Governance Institute of Australia

2022

Financial Report

For the year ended 31 December 2022

Contents

Directors report

Directors' report

Your Directors present this report on the Company for the financial year ended 31 December 2022.

Principal activities, objectives and strategies

The principal activities of Governance Institute of Australia Ltd (Governance Institute or the Company) during the year were to champion whole-of-organisation governance and risk management through education, advocacy and engagement with members and the broader community.

There was no significant change in the nature of the activities during the year and the operations are in accordance with the Constitution. The Company's financial report has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulations 2022 and Australian Accounting Standard AASB 1060 General Purpose Financial Statements — Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

To meet its long-term objectives, the Company will strive to see that:

- The organisation's governance arrangements remain fit for purpose and align with contemporary best practice through the implementation of recommendations from an independent review of the Governance Institute's governance arrangements.
- Australia's governance frameworks facilitate a strong economy underpinned by responsible performance and organisational culture.
- Current members and aspiring company secretaries, governance professionals, risk managers and directors are provided with the best education, resource support and career support to enhance their professional standing.
- The organisation is strategically focused on being innovative; encouraging positive engagement with, and influencing, all stakeholders; and fostering a culture and values that ensures it is sustainable.
- Governance practitioners are provided with a trusted community from which they can draw education, provide input, and access a knowledge sharing network of support, appropriate for their changing needs and circumstances throughout their chosen governance careers.

The company's short-term objective is to continue to focus on member engagement, innovation and lifting and maintaining our profile for the next 12 months to maintain member retention at 90 per cent or better.

To meet its short-term objectives, the Company will continue to:

- provide services, resources, and training to members
- create and implement member engagement strategies that are more targeted and aim to continue to increase our relevance and profile
- strengthen our advocacy activities to influence decision makers and support responsible performance using good governance practices
- better align our product offering to meet the career stages and interests of our members.

Financial results

An operating surplus of $9,707,615 was reported for the year, which included Other Income of $10,390,556 from the sale of the Sydney office.

Accumulated Members' Funds at year-end were $15,357,371.

Governance Institute is exempt from income tax.

Dividends

As the Governance Institute's Constitution prohibits the payment of dividends, no dividends have been paid.

Review and result of operations

Company performance was assessed by the Board of Directors at their eight Board meetings held during the year.

The number of Board meetings in 2022 reduced significantly from the previous year (2022:8 and in 2021:15), with the completion of the Governance Institute's governance review process and the easing of the impacts of COVID-19.

Quarterly forecast reviews are presented and discussed as to the progress between budget and actual results achieved. The Risk, Audit and Finance Committee also reviews the budget prior to making recommendations to the Board for their consideration.

Total operating revenue for the year amounting to $10,453,273 primarily came from member and subscriber fees 34.8 per cent; postgraduate courses 18.2 per cent; and short courses and certificate courses 29.7 per cent.

In addition, other income of $10,390,556 was received on the sale of the Sydney office, which was the subject of a compulsory purchase by Sydney Metro. The sale proceeds were $13.2m for the office, which had a carrying value of $2.8m in the balance sheet.

Total expenditure for the year amounting to $11,136,214 was primarily from depreciation and amortisation 2.6 per cent, direct costs for short courses and certificate courses 3.3 per cent; direct costs for postgraduate courses 5.6 per cent; sale and relocation costs 4.9 per cent; payroll 57.6 per cent and governance and administration 19.5 per cent.

Likely developments

Likely developments in the operations of Governance Institute and the expected results of those operations in future financial years are disclosed in the Chair and CEO's report contained in the 2022 annual report available on our website.

Environmental regulations

Governance Institute's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Events subsequent to balance date

There are no matters or circumstances that have arisen since the end of the financial year pertaining to the 2022 operations.

Continuing members of the Board of Governance Institute at the date of this report are Pauline Vamos, Ainslie Cunningham, Greg Hanigan, Helen Hardy, Michael Adams, Andrew Leake, John Mazengarb, Ken Weldin, Karin Geraghty and Caron Sugars.

Garth Fountain-Smith, Christine Manuel and Rachel Rees resigned as Directors at the end of 2022.

Auditor's indemnification

Governance Institute has not, during or since the end of the financial year, in respect of any person who is or has been an auditor of Governance Institute or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an auditor, including costs and expenses in successfully defending legal proceedings, or paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an auditor for the costs or expenses to defend legal proceedings.

