 31 December 2018. This office suite was sold on 10 January 2019 with a settlement date of 10 May 2019.

NOTE 7. FINANCIAL ASSETS

Current

Short-term placements	336,000	325,770
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Non-Current

Financial assets at fair value through other comprehensive income

Managed funds	373,748	333,172
Listed shares	4,522,051	3,264,141
	4,895,799	3,597,313
Total	5,231,799	3,923,083

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$
NOTE 8. PROPERTY AND EQUIPMENT		
Freehold land at valuation	915,023	1,244,789
Buildings at valuation	2,631,977	3,609,055
Less accumulated depreciation	(131,599)	(96,899)
	2,500,378	3,512,156
Office furniture and equipment at cost	1,766,651	1,595,986
Less accumulated depreciation	(1,527,240)	(1,484,834)
	239,411	111,152
Total property and equipment	3,654,812	4,868,097

The property at Eight Mile Plains, Queensland was sold on 13 August 2019 and settlement occurred on 11 September 2019.

a) Movements in carrying amounts

Movements in the carrying amounts for each class of property and equipment between the beginning and the end of the current financial year.

FOR THE YEAR ENDED DECEMBER 2019	Freehold Land	Buildings	Office Furniture and Equipment	Total
	\$	\$	\$	\$
Balance at 1 January 2019	1,244,789	3,512,156	111,152	4,868,097
Additions	-	-	170,665	170,665
Disposals	(329,766)	(929,808)	-	(1,259,574)
Depreciation	-	(81,970)	(42,406)	(124,376)
Carrying amount at 31 December 2019	915,023	2,500,378	239,411	3,654,812

Independent valuations of all land and buildings were carried out in December 2017 by registered valuers in each State or Territory of the fair market value of land and buildings based on existing use and the values advised have been included in these financial statements.

The Directors have reviewed the key assumptions adopted by the valuers in 2017 and do not believe there has been a significant change in the assumptions at 31 December 2019. The Directors therefore believe the carrying amount of the land and buildings correctly reflects the fair value less costs to sell at 31 December 2019.

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$

NOTE 9. RIGHT OF USE ASSETS

Buildings		
Balance at 1 January 2019	-	-
Additions	384,288	-
Depreciation	(8,356)	-
Carrying amount at 31 December 2019	375,932	-

NOTE 10. INTANGIBLE ASSETS

Software at cost	2,288,993	673,140
Less accumulated amortisation	(650,809)	(442,304)
Total software	1,638,184	230,836
Development cost	81,518	1,030,844
Total	1,719,702	1,261,680

a) Movements in carrying amounts

Movements in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year.

	Software	Development Cost	Total
	\$	\$	\$
Balance at 1 January 2019	230,836	1,030,844	1,261,680
Additions	666,527	-	666,527
Reclassification	949,326	(949,326)	-
Amortisation expense	(208,505)	-	(208,505)
Carrying amount at 31 December 2019	1,638,184	81,518	1,719,702

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$

NOTE 11. TRADE AND OTHER PAYABLES

Current

Trade payables	288,827	565,733
Accruals	442,003	386,888
Net GST payable	58,399	21,603
	789,229	974,224

NOTE 12. CONTRACT LIABILITIES

Current

Income received in advance:

Membership subscriptions	1,978,890	1,684,215
Conference income	883,514	786,746
Other income in advance	281,632	208,666
	3,144,036	2,679,627

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$
NOTE 13. LEASE LIABILITIES		
Current		
Building leases	23,431	-
Non-current		
Building leases	295,923	-
Total	319,354	-

The Company has leases over buildings and office equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

TERMS AND CONDITIONS OF LEASES

1. BUILDINGS

Commercial lease

The Company leases corporate office buildings in various States for the corporate offices, the leases are for 3 years and include renewal options to allow the company to review for up to twice the non-cancellable lease term at the Company's discretion.

