

ITSMF AUSTRALIA INCORPORATED
ABN 41 821 213 034

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2019

Incorporated in Victoria
Association Registration No. A0036726P

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED
FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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DIRECTORY

Principal Address:	Suite 3, 329 Mitcham Road Mitcham, Victoria 3132 Ph: 03 9879 5466
Bankers:	Westpac Banking Corporation
Auditor:	Geoffrey B Johnson – Rucker Audit & Assurance Pty Ltd
Board of Management	
Chairman:	Bradley Busch
Deputy Chairman:	Brendan Cullen
Treasurer:	Troy Latter
Directors:	Rose Dyson Janet Holling Katherine Howard Harry Powell Candice Walker
State Branch Chairs:	David Lowe (WA) Gavin Hedrick (SA) Brad Schimmel (VIC) Richard Witton-Smith (NSW) Rachel Seaniger (QLD) Andrew Ritchie (ACT) Karina Bourne (NT)
Executive Officer	Sheryl Kingsley

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

Suite 2, Level 1
90-96 Tram Road
Doncaster, VIC 3108
+61 3 9874 7255

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED (ITSMF AUSTRALIA)

Opinion

I have audited the accompanying financial report, being a special purpose financial report, of ItSMF Australia, which comprises the statement of financial position as at 31 December 2019 the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and the statement by the board of management and manager national office's declaration.

In my opinion, the financial report presents fairly, in all material respects, the financial position of ItSMF Australia as 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and the Associations Incorporation Reform Act 2012 Vic.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for distribution to members for the purpose of fulfilling the board of management and manager national office's financial reporting obligations under the Associations Incorporation Reform Act 2012 Vic. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

Auditor's Responsibility for the Audit of the Financial Report

My 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 my 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 Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the 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.*

I 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 I identify during my audit.

Geoffrey B Johnson
Chartered Accountant
Rucker Audit & Assurance Pty Ltd

Dated this day of 2020
Doncaster, VIC

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

Suite 2, Level 1
90-96 Tram Road
Doncaster, VIC 3108
Tel: +61 3 9874 7255

AUDITOR'S INDEPENDENCE DECLARATION

To the Board of Management of IT Service Management Forum Australia Incorporated (itSMF Australia):

I am pleased to provide the following declaration of independence.

As auditor of the financial statements of itSMF Australia for the financial year ended 31 December 2019, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there have been:

- a) no contraventions of accepted auditor independence requirements in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Geoffrey B Johnson
Chartered Accountant
Rucker Audit & Assurance Pty Ltd

Dated this 21st day of February 2020
Doncaster, VIC

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

STATEMENT BY BOARD OF MANAGEMENT AND MANAGER NATIONAL OFFICE

Annual Statements Give True and Fair View of Financial Position

The Board of Management has determined that the IT Service Management Forum Australia Incorporated (itSMF Australia) financial report should be prepared in accordance with the accounting policies described in note 1 to the financial statements.

We, Bradley Busch, Troy Latter and Sheryl Kingsley, being respectively members of the Committee and Manager National Office, of itSMF Australia, certify that:

The financial statements attached to this certificate being the Financial Report of IT Service Management Forum Australia Incorporated (itSMF Australia), comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the accompanying Notes to the Financial Statements, as set out on pages 7 to 28, give a true and fair view of the financial position of IT Service Management Forum Australia Incorporated during and at the end of the financial year of the association ended on 31 December 2019 in accordance with the Associations Incorporation Reform Act (Vic) 2012, applicable Australian Accounting Standards and other mandatory professional reporting requirements..

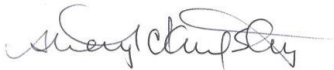
At the date of signing this certificate we are not aware of any circumstances which would render any particulars included in the Financial Report to be misleading or inaccurate and there are reasonable grounds to believe that itSMF Australia will be able to pay its debts as and when they become due and payable.



Bradley Busch
Chairman



Troy Latter
Treasurer



Sheryl Kingsley
Manager National Office

Dated: 5th May 2020

MELBOURNE, VICTORIA

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

FINANCIAL REPORT

This financial report is the financial report of itSMF Australia. The financial report is presented in the Australian currency.

itSMF Australia is an incorporated association, incorporated under the Associations Incorporation Reform Act (Vic) 2012 and domiciled in Victoria, Australia. Its principal place of business is Suite 3, 329 Mitcham Road, Mitcham, Victoria 3132.