Directors' interests and benefits

As Governance Institute is limited by guarantee, none of the Directors holds an interest but each, as a member of Governance Institute, is liable to the extent of their undertaking under Governance Institute's Constitution.

During or since the end of the financial year, Governance Institute has paid insurance premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of Governance Institute other than conduct involving a willful breach of duty in relation to Governance Institute. Premiums were paid for each of the Directors listed on page 4. The insurance contract entered into by Governance Institute prohibits disclosure of the nature of the liabilities insured by the insurance contract and the amount of the premiums.

Governance Institute's Constitution allows for the inclusion of indemnities in favour of persons who are or have been a Director or officer of Governance Institute. To the extent permitted by law, Governance Institute indemnifies every person who is or has been a Director or officer against any liability to any person incurred indemnify Directors and officers against costs and expenses incurred in successfully defending legal proceedings and ancillary matters. This indemnity operates to the extent that the loss or liability is not covered by a valid and current insurance policy. The Company has executed a deed of indemnity, with each of the Directors and senior officers of the Company.

Payments to the Directors and to entities from which the Directors may benefit for services by the Directors or entities are disclosed in Note 7 and Note 19 to the Financial Statements on page 11 and page 17 respectively.

No other Directors of Governance Institute, during or since the end of the financial year, received or have become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial report or the fixed salary of a full-time employee of Governance Institute or of a related body corporate) by reason of a contract made by Governance Institute or of a related body corporate with one of the Directors or with a firm of which they are a member or with a company in which they have a substantial financial interest.

Proceedings on behalf of the 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 year.

Attendance at Directors' meetings

During 2022 attendance by individual Directors at meetings they were entitled to attend, was as set out in the table.

	Board of Directors	Risk, Audit & Finance Committee	People, Remuneration & Nominations Committee	Membership Committee	Education Committee
Pauline Vamos[1]	8 out of 8		2 out of 3	3 out of 3	
Andrew Leake	7 out of 8		3 out of 3		1 out of 2
John Mazengarb[2]	8 out of 8		3 out of 3	1 out of 1	
Rachel Rees[3]	8 out of 8	4 out of 4	1 out of 2		
Garth Fountain-Smith[4]	8 out of 8			3 out of 3	
Christine Manuel	8 out of 8	4 out of 4			
Caron Sugars	8 out of 8	2 out of 2	1 out 1		
Greg Hanigan	8 out of 8	3 out of 4			
Helen Hardy	6 out of 8			2 out of 3	
Ainslie Cunningham	6 out of 8	4 out of 4			
Michael Adams[5]	2 out of 2				2 out of 2

Liability of members on winding up

The liability of each member (and each person who has ceased to be a member in the preceding year) on winding up is limited to an amount not exceeding $100.

Company Secretary

Edna Coetzee FGIA, FCG (CS, CGP) — Chartered Secretary
David O'Kane AGIA ACG, COO Governance Institute also serves as Company Secretary.

Auditors' independence declaration

The Auditors' independence declaration is set out on page 5 and forms part of the Directors' report for the financial year ended 31 December 2022.

Company details

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

Level 11, 10 Carrington Street
Sydney NSW 2000 Australia

ABN 49 008 615 950

Chair and Director signatures

Pauline Vamos FGIA FCG

President and Chair of Governance Institute of Australia Ltd and of the Australian Division of The Chartered Governance Institute

Ken Weldin FGIA FCG

Director
Chair of Risk, Audit and Finance Committee

Signed in accordance with a resolution of Directors.

SYDNEY, 17 April 2023

[1] Board Chair
[2] Chair of People, Remuneration & Nominations Committee
[3] Chair of Risk, Audit & Finance Committee
[4] Chair of the Membership Committee
[5] Chair of the Education Committee appointed Director 5 August 2022.

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Auditor's Independence Declaration
To The Directors of Governance Institute of Australia Ltd
ABN 49 008 615 950

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2022 there have been:

(i) No contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of Governance Institute of Australia Ltd during the year.

