

ITSMF AUSTRALIA INCORPORATED
ABN 41 821 213 034

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2016

Incorporated in Victoria
Association Registration No. A0036726P

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED
FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

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DIRECTORY

Principal Address:	Suite 4, 45-51 Ringwood Street Ringwood, Victoria 3134 Ph: 03 9879 5466
Bankers:	Westpac Banking Corporation
Auditor:	Peter Krohn ACA
Board of Management	
Chairman:	Bradley Busch
Deputy Chairman:	Kathryn Howard
Secretary:	Harry Powell
Treasurer:	Garry Long
Directors:	Aprill Allen Brendan Cullen Justin Gasparre Brian Jennings Phillip Palmer Candice Walker
State Branch Chairs:	Jay Jukes (NT) Simon Dorst (WA) Nicola Cox (TAS) Gavin Hedrick (SA) Carolyn Keegan (ACT) Peter Marshall (QLD) Peter Tonkin (VIC) Lana Yakimoff (NSW)
Executive Officer	Alan Hollensen

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

20 Silvan Road
Wattle Glen Victoria 3096
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INDEPENDENT AUDIT REPORT

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

Audit Scope

I have audited the accompanying financial statements being the Financial Report of itSMF Australia, as set out on pages 7 to 28, for the year ended and as at 31 December 2016. The Financial Report comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements. The Board of Management of itSMF Australia are responsible for the preparation and presentation of the Financial Report and the information it contains. The Board of Management has determined that the accounting policies set out in Note 1 of the Financial Report are consistent with its financial reporting requirements and are appropriate to meet the needs of the members. The responsibilities of the Board of Management also include establishing and maintaining internal controls relevant to the preparation and fair presentation of a Financial Report that is free from material misstatement, whether due to fraud or error, and making accounting estimates that are reasonable in the circumstances.

An independent audit of the Financial Report has been carried out by me in order to express an opinion on it to the Members of itSMF Australia.

The audit has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with certain ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial report. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the Financial Report, and the evaluation of accounting policies and significant accounting estimates.

All the above procedures have been undertaken to form an opinion as to whether, in all material respects, the Financial Report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with my understanding of itSMF Australia's financial position and financial performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

Audit Opinion

In my opinion, the Financial Report gives a true and fair view, in accordance with the Associations Incorporation Reform Act (Vic) 2012, applicable Accounting Standards and other mandatory professional reporting requirements, of the financial position of itSMF Australia, as at 31 December 2016, its financial performance and cash flows for the year then ended.

A handwritten signature in blue ink, appearing to be 'Peter Krohn', with a long horizontal stroke extending to the right.

Peter Krohn ACA
Auditor

Dated: 11 May 2017
MELBOURNE, VICTORIA

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

20 Silvan Road
Wattle Glen Victoria 3096
0408 330 800 (mobile)
Email: pkrohn4@bigpond.com

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 audit partner for the audit of the financial statements of itSMF Australia for the financial year ended 31 December 2016, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2016 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.

A handwritten signature in blue ink, appearing to be 'Peter Krohn', written in a cursive style.

Peter Krohn ACA
Auditor

Dated: 11 May 2017
MELBOURNE, VICTORIA

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

STATEMENT BY BOARD OF MANAGEMENT AND EXECUTIVE OFFICER

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, Garry Long and Alan Hollensen, being respectively members of the Committee and Executive Officer 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 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 ending on 31 December 2016 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



Garry Long
Treasurer



Alan Hollensen
Executive Officer

Dated 11 May 2017
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 4, 45-51 Ringwood Street, Ringwood, Victoria 3134.

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 11 May 2017. The Board has the power to amend and reissue the financial report.