A description of the nature of the entity's operations and its principal activities is included in the Annual Report which does not form part of this financial report.

The financial report was authorised for issue by the Board on 5th May 2020. The Board of Management has the power to amend and reissue the financial report.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Revenue and Other Comprehensive Income	2	846,913	758,501
Employee Benefit Expenses	3	238,057	213,776
Depreciation/Amortisation Expense	3	1,651	3,028
Other Expenses	3	484,630	501,930
Total Comprehensive Income/(Deficit) Before Income Tax Expense		122,575	39,767
Income Tax Expense	19	-	-
Total Comprehensive Income/(Deficit) After Income Tax Expense		122,575	39,767

*The above statement should be read in conjunction with the accompanying notes
which form part of the financial report.*

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	December 2019 \$	December 2018 \$
Current Assets			
Cash And Cash Equivalents	4,20	265,852	96,376
Trade And Other Receivables	5,20	2,803	1,928
Other Current Assets	6	43,365	44,499
Total Current Assets		312,020	142,803
Non-Current Assets			
Property, Plant and Equipment	8	387	2,038
Total Non-Current Assets		387	2,038
TOTAL ASSETS		312,407	144,841
Current Liabilities			
Trade And Other Payables	9,20	52,318	30,396
Other Liabilities	10	154,616	131,547
Total Current Liabilities		206,934	161,943
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		206,934	161,943
NET ASSETS		105,473	(17,102)
MEMBERS' FUNDS			
Accumulated Surplus	22	105,473	(17,102)
TOTAL MEMBERS' FUNDS		105,473	(17,102)
Contingent Assets	14		
Contingent Liabilities	14		

*The above statement should be read in conjunction with the accompanying notes
which form part of the financial report.*

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Movement In Accumulated Surplus			
Opening Balance	22	(17,102)	(56,869)
Total Comprehensive Income/(Deficit) After Income Tax Expense For The Reporting Period	22	122,575	39,767
Closing Balance		105,473	(17,102)

*The above statement should be read in conjunction with the accompanying notes
which form part of the financial report.*

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Cash Flows from Operating Activities			
Payments:			
Wages and Salaries		(222,896)	(220,235)
Suppliers		(162,706)	(247,389)
Conference Costs		(247,929)	(261,497)
Branch Seminars		(50,759)	(44,300)
Total Payments		(684,290)	(773,421)
Receipts:			
Membership Subscriptions		270,695	269,038
Conference Income		507,895	405,495
Branch Seminars		9,782	10,058
Interest Received		1,236	1,206
Other Receipts		64,158	62,566
Total Receipts		853,766	748,363
Net Cash Provided By (Used In) Operating Activities	11	169,476	(25,058)
Cash Flows from Investing Activities			
Proceeds of Sale of Fixed Assets		–	636
Payments for Property, Plant & Equipment		–	–
Net Cash And Cash Equivalents Provided By (Used In) Investing Activities		–	636
Net (Decrease)/Increase In Cash And Cash Equivalents Held		169,476	(24,422)
Cash And Cash Equivalents at the Beginning of the Financial Period		96,376	120,798
Cash And Cash Equivalents at the End of the Financial Period	4	265,852	96,376

The above statement should be read in conjunction with the accompanying notes which form part of the financial report.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Report is a Special Purpose Financial Report prepared in accordance with relevant Australian Accounting Standards, Reduced Disclosure Requirements, Australian Accounting Interpretations, other mandatory requirements and the requirements of the Associations Incorporation Reform Act (Vic) 2012. The Financial Report consists of the Financial Statements of IT Service Management Forum Australia Incorporated (itSMF Australia) as an individual entity. itSMF Australia is an incorporated association, incorporated and domiciled in Australia. The accounting policies adopted in preparing the Financial Report are consistent with those of previous years, except as indicated in Note 22 and where otherwise stated.

itSMF Australia is a not for profit entity and therefore applies the additional paragraphs applicable to "not for profit" entities under Australian Accounting Standards.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The Financial Report of itSMF Australia complies with all relevant Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The financial report is presented in Australian dollars, which is the functional and presentation currency of itSMF Australia.