S S Wallace
Partner

Pitcher Partners
Sydney

17 April 2023

Financial report

Statement of profit or loss and other comprehensive income and statement of changes in member funds for the year ended 31 December 2022

	Note	2022 $	2021 $
Revenue	3(a)	10,453,273	9,980,519
Other income	3(c)	10,390,556	231,166
Expenses			
Depreciation expense	4(a)	(291,697)	(593,959)
Other expenses	4(b)	(10,844,517)	(9,818,233)
Surplus/(deficit) before income tax expense		**9,707,615**	**(200,507)**
Income tax expense		-	-
Surplus/(deficit) after income tax		**9,707,615**	**(200,507)**
Total comprehensive Surplus/(deficit) for the year attributable to members		**9,707,615**	**(200,507)**
Members' funds at the beginning of the year		5,649,756	5,850,263
Members' funds at the end of the year		**15,357,371**	**5,649,756**

Statement of financial position as at 31 December 2022

	Note	2022 $	2021 $
Current assets			
Cash and cash equivalents	8	18,906,830	6,367,114
Trade and other receivables	9	244,842	143,010
Other assets	10	455,547	248, 433
Asset held for sale	11	-	2,809,514
Total current assets		19,607,219	9,568,071
Non-current assets			
Property, plant and equipment	12	30,483	143,302
Intangible assets	13	231,395	111, 871
Right-of-use assets	14	816,207	1,070,833
Total non-current assets		1,078,085	1,326,006
Total assets		**20,685,304**	**10,894,077**
Current liabilities			
Trade and other payables	15	932,984	530,127
Deferred revenue	16	2,877,586	2,939,431
Provisions	17(a)	503,523	541,999
Lease liabilities	18(b)	115,386	202,038
Total current liabilities		4,429,461	4,213,595
Non-current liabilities			
Provisions	17(b)	50,681	27,535
Lease liabilities	18(b)	847,791	1,003,191
Total non-current liabilities		898,472	1,030,726
Total liabilities		**5,327,933**	**5,244,321**
Net assets		**15,357,371**	**5,649,756**
Members' funds			
Reserves	5	763,033	763,033
Accumulated surplus	6	14,594,338	4,886,723
Total Members' funds		**15,357,371**	**5,649,756**

Statement of cash flows for the year ended 31 December 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Subscriptions received		3,612,661	3,537, 004
Receipts from participants in courses and other activities		6,415,200	6,440,593
Payments to suppliers and employees		(9,979,745)	(8,805, 790)
Interest received		148, 966	3,984
Other income		121,115	405,072
Interest paid on lease liability		(84,816)	(79,065)
Net cash provided by operating activities		233,381	1,501,798
Cash flows from investing activities			
Receipts from the Sydney Office Sale		13,200,000	-
NSW office sale & relocation cost		(396,232)	-
Payments for property, plant and equipment		(5,406)	(12,209)
Payments for intangible assets		(100,000)	(54,616)
Net cash by/(used in) investing activities		12,698,362	(66,825)
Cash flows from financing activities			
Termination of long term lease		(149,957)	-
Principle portion of lease payments		(242,070)	(440,055)
Net cash used in financing activities		(392,027)	(440,055)
Net increase in cash and cash equivalents		**12,539,716**	**994,918**
Cash and cash equivalents at beginning of year		6,367,114	5,372,196
Cash and cash equivalents at end of year	21(a)	18,906, 830	6,367,114

Financial report

Notes to the financial statements for the year ended 31 December 2022

1. Corporate information

Governance Institute of Australia Ltd (the 'Company') is an incorporated company limited by guarantee and domiciled in Australia. The address of the Company's registered office is Level 11, 10 Carrington Street, Sydney, NSW, 2000. The Company is a not-for-profit entity.

In the event of the Company being wound up, the liability of each member, or each former Member who ceased to be a member within a year of the Company being wound up, is limited to an amount not exceeding $100. As the Company is limited by guarantee, there is no reference in the statement of financial position to share capital or shareholders' equity.

The Company's principal activities in the course of the financial year were to champion whole-of-organisation governance and risk management through education, advocacy and engagement with members and the broader community.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards — Simplified Disclosures. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of AASB 1060 General Purpose Financial Statements — Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and the *Australian Charities and Not-for-profits Commission Act 2012* and the Australian Charities and Not-for-profits Commission Regulations 2022.

A statement of compliance with International Financial Reporting Standards cannot be made due to the Company applying the not-for-profit sector specific requirements contained in AIFRS.

The financial statements were approved by the Board of Directors on 17 April 2023.

(b) Basis of measurement

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those 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.

(e) Income tax

Governance Institute of Australia Ltd is for income tax purposes endorsed as a charitable institution. Its income is therefore exempt from Income Tax under Subdivision 50-B of the Income Tax Assessment Act 1997.