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Revenue and Other Income	2	1,035,010	1,056,180
Employee Benefit Expenses	3	353,749	349,547
Depreciation/Amortisation Expense	3	3,392	2,418
Other Expenses	3	716,829	829,962
Surplus/(Deficit) Before Income Tax Expense		(38,960)	(125,747)
Income Tax Expense	20	-	-
Net Income/(Deficit) After Income Tax Expense		(38,960)	(125,747)

*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 2016

	Note	December 2016 \$	December 2015 \$
Current Assets			
Cash And Cash Equivalents	4,21	177,425	194,271
Trade And Other Receivables	5,21	72,906	71,523
Inventories	6	-	-
Other Current Assets	7	69,469	81,480
Total Current Assets		319,800	347,274
Non-Current Assets			
Property, Plant and Equipment	9	7,514	2,936
Total Non-Current Assets		7,514	2,936
TOTAL ASSETS		327,314	350,210
Current Liabilities			
Trade And Other Payables	10,21	149,904	125,069
Finance Lease Liability	13,21	-	-
Other Liabilities	11	142,137	150,908
Total Current Liabilities		292,041	275,977
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		292,041	275,977
NET ASSETS		35,273	74,233
MEMBERS' FUNDS			
Accumulated Surplus	23	35,273	74,233
TOTAL MEMBERS' FUNDS		35,273	74,233
Contingent Assets	15		
Contingent Liabilities	15		

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 2016

	Note	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Movement In Accumulated Surplus			
Opening Balance	23	74,233	199,980
Net Surplus/(Deficit) For The Reporting Period	23	(38,960)	(125,747)
Closing Balance		35,273	74,233

*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 2016

	Note	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Cash Flows from Operating Activities			
Payments:			
Wages and Salaries		(365,125)	(353,585)
Suppliers		(206,816)	(275,658)
Books		-	-
Conference Costs		(412,030)	(439,844)
Branch Seminars		(61,138)	(64,423)
Newsletter		-	-
Total Payments		(1,045,109)	(1,133,510)
Receipts:			
Book Sales		-	781
Membership Subscriptions		281,022	290,077
Conference Income		601,114	565,345
Branch Seminars		60,661	47,940
Newsletter		682	-
Interest Received		209	1,256
Other Receipts		92,545	124,039
Total Receipts		1,036,233	1,029,438
Net Cash Provided By (Used In) Operating Activities	12	(8,876)	(104,072)
Cash Flows from Investing Activities			
Funds from/(to) Finance Lease		-	-
Payments for Property, Plant & Equipment		(7,970)	-
Net Cash And Cash Equivalents Provided By (Used In) Investing Activities		(16,846)	(104,072)
Net (Decrease)/Increase In Cash And Cash Equivalents Held		(16,846)	(104,072)
Cash And Cash Equivalents at the Beginning of the Financial Period		194,271	298,343
Cash And Cash Equivalents at the End of the Financial Period	4	177,425	194,271

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 2016

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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 2016

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Report is a General 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 23 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 2016.

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.

1.5.2 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 2016 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 INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Revenues from Operating Activities			
Membership Subscriptions	23	277,463	306,357
Sales of Goods		-	41
Conferences		609,964	605,735
Seminars		44,925	36,850
Newsletter		682	-
itSMF International Administration Fee		101,768	105,792
Other		-	-
		1,034,802	1,054,775
Revenues from Non-operating Activities			
Investment Income		208	1,405
		208	1,405
Total Revenue and Other Income		1,035,010	1,056,180

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 3 – EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Employee Benefit Expenses			
Salaries And Related		333,827	323,171
Superannuation	16	31,298	30,414
Leave Accrual		(11,376)	(4,038)
Total Employee Benefit Expenses		353,749	349,547
Depreciation Expense			
Depreciation And Amortisation	9	3,392	2,418
Total Depreciation Expense		3,392	2,418
Other Expenses			
Advertising/Promotional Events		6,063	11,034
Audit Fees		5,000	5,000
Bad and Doubtful Debts		-	-
Bank Charges		15,053	15,765
Branch Seminars		61,827	63,733
Information Technology		47,480	82,257
Conference		423,977	447,197
Consumables		15,148	14,208
Contract Staff/Consultancy		13,944	40,482
Cost Of Sale Of Goods, including ancillary trading		-	9,777
Insurances		10,262	9,679
International Affiliation Fees		17,837	19,146
Legal		198	516
Member & Board Meetings		1,305	8,392
Member Services		17,862	20,157
Newsletter		-	-
Postage & Courier		1,384	1,507
Recruitment		-	-
Rent & Utilities		57,155	56,873
Subscriptions		1,855	1,084
Telecommunications		7,089	8,703
Travel Expenses		12,965	14,170
Sundry Expenses		425	282
Total Other Expenses		716,829	829,962
Total Expenses		1,073,970	1,181,927

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 4 - CASH AND CASH EQUIVALENTS

