



LEADERSHIP  
MATTERS.



# ANNUAL REPORT

# 2016

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Australian  
Institute of  
Management



Australian Institute  
of Management

LEADERSHIP MATTERS

## **BETTER MANAGERS. BETTER LEADERS. FOR A BETTER SOCIETY.**

For 75 years The Australian Institute of Management has been helping people become better managers, and managers become great leaders.

As the peak body for managers and leaders, we believe that leadership matters. This belief lies at the heart of everything we do.

With more than 11,000 individual and corporate Members – and a further 5000 organisations that purchase our diverse range of management and leadership products and tools – AIM is the go-to organisation for professional managers and leaders.

Whether you work in a large multinational, a small local business, your own business or the public sector, AIM represents you in promoting sound management and leadership practice. We believe that great managers and leaders make decisions that impact people's lives and that this impact is felt well beyond the workplace.

With the right tools, resources, networks and focus, these decisions have a positive impact on society. This view is captured in AIM's Vision: Better Managers. Better Leaders. For a Better Society.

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INDEPENDENT AUDITOR'S  
REPORT

# FROM THE BOARD CHAIR



I am delighted to present the 2016 Annual Report for the Australian Institute of Management.

2016 has been a transformational year for the Institute. Following the merger of the state based divisions in 2014, and the divestment of AIM's Education & Training (AIMET) business in 2015, 2016 was our first full year as a professional organisation focused solely on Members and Membership.

We've made solid progress throughout 2016, consolidating AIM's position as the peak body for managers and leaders in Australia. 2016 has been the first year of the implementation of our **Leadership Matters** strategy which supports AIM's stated vision of:

***Better Managers. Better Leaders. For a Better Society.***

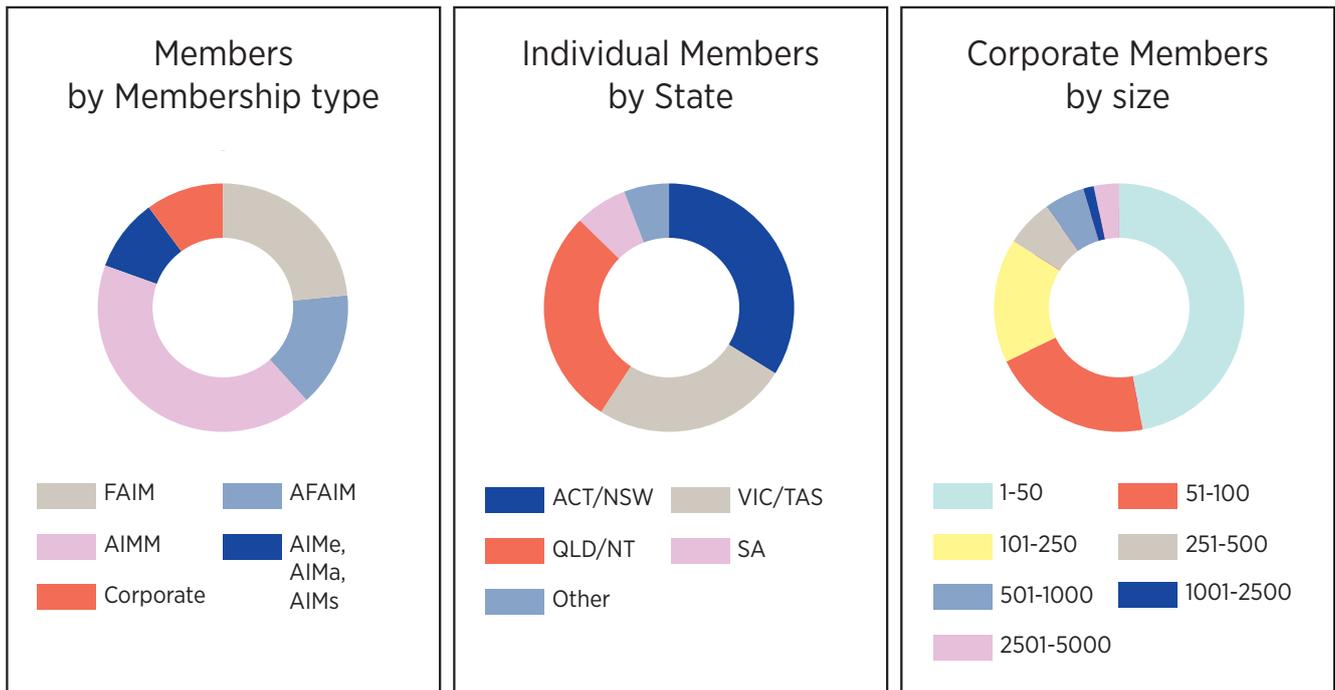
In order to reclaim the Membership ground that was lost whilst AIM was focused on training and education, it has been necessary to invest in and rebuild the Membership business. This has meant that a significant investment has been made in people, to both service our Member base and to design and co-ordinate Member focused programs and products which enhance our Membership value proposition. It's interesting to note that with this renewed Member focus, we are, in many respects returning to our historical origins as a Membership based professional body with the development of professional managers and leaders at our core.