3. Revenue

	2022 $	2021 $
a) Operating activities		
Revenue from contracts with customers		
Member and subscriber fees	3,636,334	3,537,004
Postgraduate courses	1,901,309	1,935,930
Short courses and certificate courses	3,108,630	3,025,290
PD Events (GRMF, updates/seminars & workshops, national events)	1,121,185	989,694
Sponsorship	331,877	375,117
Total revenue from contracts with customers	**10,099,335**	**9,863,035**
Other revenue		
Interest	232,824	3,984
Other revenue	106,772	100,334
Publications, journal and merchandise	14,342	13,166
Total other revenue	353,938	117,484
Total operating revenue	**10,453,273**	**9,980,519**
b) Timing of revenue recognition		
Services transferred at a point in time	3,354,371	3,300,741
Services transferred over time	6,744,964	6,562,294
Total timing of revenue recognition	**10,099,335**	**9,863,035**
c) Other income		
Sydney office sale	10,390,556	-
Strata refunds	-	231,166
Total other income	**10,390,556**	**231,166**

Revenue represents income earned from membership subscriptions and the provision of related services. Membership subscription revenue is recognised over time throughout the membership period. Revenue from the provision of other services is recognised upon the delivery of the service to members/customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of GST.

	2022 $	2021 $
4. Surplus/(Deficit) from Ordinary Activities		
Surplus/(Deficit) from ordinary activities is stated before income tax expense has been determined, after charging:		
a) Depreciation expense		
Depreciation and amortisation of non-current assets		
Building	-	16,858
Plant and equipment	24,602	48,296
Intangible assets	70,459	165,970
Depreciation and amortisation of non-current assets	**95,061**	**231,124**
Depreciation — Right-of-use assets	196,636	362, 835
Total depreciation and amortisation of non-current assets	**291,697**	**593,959**
b) Other expenses		
Personnel	5,900,558	5,419,867
Superannuation contributions	517,613	456,753
Profile expenses	654,219	613,929
Member activities, conference, short courses and post-graduate education	1,093,587	1,030,494
IT licenses	370,839	223,074
Repairs and maintenance	451,645	341,452
Interest	84,816	79,065
CGI, UK — capitation fee	86,889	81,501
Rental expenses — short term leases and low value assets	278,198	37,432
Occupancy and state facilities	43,932	46,721
Auditor's remuneration		
Audit fees	41,250	35,700
Other assurance services	13,800	7,500
Impairment loss	-	998,324
NSW office sale & relocation cost	546,189	-
Other expenses from ordinary activities	760,982	446,421
Total other expenses	**10,844,517**	**9,818,233**

	2022 $	2021 $
5. Reserves		
Capital surplus reserve	745,933	745,933
Works of art revaluation reserve	17,100	17,100
Total reserves	**763,033**	**763,033**

	2022 $	2021 $
6. Accumulated surplus		
Accumulated surplus at beginning of the year	4,886,723	5,087,230
Surplus/(deficit) for the year	9,707,615	(200,507)
Accumulated surplus at the end of the year	**14,594,338**	**4,886,723**

	2022 $	2021 $
7. Key management personnel compensation		
Key management personnel	1,219,377	1,299,296
Independent Chair*	43,750	17,500
Total key management personnel	**1,263,127**	**1,316,796**

No other directors received any remuneration during the year in their capacity as a director. Note 19(ii) sets out fees paid to directors or their related entities for course presentations during the year.

*The Independent Chair was appointed on 26 July 2021.

	2022 $	2021 $
8. Cash and cash equivalents		
Cash on hand	-	-
Cash at bank	1,679,796	3,652,110
Cash on deposit	1,821,034	1,297,189
Term deposits	15,406,000	1,417,815
Total cash and cash equivalents	**18,906,830**	**6,367,114**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments.

The Company measures loss allowances for cash at bank balances as 12-month ECL as credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

9. Trade and other receivables

	2022 $	2021 $
Current		
Trade debtors	184,007	120,652
Net GST receivable	60,835	22,358
Total trade and other receivables	**244,842**	**143,010**

Trade receivables are non-interest bearing and are generally due for payment within 30 days of the invoice date. There is no impairment orsignificant credit risk with any debtor balance.

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the instrument.

Consistent with the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, trade and other receivables are classified (and measured subsquently) at amortised cost.