The following is a summary of the material accounting policies adopted by itSMF Australia in the preparation of the Financial Report. The accounting policies have been consistently applied, unless otherwise stated.

1.1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

The Financial Report, except for the Statement of Cash Flows has been prepared on an accruals and historical cost basis on a going concern basis whereby assets are recorded at cost and do not take into account changing money values, nor the current cost of non-current assets, except for certain assets, which are at valuation. Cost is based on the fair values of the consideration given in exchange for assets. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid. Cost is based on the fair value of the consideration given in exchange for assets.

1.2 ROUNDING OFF

All amounts shown in the Financial Statements are expressed to the nearest dollar.

1.3 PROPERTY, PLANT AND EQUIPMENT (INCLUDING SOFTWARE)

Property, plant & equipment are carried at cost less any accumulated depreciation. The carrying amount of property, plant and equipment is reviewed annually by the members of the Board of Management to ensure it is 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. Any excess above the recoverable amount of any asset is charged to the depreciation/amortisation expense in the financial year in which it is identified. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Non-current assets are capitalised and depreciated to write off the cost or revalued amount of each item of Plant and Equipment, over its expected useful life to itSMF Australia.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation methods and rates used for each class of depreciable assets are:

	<u>Method</u>	<u>Rate</u>
Furniture & Fittings	Straight Line	20% or 33%
Computer & Office Equipment	Straight Line	33%
Computer Software	Straight Line	33%

Depreciation methods and rates of all non-current assets are reviewed on an annual basis.

There has been no change in the methodology and rates for 2019.

1.4 INVENTORIES

Inventories are stated in the Statement of Financial Position at the lower of cost and net realisable value. Cost is determined principally by the first-in, first-out method.

1.5 EMPLOYEE ENTITLEMENTS

The calculation of employee entitlements includes all relevant on-costs and is calculated as follows at reporting date.

1.5.1 WAGES AND SALARIES, ANNUAL LEAVE AND SICK LEAVE:

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at current pay rates in respect of employees' services up to that date. Sick leave is non-vesting and a liability is recognised only when the amount of sick leave expected to be taken in future periods exceeds the entitlements expected to accrue in those periods.

1.5.2 LONG SERVICE LEAVE:

A liability for long service leave is recognised and is measured as the present value of expected future payments (including on-costs) to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using interest rates on national Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows. The nominal amount of long service leave expected to be paid in the next financial year is included as a current liability.

1.5.3 SUPERANNUATION:

Superannuation Guarantee Levy amounts and Salary Sacrifice contributions are expensed at the time of the corresponding salary payment. No other liability for superannuation benefits is recognised.

1.6 DOUBTFUL DEBTS

A provision is made for any doubtful debts based on a review of all outstanding amounts at the reporting date. Bad debts are written off in the period in which they are identified.

1.7 LEASES

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains all such risks and benefits. Where a non-current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non-current asset at the beginning of the lease term and is amortised over its expected economic life. A corresponding liability is established and each lease payment is allocated between the principal component and the interest expense. Operating lease payments are representative of the pattern of benefits derived from the leased assets and are charged against revenue in the periods in which they are incurred.

1.8 NON-CURRENT ASSETS

Plant and Equipment includes office furniture, IT assets and other equipment. Upon the sale of non-current assets the net gain/ (loss) is included as revenue/ (expense) at the date control passes to the buyer. The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.9 VALUATION OF NON-CURRENT ASSETS

Non-Current Assets are valued as follows:

Application of Accounting Standard AASB J 041 Revaluation of Non-Current Assets requires that each class of non-current physical assets must be measured on either the cost or fair value basis.

Plant and Equipment (including Software) are measured at cost. ItSMF Australia includes in its Asset Register only items of plant, equipment and furniture, which have a life expectancy of more than twelve months. The Financial report is prepared consistent with the Asset Register.