## Financial Results

Given the trading losses of recent years which derived mainly from our education and training business, we are of course very much focused on achieving operating surpluses with our Membership business. However, in the short term, this profit/surplus imperative has to be balanced with the need to build a robust and sustainable Membership business model. We are confident that the investments we have made in the business in 2016, particularly in people, will deliver bottom line benefits well into the future. Steady growth in Member numbers and the fact that Member engagement is rising significantly provide evidence that we're laying solid foundations for future strong financial performance.

	2014	2015	2016
Revenue	5,433,874	6,894,724	7,788,187
Operating Expenses	6,088,118	7,119,731	8,595,926
Operating Loss	(654,244)	(225,007)	(807,739)
Training Business Loss	(25,798,145)	-	-
Net Loss	(26,452,389)	(225,007)	(807,739)

The above summary shows continuous growth in revenue over the last few years, driven by both recurring and one-off effects related to the implementation of our new strategy. We saw the sale of AIM's office buildings in Brisbane and Adelaide in 2016 add a gain of \$1.3m to our top line. You will recall the sales of the Melbourne and Sydney buildings occurred in the previous two years. Despite an increase in Member numbers, Membership revenue in 2016 declined slightly due to the changing composition of the types of Memberships, coupled with a change in the invoicing mechanism as we moved to a "One Billing" annual renewal date of 1 June for all Members. At the same time, we achieved a remarkable turnaround in the iconic National Salary Survey, an increase in revenue from AIM events and growth in the Skilled Migration Assessment and Diagnostic Tools businesses, all of which will contribute to a solid platform for future growth. The increase in operating expenses in 2016 was attributable to a much needed increase in headcount, mainly in the form of additional Membership Engagement Managers but also in the Operations area to support our growing organisation. Altogether this led to a net loss of \$763,007, a result that the Board accepted with the outlook of returning to profitability in the near future and based on noticeable positive signals for future growth resulting from the "Leadership Matters" strategy.



As a Membership organisation, it is Member numbers – and the growth of sustainable Membership revenue – that is key to the future of AIM’s business. In 2016, we saw growth across all categories of Membership. This is the first time that Membership has increased since 2012. It’s particularly pleasing to see the substantial growth in the younger demographic. These young Members will of course be the leaders of tomorrow and will not only sustain the business but will also carry the leadership “torch” into the future.

In addition, and this is especially pleasing, 2016 saw former Members returning to AIM! Our two Win Back Campaigns resulted in a total of 535 lapsed Members renewing their Membership and returning to their professional management and leadership body. We intend to continue our campaigns to inform former Members of AIM that we are back and that we are more focused than ever on providing products and services that can assist them on their personal leadership journey.

2016 saw the re-introduction of the student category of Membership. This is something that resonates with me personally as I joined as a student Member of AIM in Queensland in the late 1980’s. A Membership category for undergraduate and postgraduate students was something that was very much needed and I’m pleased to report that we now have almost 500 AIM Student Members (called AIMs) and I’ve no doubt that number will grow significantly in the coming years.

AIM has been developing a strong relationship with the University sector throughout 2016. This was not possible whilst we were viewed as an education provider ourselves. However, now that we are purely a Membership body we are free to develop relationships with Universities and particularly with their Business Schools. It is here that many of tomorrow’s managers and leaders will learn the theory (and practice) of management and leadership. These are therefore, the natural places for AIM to form alliances and recruit Members.

The relationship with Deakin University is an example of the future direction that AIM will take in this area. Deakin sees offering Membership of AIM as a major benefit to all its MBA students and indeed, it is a competitive differentiator for Deakin in the MBA market. It’s immensely satisfying to go along to The Essence of Leadership (TEL) Talk in Sydney or in Brisbane or in Geelong and to meet a Deakin MBA student who is filled with enthusiasm about the value of being a Member of AIM and the career development opportunities AIM Membership provides.

AIM’s partnership with Deakin University is a model for the future. We must become as adept and as innovative in the management and leadership space at Universities as, for example, the professional accounting bodies are with their own future members. The leaders of the future emanate largely from universities and AIM needs to have a greater presence in that space.