The Company applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers. Under the AASB 9 simplified approach, the Company determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The Company recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

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

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred

Presentation of allowance for ECL is in the statement of financial position.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

10. Other assets

	2022 $	2021 $
Current		
Prepayments	433,117	227,959
Prepaid CGI capitation fee	22,430	20,474
Total other assets	**455,547**	**248,433**

11. Asset held for sale

	2022 $	2021 $
Building held for sale	-	2,809,514

As a part of the expansion of the Sydney Metro West, the building at Level 10, 5 Hunter St. Sydney was sold under compulsory acquisition and settled during the year. The building was sold for $13.2m.

Non-current assets are classified as held for sale if it is highly probable their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Items classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

An impairment loss is recognised when the carrying amount of a non-current asset held for sale exceeds its fair value less costs to sell and is recognised immediately in profit or loss. Gains are recognised in respect of any subsequent increases in fair value less costs to sell of non-current assets held for sale, but only to the extent of any cumulative impairment losses previously recognised.

12. Property plant and equipment

	2022 $	2021 $
Non Current		
Leasehold improvements	-	571,070
Less: accumulated depreciation and amortisation	-	(571,070)
	-	-
Computer system, furniture and office equipment at cost	836,236	1,172,667
Less: accumulated depreciation and impairment loss	(827,853)	(1,051,465)
	8,383	121,202
Works of art at valuation	22,100	22,100
Total property, plant and equipment	**30,483**	**143,302**

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

	Computer systems, furniture and office equipment $	Works of art $	Total $
Balance at 1 January 2022	121,202	22,100	143,302
Additions	5,406	-	5,406
Disposal	(93,623)	-	(93,623)
Depreciation expense	(24,602)	-	(24,602)
Carrying amount at 31 December 2022	**8,383**	**22,100**	**30,483**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

Class of fixed asset	Depreciation rate
Computer systems, furniture and office equipment	10% - 33.33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

	2022 $	2021 $
13. Intangible assets		
Ethics Index		
Balance at the beginning of the year	-	-
Additions	200,000	-
Less: accumulated amortisation and impairment loss	(29,167)	-
Balance at end of year	170,833	-
Customer relationship management system		
Balance at beginning of year	978,229	1,929,380
Additions	-	47,173
Total cost basis	978,229	1,976,553
Dispoal during the year	(14,375)	(998,324)
Less: accumulated amortisation	(933,677)	(909,194)
Balance at end of year	30,177	69,035
New courses		
Balance at beginning of year	94,515	87,072
Additions	-	7,443
Total cost basis	94,515	94,515
Less: accumulated depreciation and amortisation	(64,130)	(51,679)
Balance at end of year	30,385	42,836
Total intangible assets	**231,395**	**111,871**

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

	Ethics Index $	Customer relationship management project $	New courses $	Total $
Balance at 1 January 2022	-	69,035	42,836	111,871
Additions (net of disposals)	200,000	(14,375)	-	185,625
Amortisation & impairment expense	(29,167)	(24,483)	(12,451)	(66,101)
Carrying amount at 31 December 2022	170,833	30,177	30,385	231,395

Intangible assets acquired are recognised at fair value at the date of acquisition and is subsequently amortised on a straight line basis.

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGU).

The recoverable amount of asset of CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss and been recognised.

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives are as follows:

- Ethics Index — 4 years
- Customer relationship management system — 3 years
- New courses — 3 years

14. Right-of-use assets

GIA leases its office premises and IT equipment. Information about the leases is presented below:

	Office Premises $	IT Equipment $	Total $
Balance at 1 January 2022	970,091	100,742	**1,070,833**
Additions	-	-	**-**
Disposals	-	(57,990)	**(57,990)**
Depreciation expenses for the year	(165,133)	(31,503)	**(196,636)**
Balance at 31 December 2022	804,958	11,249	**816,207**

The Company has leases for office premises in Queensland that expire in 2029 In accordance with individual lease contracts, the Company must maintain these properties in a good state of repair and return the properties in their original condition at the end of the lease.

The Company has leases for photocopier equipment that expire in 2026.

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Company, and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

	2022 $	2021 $
15. Trade and other payables		
Current		
Trade creditors and accruals	955,670	488,148
Payroll and PAYG tax payable	-	24,875
Fringe benefits tax payable	(22,686)	926
Melbourne premises new lease abatement	-	16,178
Total Trade and other payables	**932,984**	**530,127**

Trade and other payables represent the liability outstanding at reporting date for goods and services received by the Company 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. Trade and other payables are subsequently measured at amortised cost.