	Note	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Current			
Cash	21	177,425	194,271
		177,425	194,271

NOTE 5 – TRADE AND OTHER RECEIVABLES

	Note	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Current			
Debtors	21	74,429	73,405
Less Provision For Doubtful Debts		(1,523)	(1,882)
		72,906	71,523

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

NOTE 6 - INVENTORIES

	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Current		
Books	-	-
	-	-

NOTE 7 – OTHER CURRENT ASSETS

	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Current		
Bonds/Deposits	69,469	81,480
	69,469	81,480

NOTE 8 – INTANGIBLE ASSETS

There were no Intangible Assets in the reporting period ended 31 December 2016 (2015 nil).

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 9 - NON-CURRENT ASSETS: PROPERTY, PLANT & EQUIPMENT

	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Furniture & Fixtures at cost	58,130	58,130
Accumulated Depreciation	(58,130)	(58,130)
Net Furniture & Fixtures	-	-
Computer & Office Equipment at cost	150,884	142,914
Accumulated Depreciation	(143,370)	(139,978)
Net Computer & Office Equipment	7,514	2,936
Total Property, Plant & Equipment	209,014	201,044
Accumulated Depreciation	(201,500)	(198,108)
Net Property, Plant & Equipment	7,514	2,936

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 31-12-16 \$	Year Ended 31-12-15 \$
<u>Furniture & Fittings</u>		
Carrying Amount At Start Of Period	-	212
Additions	-	-
Disposals	-	-
Revaluation Increments/(Decrements)	-	-
Transfers	-	-
Depreciation	-	(212)
Carrying Amount At End Of Period	-	-
<u>Computer & Office Equipment</u>		
Carrying Amount At Start Of Period	2,936	5,142
Additions	7,970	-
Disposals	-	-
Revaluation Increments/(Decrements)	-	-
Transfers	-	-
Depreciation	(3,392)	(2,206)
Carrying Amount At End Of Period	7,514	2,936

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 9 - NON-CURRENT ASSETS: PROPERTY, PLANT & EQUIPMENT (Continued)

	Year Ended 31-12-16	Year Ended 31-12-15
<u>Total Property, Plant And Equipment</u>		
Carrying Amount At Start Of Period	2,936	5,354
Additions	7,970	-
Disposals	-	-
Revaluation Increments/(Decrements)	-	-
Transfers	-	-
Depreciation and Amortisation	(3,392)	(2,418)
	7,514	2,936
Carrying Amount At End Of Period		

Depreciation/Amortisation Expense for the period

	Year Ended 31-12-16	Year Ended 31-12-15
	\$	\$
Depreciation/Amortisation Expense	3,392	2,418
Fixtures & Fittings	-	212
Computer & Office Equipment	3,392	2,206
	3,392	2,418
Total Depreciation/Amortisation		

IT SERVICE MANAGEMENT FORUM AUSTRALIA INCORPORATED

NOTE 10 – TRADE AND OTHER PAYABLES

Current	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Creditors and Accruals	55,451	62,447
GST Payable	9,817	10,122
Deferred Sponsorship	84,636	52,500
	149,904	125,069

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

NOTE 11 – OTHER LIABILITIES

Current	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Memberships in Advance	130,984	128,379
Provision For Employee Benefits (i) (ii)	11,153	22,529
	142,137	150,908

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

NOTE 12 – CASH FLOWS

Reconciliation of Operating Result Before Extraordinary Items To Net Cash Provided By Operating Activities:

	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Operating Result	(38,960)	(125,747)
Depreciation And Amortisation	3,392	2,418
Loss on Disposal of Assets		
Change In Operating Assets And Liabilities		
Decrease(Increase) in Receivables	(1,383)	(7,392)
Decrease(Increase) in Inventories	-	9,777
Decrease(Increase) in Other Financial Assets	12,011	6,471
Increase(Decrease) in Payables	24,835	33,639
Increase(Decrease) in Other Liabilities	(8,771)	(23,238)
	(8,876)	(104,072)

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

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NOTE 13 – LEASES

	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Operating Lease Commitments		
Payments due - within one year	41,448	-
One to five years	55,264	-
Over five years	-	-
	96,712	-
Total	96,712	-
Finance Lease Commitments		
Payments due - within one year	-	-
One to five years	-	-
Over five years	-	-
	-	-
Total	-	-

NOTE 14 – COMMITMENTS FOR EXPENDITURE

As at the 31 December 2016, itSMF Australia had no outstanding capital commitments (2015 nil).