1.10 CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash includes cash on hand and cash equivalents, i.e. highly liquid investments with short periods to maturity, which are readily convertible to cash on hand at ItSMF Australia's option. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

1.11 GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except, where the amount of GST incurred is not recoverable from the Taxation Authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense. The net amount of GST recoverable from, or payable to, the Taxation Authority is included as part of receivables or payables in the Statement of Financial Position. The GST component of a receipt or payment is recognised on a gross basis in the Statement of Cash Flows in accordance with Accounting Standard AAS 28 Statement of Cash Flows.

1.12 REVENUE RECOGNITION

Membership Subscriptions are payable annually in advance on the anniversary date of the membership. Membership renewals are an invitation to renew and as such membership subscriptions are recognised as income only upon receipt of payment or a confirmed purchase order. Only the portion of membership subscription payments that is attributable to the current financial year is recognised as revenue. The portion of membership subscription payments that relates to future periods is shown in the Statement of Financial Position as Memberships in Advance under the heading of Current Liabilities – Other.

Trading and book sales are recognised as revenue upon the rendering of an invoice. Conference and seminar revenue is recognised as revenue on delivery of the event. Investment income from cash, short term deposits and investments is brought to account on a time proportionate basis.

1.13 TAX

ItSMF Australia is considered to be exempt from income tax under sections 50-40 of the Income Tax Assessment Act (Cth.) 1997. Revenue from mutual dealings with members is also exempt in accordance with the mutuality principles of the income tax law.

1.14 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new Australian accounting standards and interpretations have been published that are not mandatory for the 31 December 2019 reporting period. ItSMF Australia has not and does not intend to adopt these standards early.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

**NOTE 2 – REVENUE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Revenues from Operating Activities			
Membership Subscriptions		263,716	283,620
Conferences		507,895	401,041
Seminars		9,782	10,058
Newsletter		1,364	-
itSMF International Administration Fee		62,741	62,566
		<u>845,498</u>	<u>757,285</u>
Revenues from Non-operating Activities			
Investment Income		1,415	1,216
		<u>1,415</u>	<u>1,216</u>
Total Revenue and Other Comprehensive Income		<u><u>846,913</u></u>	<u><u>758,501</u></u>

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 3 – EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Employee Benefit Expenses			
Salaries And Related		203,824	201,524
Superannuation	15	19,071	18,711
Leave Accrual		(5,498)	(6,459)
Long Service Leave		20,660	-
Total Employee Benefit Expenses		238,057	213,776
 Depreciation/Amortisation Expense			
Depreciation And Amortisation	8	1,651	3,028
Total Depreciation/Amortisation Expense		1,651	3,028
 Other Expenses			
Advertising/Promotional Events		6,069	6,574
Audit Fees		5,000	5,000
Bank Charges		5,971	6,979
Branch Seminars		50,760	44,300
Information Technology		37,043	45,273
Conference		248,206	237,706
Consumables		6,563	7,202
Contract Staff/Consultancy		41,278	35,614
Insurances		8,372	7,017
International Affiliation Fees		13,254	14,300
Legal		116	4,585
Member & Board Meetings		668	1,623
Member Services		18,512	17,756
Postage & Courier		974	1,309
Profit on Disposal of Fixed Assets		-	(636)
Rent & Utilities		35,726	53,528
Subscriptions		-	655
Telecommunications		5,200	10,347
Travel Expenses		670	2,460
Sundry Expenses		248	338
Total Other Expenses		484,630	501,930
Total Expenses		724,338	718,734

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 4 - CASH AND CASH EQUIVALENTS

	Note	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Current			
Cash	20	265,852	96,376
		265,852	96,376

NOTE 5 – TRADE AND OTHER RECEIVABLES

	Note	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Current			
Debtors	20	3,549	2,674
Less Provision For Doubtful Debts		(746)	(746)
		2,803	1,928

For maturity analysis and nature and extent of risks arising from receivables, refer to Note 20.

NOTE 6 – OTHER CURRENT ASSETS

		Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Current			
Bonds/Deposits/Prepayments		43,365	44,499
		43,365	44,499

NOTE 7 – INTANGIBLE ASSETS

There were no Intangible Assets in the reporting period ended 31 December 2019 (2018 nil).