During 2009, the Company became exempt from the payment of payroll tax in NSW under the provisions of Schedule 2 Division 4 Clause 12(1)(c) of the Payroll Tax Act 2007 (NSW). The company pays payroll tax in other states and territories according to the payroll tax legislations within each jurisdiction.

	2022 $	2021 $
16. Deferred revenue		
Subscriptions and fees received in advance	2,877,586	2,939,431

Deferred revenue represents revenue received in advance which is not entitled to be recognised in the current period.

	2022 $	2021 $
17. Provisions		
a) Current		
Provision for employee short-term entitlements	423,462	436,267
Provision for long service leave	80,061	105,732
Total current provisions	**503,523**	**541,999**
b) Non-current		
Provision for long service leave	50,681	27,535
Total Non-current provisions	**50,681**	**27,535**
Average number of full-time equivalent employees	47.50	42.95

FTE is higher than the previous period, due to a number of vacancies occurring at the end of 2021. These roles have been recruited in early 2022.

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to statement of financial position date. Employee benefits expected to be settled within one year of the statement of financial position date have been measured at the amounts expected to be paid when the liabilities are settled. Employee benefits expected to be settled more than one year from the statement of financial position date have been measured at the present value of future payments expected to be made in respect of services provided by employees up to statement of financial position date. Consideration is given to expected future wage and salary levels, experience of employee departure and periods of service. Expected future payments are discounted to their net present value using an estimate of market yields at the statement of financial position date on professional markets investments.

	2022 $	2021 $
18. Lease liabilities		
a) Maturity analysis — contractual undiscounted cash flows		
Less than one year	171,077	280,870
One to five years	894,632	708,734
more than five years	273,848	459,836
Balance at 31 December 2022	**1,339,557**	**1,449,440**
b) Lease liabilities included in the statement of financial position as at 31 December 2022		
Current	115,368	202,038
Non-current	847,791	1,003,191
Balance at 31 December 2022	**963,159**	**1,561,488**

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Short-term leases

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term. Lease payment recognised as an expense for the financial year in relation to short-term leases is $162,171 (2021: $0). The remaining contractual committment to pay is $329,360.

19. Related party and subsidiary company disclosures

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

(i) The Chartered Governance Institute (CGI), United Kingdom: under the terms of an operating agreement with CGI, Governance Institute of Australia Ltd remits an administration fee based on the number of Australian Members and students registered with CGI as at 30 June each year to meet the expenses of the International Institute. These payments amounted to $86,889 (2021: $81,501).

(ii) The following fees were paid to directors during the year for course presentations:

	2022 $	2021 $
Caron Sugars	-	300
Christine Manuel	4,400	700
Greg Hanigan	-	600
Tim Timchur	-	900
Ainslie Cunningham*	2,700	-
Rachel Rees	-	1,500
	7,100	**4,000**

*Fees paid to Director or their related entities for course presentations.

Tim Timchur ceased to be a Director during 2021, and Christine Manuel and Rachel Rees resigned as Directors 31/12/2022.

20. Segment reporting

Governance Institute of Australia Ltd operates as a professional association providing education and promotion of the advancement of effective governance, risk management and administration of organisations in the private and public sectors, for Members and applicants for membership and for the public. These operations are in Australia and the revenue from operations is as disclosed per Note 3.
The Company is one reportable segment.

	2022 $	2021 $
21. Cash and cash equivalents flow information		
a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents 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 as follows.		
Cash on hand	-	-
Cash at bank	1,679,796	3,652,110
Cash on deposit	1,821,034	1,297,189
Term deposits	15,406,000	1,417,815
Total reconciliation of cash and cash equivalents	**18,906,830**	**6,367,114**
b) Non cash investing and finance activities		
2022: Nil. Non-cash investing and finance activities for 2021 includes the capitalisation of a right of use asset and lease liability under AASB 16 Leases $78,303 offset by a disposal of $73,572.		
c) Reconciliation of cash flow from operations with surplus after income tax		
Surplus/(deficit) from ordinary activities after income tax	9,707,615	(200,507)
Non-cash flows in surplus from ordinary activities		
Depreciation and amortisation	291,697	593,959
Impairment	-	998,324
Interest for lease liabilities	84,816	79,065
Other non-cash	(23,115)	-
Sydney office sale net of relocation costs	(9,844,368)	-
(Increase)/decrease in trade and other receivables	(101,832)	95,903
(Increase)/decrease in other assets	(207,114)	49,964
Increase/(decrease) in trade and other payables	402,857	(10,730)
Decrease in deferred revenue	(61,845)	(139,520)
(Decrease)/increase in provisions	(15,330)	35,340
Net cash provided by operating activities	**233,381**	**1,501,798**