NOTE 15 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities as at 31 December 2016 (2015 nil).

NOTE 16 – SUPERANNUATION

	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Contribution To All Funds	31,298	30,414
	31,298	30,414
Total Contribution To All Funds	31,298	30,414

NOTE 17 – AUDITOR'S REMUNERATION

	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
For Auditing the Financial Statements	5,000	5,000
For Other Services	-	-
	5,000	5,000
Total Auditor's Remuneration	5,000	5,000

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NOTE 18 – 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
Garry Long (Treasurer)
Aprill Allen
Michael Billimoria (resigned 31/5/2016)
Brendan Cullen (appointed 31/5/2016)
Justin Gasparre (appointed 31/5/2016)
Kathryn Heaton (resigned 31/5/2016)
Kathryn Howard
Brian Jennings
Nick Laggar (resigned 31/5/2016)
Phillip Palmer (appointed 25/10/2016)
Harry Powell
Candice Walker

State Branch Chairs

John Clelland (NT) (resigned Sept 2016)
Nicola Cox (TAS) (appointed May 2016)
Simon Dorst (WA)
Jon Ettershank (TAS) (resigned May 2016)
Gavin Hedrick (SA)
Jay Jukes (NT) (appointed Sept 2016)
Carolyn Keegan (ACT)
Peter Marshall (Qld)
Peter Tonkin (VIC)
Lana Yakimoff (NSW)

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, other than that set out below:

2016 – Kathryn Heaton \$nil - Remuneration re Operations Manager duties (2015 - \$19,047)

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 (2015 - 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 (2015 - nil).

Loans with Responsible Persons:

There were no loans between itSMF Australia and its Responsible Persons (2015 - 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

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contractor relationships on terms and conditions no more favourable than those available in similar arms length dealings.

NOTE 19 – SEGMENT INFORMATION

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

NOTE 20 – INCOME TAX

	Year Ended 31-12-16 \$	Year Ended 31-12-15 \$
Prima facie tax payable/ (benefit) on operating surplus/deficit at 30% (2014 30%)	(11,688)	(37,724)
Less tax effect of non taxable income	<u>(11,688)</u>	<u>(37,724)</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.

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NOTE 21 – FINANCIAL RISK MANAGEMENT

21.1 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	10	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.

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NOTE 21 – FINANCIAL RISK MANAGEMENT (continued)

21.2 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	
	2016	2015	2016	2015	2016	2015	2016	2015
FINANCIAL ASSETS								
Cash at Bank	177,425	194,271	-	-			177,425	194,271
Receivables – Debtors					72,906	71,523	72,906	71,523
Total Financial Assets	177,425	194,271	-	-	72,906	71,523	250,331	265,794
FINANCIAL LIABILITIES								
Trade Creditors & Accruals					149,904	125,069	149,904	125,069
Finance Leases			-	-			-	-
Other Financial Liabilities					142,137	150,908	142,137	150,908
Total Financial Liabilities			-	-	292,041	275,977	292,041	275,977

21.3 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	
	2016 \$	2015 \$	2016 \$	2015 \$
Cash at Bank	177,425	194,271	177,425	194,271
Receivables – Debtors	72,906	71,523	72,906	71,523
Total Financial Assets	250,331	265,794	250,331	265,794
FINANCIAL LIABILITIES	2016 \$	2015 \$	2016 \$	2015 \$
Trade Creditors & accruals	149,904	125,069	149,904	125,069
Finance Leases	-	-	-	-
Other Financial Liabilities	-	-	-	-
Total Financial Liabilities	149,904	125,069	149,904	125,069

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.

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NOTE 21 – FINANCIAL RISK MANAGEMENT (continued)

21.4 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.

21.5 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.

21.6 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 22 – ASSOCIATION INFORMATION

The registered office of itSMF Australia is
Suite 4, 45-51 Ringwood Street, Ringwood, Victoria 3134

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NOTE 23 – 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 24 – 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 25 – SUBSEQUENT EVENTS

There have not been any other matters or circumstances that have arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of itSMF Australia, the results of those operations, or the state of affairs of itSMF Australia in future years.