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 8 - NON-CURRENT ASSETS: PROPERTY, PLANT & EQUIPMENT

	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Furniture & Fixtures at cost	15,036	15,036
Accumulated Depreciation	(15,036)	(15,036)
Net Furniture & Fixtures	-	-
Computer & Office Equipment at cost	43,440	43,440
Accumulated Depreciation	(43,053)	(41,402)
Net Computer & Office Equipment	387	2,038
Total Property, Plant & Equipment	58,476	58,476
Accumulated Depreciation	(58,089)	(53,438)
Net Property, Plant & Equipment	387	2,038

Reconciliations of the carrying amounts of each class of asset at the beginning and end of the current period are set out below:

	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
<u>Furniture & Fittings</u>		
Carrying Amount At Start Of Period	-	-
Additions	-	-
Disposals	-	-
Revaluation Increments/(Decrements)	-	-
Transfers	-	-
Depreciation	-	-
Carrying Amount At End Of Period	-	-
 <u>Computer & Office Equipment</u>		
Carrying Amount At Start Of Period	2,038	5,066
Additions	-	-
Disposals	-	-
Revaluation Increments/(Decrements)	-	-
Transfers	-	-
Depreciation	(1,651)	(3,028)
Carrying Amount At End Of Period	387	2,038

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 8 - NON-CURRENT ASSETS: PROPERTY, PLANT & EQUIPMENT (Continued)

	Year Ended 31-12-19	Year Ended 31-12-18
<u>Total Property, Plant And Equipment</u>		
Carrying Amount At Start Of Period	2,038	5,066
Additions	-	-
Disposals	-	-
Revaluation Increments/(Decrements)	-	-
Transfers	-	-
Depreciation and Amortisation	(1,651)	(3,028)
Carrying Amount At End Of Period	<u>387</u>	<u>2,038</u>

Depreciation/Amortisation Expense for the period

	Year Ended 31-12-19	Year Ended 31-12-18
Depreciation/Amortisation Expense	\$ 1,651	\$ 3,028
Fixtures & Fittings	-	-
Computer & Office Equipment	1,651	3,028
Total Depreciation/Amortisation	<u>1,651</u>	<u>3,028</u>

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 9 – TRADE AND OTHER PAYABLES

Current	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Creditors and Accruals	36,255	28,545
GST Payable	(2,119)	1,851
Deferred Sponsorship	18,182	-
	52,318	30,396

For maturity analysis and nature and extent of risks arising from payables, refer to Note 21

NOTE 10 – OTHER LIABILITIES

Current	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Memberships in Advance	133,281	125,373
Provision For Employee Benefits (i) (ii)	21,335	6,174
	154,616	131,547

- (i) Provision for employee benefits consists of annual leave and long service leave accrued by employees, not including on-costs.
- (ii) The amounts disclosed are nominal amounts.

NOTE 11 – CASH FLOWS

Reconciliation of **Total Comprehensive Income/(Deficit) After Income Tax Expense** To Net Cash Provided By Operating Activities:

	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Total Comprehensive Income/(Deficit) After Income Tax Expense	122,575	39,767
Depreciation And Amortisation	1,651	3,028
Profit on Disposal of Assets	-	(636)
Change In Operating Assets And Liabilities		
Decrease(Increase) in Receivables	(875)	2,041
Decrease(Increase) in Other Financial Assets	1,134	(30,059)
Increase(Decrease) in Payables	21,922	(20,570)
Increase(Decrease) in Other Liabilities	23,069	(18,629)
	169,476	(25,058)

itSMF Australia has no standby credit or finance facilities in place.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 12 – LEASES

	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Operating Lease Commitments		
Payments due - within one year	37,053	34,748
One to five years	3,088	34,748
	40,141	69,496
Total	40,141	69,496

NOTE 13 – COMMITMENTS FOR EXPENDITURE

As at the 31 December 2019, itSMF Australia had no outstanding capital commitments (2018 nil).

NOTE 14 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities as at 31 December 2019 (2018 nil).