The Company includes options in the leases to provide flexibility and certainty to its operations and reduce costs of moving premises.

At commencement date and each subsequent reporting date, the Company assesses where it is reasonably certain that the extension options will be exercised.

The corporate office leases contain annual fixed 3% increases where the lease payments are adjusted at each anniversary date and undergo a market rent review on renewal of an option.

2. OFFICE EQUIPMENT

Leases for office equipment such as photocopier and printers are generally for a 3-year term and are treated as leases of low value assets.

Lease impact in the statement of profit and loss and other comprehensive income

The amounts recognised in the statement of profit and loss and other comprehensive income relating to leases where the Company is a lessee are shown below

FOR THE YEAR ENDED DECEMBER 2019	2019
	\$
Interest on lease	3,294
Expenses relating to leases of low-value assets	22,248
	25,542

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$
NOTE 14. PROVISIONS		
Current		
Employee benefits	471,497	353,130
Non-current		
Employee benefits	144,705	160,640
Total	616,202	513,770

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of the future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$
NOTE 15. RETAINED EARNINGS		
Balance at 1 January	6,501,979	6,681,867
Transfer of depreciation on appraisal of property to asset revaluation reserve	9,550	10,550
(Deficit) from operating activities	(273,226)	(190,438)
Balance at 31 December	6,238,303	6,501,979

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$
NOTE 16. RESERVES		
Asset Revaluation Reserve		
Balance at 1 January	1,003,139	973,873
Change in fair value of the assets:		
Realised/unrealised (loss)/gain on property	(139,574)	39,816
Transfer of realised gain on sale of property	(411,303)	-
Transfer of depreciation on appraisal of property from retained earnings	(9,550)	(10,550)
Balance at 31 December	442,712	1,003,139

Other comprehensive (loss)/income:

FVOCI Reserve		
Balance at 1 January	304,211	594,590
Change in fair value of financial assets at fair value through other comprehensive income:		
Realised loss	(3,942)	-
Unrealised gain/(loss)	588,069	(290,379)
Balance at 31 December	888,339	304,211

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$

NOTE 16. RESERVES

Capital Profits Reserve

Balance at 1 January	3,628,555	3,628,555
Transfer of realised gain on property	411,303	-
Balance at 31 December	4,039,858	3,628,555
Total Reserves Balance at 31 December	5,370,909	4,935,905

Asset Revaluation Reserve

This reserve records the Economic Entity's appraisal increase of its revalued property at fair value through other comprehensive income.

FVOCI Reserve

This reserve reflects the realised and unrealised gains/losses on its financial assets at fair value through other comprehensive income.

Capital Profits Reserve

This reserve records the Economic Entity's realised gains and losses on the disposals of its property.

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$

NOTE 17. CASH FLOW INFORMATION FOR CASH AND CASH EQUIVALENTS

Cash on hand and cash in bank	1,145,288	1,231,693
Short term placements	2,360,501	2,815,496
	3,505,789	4,047,189

NOTE 18. MEMBERS GUARANTEE

The company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the Company. As at 31 December 2019, the number of members was 8,490 (2018: 8,720).

FOR THE YEAR ENDED DECEMBER 2019	2019	2018
	\$	\$

NOTE 19. KEY MANAGEMENT PERSONNEL COMPENSATION

Total compensation	2,131,979	2,527,404
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NOTE 20. RELATED PARTIES

Directors: The names of persons who were Directors at any time during the year are set out in the Directors' Report on page 12.

Information relating to the remuneration of Directors is included in Note 19 as part of remuneration provided to key management personnel. There were no other transactions between Directors and the Company during the year.

During the year, interest paid to controlled entities amounted to \$32,630 (2018: \$28,075) and loans between controlled entities amounted to \$329,736 (2018: \$306,801).

Apart from the above, there were no other 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.