21. Cash and cash equivalents flow information (continued)

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position. Cash flows in the statement of cash flows are included on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

22. Remuneration of auditors

	2022 $	2021 $
Pitcher Partners Sydney		
Assurance services		
Audit of the financial report	41,250	37,500
Non-assurance services		
Review of tax implications in relation to sale of the Sydney office	12,000	-
Assistance with the compilation of the Financial Report	1,800	5,000
Additional guidance in adopting AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	-	2,500
	13,800	7,500
	55,050	**45,000**

23. Trust funds

	2022 $	2021 $
Statement of Financial Position		
Estate Late Leonard Chant	977,279	968,968
The Institute Trusts	77,847	76,961
	1,055,126	**1,045,929**
Represented by		
Current assets		
Cash at bank and on deposit and trade and other receivables	1,055,126	1,045,929
Other current assets	644	821
Total current assets	**1,055,770**	**1,046,750**
Current liabilities		
Trade and other payables	13,032	1,582
Total current liabilities	**13,032**	1,582
Net trust Funds	1,042,738	1,045,168
Statement of Comprehensive Income		
Income		
Interest — Bequest from Estate Late Leonard Chant	8,254	7,409
Interest — other trust funds	886	-
	9,140	7,409
Expenditure		
Bank fees and charges	(120)	(120)
Scholarships	(11,450)	(6,278)
Used trust funds	(2,430)	1,011
Opening balance	1,045,168	1,044,157
Trust funds balance at end of year	**1,042,738**	**1,045,168**

Financial report

23. Trust funds (continued)

The Institute Trust and The Institute No 2 Trust were established in 1993 to accept gifts and bequests from Members and others. In terms of the will of Leonard Chant, following the death of the last life tenant, a one-fifth share of the estate had been left to the Company to set up a trust to pay scholarships tenable overseas for advancement of training in secretarial and administrative knowledge to immediate postgraduate candidates of the Company's examination. The terms of the original were found to be impracticable and following approval of a cy pres scheme in the Supreme Court of New South Wales, on the 28 October 2011 before Bryson AJ, the purposes of the Trust were confirmed to be that: The Trustee (Governance Institute of Australia Ltd) holds, uses, and applies the trust property to pay scholarships for entry:

(a) into the Trustee's postgraduate courses dealing with applied corporate, public sector and/or not-for-profit sector governance, and

(b) into any other postgraduate course dealing with applied corporate, public sector and/or not-for-profit sector governance whether in Australia or overseas.

The scholarships are available to any persons with tertiary qualifications including, but not limited to, graduates from any courses which contain a corporate governance, company administration or public sector management component, whether that course has been conducted by the Trustee or any other government accredited Australian tertiary education institution.

The scholarships would be tenable at the Trustee, government accredited overseas institutions, or any other government accredited Australian tertiary education institutions offering such courses, that the Trustee considers to be appropriate.

The financial statements of trust funds are not consolidated with those of the Company because the Company does not have direct control over them.

24. Events subsequent to reporting date

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

25. Contingent liabilities

The Company has bank guarantees for the amount of $116,998 (2021: $150,136). There are no other contingent liabilities as at 31 December 2022.

Directors' declaration

In the opinion of the Directors of Governance Institute of Australia Ltd ('the Company'):

(a) the financial statements and notes that are set out on pages 6 to 19 are in accordance with the *Australian Charities and Not-for-profits Commission Regulations 2022*, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulations 2022*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Pauline Vamos FGIA FCG
Chair of Governance Institute of Australia Ltd and of the Australian Division of The Chartered Governance Institute

Ken Weldin FGIA FCG
Director
Chair of Risk, Audit and Finance Committee

SYDNEY, 17 April 2023

Independent Auditor's Report
To The Members Of Governance Institute Of Australia Ltd
ABN: 49 008 615 950

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 inconsistent 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 and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

SWallace

Pitcher Partners

S S Wallace
Partner

Pitcher Partners
Sydney

17 April 2023

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