NOTE 15 – SUPERANNUATION

	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Contribution To All Funds	19,071	18,711
Total Contribution To All Funds	19,071	18,711

NOTE 16 – AUDITOR'S REMUNERATION

	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
For Auditing the Financial Statements	5,000	5,000
For Other Services	-	-
Total Auditor's Remuneration	5,000	5,000

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 17 – RESPONSIBLE PERSONS RELATED DISCLOSURES

Responsible Persons:

The members of the Board of Management and State Branch Chairs, being Responsible Persons, during the financial period were:

Board of Management

Bradley Busch (Chairman)
Troy Latter (Treasurer)
Aprill Allen (resigned 21/5/2019)
Brendan Cullen
Rose Dyson
Janet Holling (appointed 21/5/2019)
Kathryn Howard
Brian Jennings (resigned 21/5/2019)
Garry Long (resigned 21/5/2019)
Harry Powell
Candice Walker

State Branch Chairs

Andrew Ritchie (ACT) (appointed 4/6/2019)
Adam Seeber (ACT) (resigned 4/6/2019)
Jonathan Jones (NSW) (resigned 11/4/2019)
Richard Witton-Smith (NSW) (appointed 11/4/2019)
Karina Bourne (NT) (appointed 4/6/2019)
Wilma Weaver (NT) (resigned 4/6/2019)
Rachel Seaniger (QLD)
Gavin Hedrick (SA)
Brad Schimmel (VIC)
David Lowe (WA)

Remuneration of Responsible Persons:

The Responsible Persons act in an honorary capacity and receive no compensation for their services. There was no remuneration received or due and receivable from itSMF Australia in connection with the management of itSMF Australia (2018 – nil).

Retirement Benefits of Responsible Persons:

There were no retirement benefits paid by itSMF Australia, in connection with, the retirement of Responsible Persons of itSMF Australia (2018 - nil).

Superannuation for Responsible Persons:

There were no amounts paid to a superannuation plan by itSMF Australia, in connection with, the Responsible Persons of any related party or Responsible Persons related party of those Responsible Persons (2018 - nil).

Loans with Responsible Persons:

There were no loans between itSMF Australia and its Responsible Persons (2018 - nil)

Other Transactions with Responsible Persons:

ItSMF Australia entered into other transactions, which are insignificant in amount, with Responsible Persons or related parties of a Responsible Persons in their domestic dealings within normal customer, employee or contractor relationships on terms and conditions no more favourable than those available in similar arms length dealings.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 18 – SEGMENT INFORMATION

ItSMF Australia operates throughout Australia, predominantly in the IT standards, education, development and training industry.

NOTE 19– INCOME TAX

	Year Ended 31-12-19 \$	Year Ended 31-12-18 \$
Prima facie tax payable/ (benefit) on operating surplus/deficit at 27.5% (2018 27.5%)	33,708	10,936
Less tax effect of non taxable income	<u>33,708</u>	<u>10,936</u>
Income Tax Expense	<u>-</u>	<u>-</u>

itSMF Australia is a non-profit association established for the purpose of promoting the development of Australian information and communications technology resources and as such is considered to be exempt from income tax under sections 50-40 of the Income Tax Assessment Act (Cth.) 1987.

Revenue in the form of member receipts represents mutual income and is not subject to income tax. Expenses associated with such mutual activities are not tax deductible for income tax purposes.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 20 – FINANCIAL RISK MANAGEMENT

20.1 Terms, Conditions and Accounting Policies

itSMF Australia's accounting policies, including the terms and condition of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at reporting date, are as follows:

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions
FINANCIAL ASSETS			
Cash Assets Cash at Bank	4	Cash at Bank is carried at the principal amount.	Cash is invested as funds permit at varying market interest rates.
Receivables – Debtors	5	Trade Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is maintained to recognise that collection of the full nominal amount is no longer probable.	Credit sales are on 30 day terms.
Receivables – Other Debtors	5	Other Debtors are carried at the nominal amounts.	Credit is allowed in accordance with agreement.
FINANCIAL LIABILITIES			
Trade Creditors and Accruals	9	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to itSMF Australia.	Trade liabilities are settled as required.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 20 – FINANCIAL RISK MANAGEMENT (continued)

20.2 Interest Rate Risk

itSMF Australia's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

FINANCIAL INSTRUMENTS	Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total Carrying Amount per Statement of Financial Position	
	2019	2018	2019	2018	2019	2018	2019	2018
FINANCIAL ASSETS								
Cash at Bank	139,140	40,402	126,712	55,601	-	373	265,852	96,376
Receivables – Debtors					2,803	1,928	2,803	1,928
Total Financial Assets	139,140	40,402	126,712	55,601	2,803	2,301	268,655	98,304
FINANCIAL LIABILITIES								
Trade Creditors & Accruals					52,318	30,396	52,318	30,396
Finance Leases			-	-			-	-
Other Financial Liabilities					154,616	131,547	154,616	131,547
Total Financial Liabilities			-	-	206,934	161,943	206,934	161,943