Notes to Financial Statements

NOTE 21. COMPANY DETAILS

The registered office and principal place of business of the Company is: Unit 40, 6 Herbert Street, St Leonards, NSW, 2065.

NOTE 22. SUBSEQUENT EVENTS

On March 19 2020 the Group's financial statements for the year ended 31 December 2019 were authorised for issue. The Directors have considered the impact of COVID-19 and have determined that there are no adjustments required to the 2019 financial statements. However as a provider of education and professional development through the conduct of various conferences, the travel bans and community restrictions imposed by the Government has led to the cancellation of AVA's National Conference in May 2020. The expiry period of these government restrictions is unknown, however it is likely that further events will be cancelled in 2020. The Group has implemented cost reduction strategies to mitigate the impacts of revenues lost as a result of the cancellation of these events. Given the uncertainty surrounding COVID-19 an estimate of its financial effect cannot be made.

There has also been a substantial decline in equity markets since reporting date. The movement in the equity markets has not been reflected in the financial statements, however the fair value of financial assets at fair value through other comprehensive income declined 25.1% from 31 December 2019 to date of the signing of this report.

NOTE 23. FAIR VALUE MEASUREMENTS

The Economic Entity has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The Economic Entity does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

FOR THE YEAR ENDED DECEMBER 2019	Notes	2019 \$	2018 \$
RECURRING FAIR VALUE MEASUREMENTS			
Financial assets			
Financial assets at fair value through other comprehensive income			
Managed funds	7	373,748	333,172
Listed shares	7	4,522,051	3,264,141
Property and equipment			
Freehold land	8	915,023	1,244,789
Buildings	8	2,500,378	3,512,156

Managed funds are stated at the redemption price quoted by the investment managers at the reporting date. The redemption price is based on the market value of the underlying investments on the same date net of the costs of realisation.

For investments in listed shares, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

For freehold land and buildings, the fair values are based on a directors' valuation taking into account an external independent valuation performed in the 2017 year.

Directors' Declaration

The Directors of The Australian Veterinary Association Limited (“the Company”) declare that:

1. the financial statements and notes as set out on pages 18-38, are in accordance with the *Corporations Act 2001*:
 - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; 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 Economic Entity; and
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.



Warwick Vale
Director and Treasurer

Dated at Sydney 19 March 2020



Julia Crawford
Director and President

Auditor's Independence Declaration



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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AUSTRALIAN VETERINARY ASSOCIATION LIMITED
ABN 63 008 522 852**

In relation to the independent audit for the year ended 31 December 2019, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of The Australian Veterinary Association Limited and its Controlled Entities during the financial year.

A handwritten signature in black ink that reads "S Wallace".

S WALLACE
PARTNER

PITCHER PARTNERS
SYDNEY

19 March 2020

Adelaide Brisbane Melbourne Newcastle Perth Sydney

33



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Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN VETERINARY ASSOCIATION LIMITED ABN 63 008 522 852

Report on the Audit of the Financial Report

We have audited the financial report of Australian Veterinary Association Limited ("the Company") and its Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

Opinion

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

- (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards 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 Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Subsequent events COVID-19

We draw attention to Note 22, which describes the impact of the Corona Virus (COVID-19). Our opinion is not qualified in respect of this matter.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in Director's Report for the year ended 31 December 2019 but does not include the financial report and our auditor's report thereon.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

34

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN VETERINARY ASSOCIATION LIMITED
ABN 63 008 522 852**



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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal 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 ability of the Consolidated Entity 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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Consolidated Entity'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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN VETERINARY ASSOCIATION LIMITED
ABN 63 008 522 852**



events or conditions may cause the Consolidated Entity 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.
- Obtain sufficient appropriate evidence regarding the financial information of the Company or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

A handwritten signature in black ink that reads 'S Wallace'.

S WALLACE
PARTNER

A handwritten signature in black ink that reads 'Pitcher Partners'.

PITCHER PARTNERS
SYDNEY

19 March 2020



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