20.3 Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date, are as follows:

FINANCIAL ASSETS	Total Carrying Amount as per the Statement of Financial Position		Aggregate Net Fair Value	
	2019 \$	2018 \$	2019 \$	2018 \$
Cash at Bank	265,852	96,376	265,852	96,376
Receivables – Debtors	2,803	1,928	2,803	1,928
Total Financial Assets	268,655	98,304	268,655	98,304
FINANCIAL LIABILITIES	2019 \$	2018 \$	2019 \$	2018 \$
Trade Creditors & accruals	52,318	30,396	52,318	30,396
Finance Leases	-	-	-	-
Other Financial Liabilities	-	-	-	-
Total Financial Liabilities	52,318	30,396	52,318	30,396

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised Financial Instruments

Cash at Bank, Receivables, Creditors and Accruals

These financial instruments have a short term to maturity. Accordingly, it is considered that their carrying amounts reflect fair values.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 20 – FINANCIAL RISK MANAGEMENT (continued)

20.4 Financial Risk Management Objectives and Policies

The Company's principal financial instruments ordinarily comprise receivables, payables, cash, and short term deposits.

itSMF Australia is exposed to key financial risks, including market risk (which includes interest rate risk), credit risk and liquidity risk. This financial instruments note presents information about itSMF Australia's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

itSMF Australia's Board of Management has overall responsibility for the establishment and oversight of risk management. The Treasurer reviews and makes recommendations to the Board of Management in relation to the company's financial policies and risk management policies and procedures.

20.5 Credit Risk Exposures

itSMF Australia's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

Concentration of Credit Risk

itSMF Australia minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers. The customers are concentrated in Australia. The major customers relate to the provision of education and training services to industry. itSMF Australia continues to provide ongoing training, and other services for these customers who adhere to industry trade terms.

Credit risk in trade receivables is managed in the following ways:

- Payment terms are 30 days from date of invoice
- Debtors with accounts in excess of 30 days are sent a statement of account, indicating payment terms
- Debtors with arrears are followed up by telephone prior to restricting access to services and referring their debt to a debt collection agency
- Debtors which represent major companies, government departments or agencies are not referred to a debt collection agency, but managed by the organisation directly through escalation with debtor.

20.6 Liquidity Risk

Liquidity risk is the risk that itSMF Australia will not be able to meet its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Management who has built an appropriate risk management framework for the management of itSMF Australia's short, medium and long term funding and liquidity requirements. Day to day liquidity is managed by management which continuously monitors the company's cash position and cash flows.

NOTE 21 – ASSOCIATION INFORMATION

The registered office of itSMF Australia is
Suite 3, 329 Mitcham Road, Mitcham, Victoria 3132

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 22 – ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND POLICIES

itSMF Australia has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operation and effective for the current annual reporting period.

As required under Australian Accounting Standards, the impact of standards and interpretations that have not been adopted early and that are expected to have a material effect on the entity are disclosed below:

Nil impact.

NOTE 23 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of the Financial Report requires the Board of Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts for assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Critical judgements in applying itSMF Australia's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying itSMF Australia's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Employee Entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- Future increases in wages and salaries
- Future on-cost rates; and
- Experience of employee departures and period of service.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Useful Lives of Property, Plant & Equipment and Intangible Assets

Useful lives of property, plant & equipment and intangible assets are reviewed annually. Any reassessment of useful lives in a particular year will affect the depreciation and amortisation expense (either increasing or decreasing) through to the end of reassessed useful life for both the current and future years.

NOTE 24 – SUBSEQUENT EVENTS

As a result of the COVID-19 pandemic, and its effects on commercial activity, economic uncertainties have arisen, and are adversely impacting many industries. While it is reasonably possible that the virus could have a negative effect on the operations of itSMF Australia, the results of those operations, or the state of affairs of itSMF Australia in future years, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.