## **Leadership Matters. A clear focus on Member value and engagement**

Our focus in 2016 has been on building on the rich 75-year history of the AIM brand by engaging with our Members at a local level. We wanted to put you, our Members, at the centre of AIM's Member value proposition so that you could very clearly see the benefit of belonging to your professional body.

This focus required an investment in people and in programs. It also required an extension of the AIM network in regional areas so that we could take our promotion of sound leadership practice to all the places where our Members live and work.

You can find out more about the progress we have made in terms of engagement and events and the expansion of AIM's network of Regional Committees in the Report from the Membership & Strategy Committee Chair. Suffice to say that AIM is making a comeback in places where we used to have a strong presence. From Wollongong to Bendigo, from Townsville to Geelong and from Rockhampton to Newcastle, AIM now has dedicated local Member Committees in place. I would like to acknowledge and extend my sincere thanks to the more than 200 AIM Members who volunteered to join these committees and work so hard for AIM – your contribution is invaluable.

## **The AIM Board of Directors and Board sub-committees**

As most Members would be aware, the AIM Board of Directors is comprised of seven directors with each being an elected representative of the geographic areas which were formerly AIM's state based divisions. The Board met 11 times during 2016 and in addition to those meetings, the Board's various Sub-Committees met in advance of each Board meeting to focus on different aspects of the business. The AIM Board has three sub-committees. The Audit, Risk and Governance Sub-Committee is chaired by Andrew MacFarlane. The Membership and Strategy Sub-Committee is chaired by Julie Boyd and the People and Remuneration Sub-Committee is chaired by Geoff Fary. As a Board we provide input to and oversee the strategic direction of AIM whilst supporting our CEO, David Pich, his Leadership Team, his staff and the Regional Committees in the implementation of the three-year Leadership Matters strategy.

## **AIM's Mission – To increase the standard, number and profile of professional managers and leaders**

AIM's vision, "Better managers. Better leaders. For a better society." is a bold statement about the importance of sound management and leadership practice and a recognition of its far-reaching impact. I believe that our Vision captures the aspirations of our Members. It is actually AIM's Mission Statement that drives the practical, day-to-day, goals of the organisation.

AIM's Mission Statement – *'to increase the standard, number and profile of professional managers and leaders'* - encapsulates the very essence of the direction in which we are headed. In 2016, we have increased the number of AIM Members across Membership categories. In addition, we have delivered more than 200 leadership focused talks, panel discussions, focus groups and events across the country. At the same time, we have – through our focus on media relations and PR – increased our visibility and voice across both traditional and new media channels. But we are acutely aware that much more needs to be done.

We understand that to truly impact the leadership agenda in Australia – and to effect a marked increase in leadership capability and skill – we need to think differently about the evolution of leadership in this country. AIM's mission statement intentionally places emphasis on the *standard* of leadership practice. It is interesting to note that there is currently no accepted standard for leadership in Australia. There are standards that must be achieved (and maintained) for accountants and lawyers and doctors for example, so why not for leaders across all fields. Leadership impacts people's lives profoundly both within and beyond the workplace. The establishment of widely accepted standards is arguably even more important for leaders than it is for "field specific" professions.

I can think of no organisation that is better placed to drive the agenda for management and leadership in Australia than AIM. Moreover, I strongly believe that if AIM doesn't assume the mantle in this area another professional body will, and we will lose our obvious competitive advantage.

## Looking forward. Beyond 2016

2014 and 2015 were years of significant change for AIM - years in which we amalgamated nationally and closed the education and training chapter of the AIM story. 2016 has been the year which we embarked upon our transformation into a truly Member-centric organisation which recognises and strives to elevate the professional discipline of leadership. Our **Leadership Matters** strategy will continue into 2017 and it's our intention that the change and reinvigoration of the business will be increasingly driven by our Members' needs. We cannot become complacent and must remain alert to broader changes in the workplace and in society. As the peak body for managers and leaders we must be positioned to both set the leadership agenda and to react swiftly when required to do so by external factors.

One of the most interesting things about AIM is that, over our 75-year history, we have developed, changed and morphed several times. Each time, just as it should be, it has been our desire to stay relevant to our Members - and to attract new Members - that has driven this change.

As I said in last year's Annual Report, the vision of the original founders was to create an organisation that could accompany its Members throughout their career journey. They wanted an organisation that offered a place for like-minded managers and leaders to get together and learn from one another - and from others - about sound management and leadership practice. AIM was an organisation where managers and leaders could gather to network and share their experiences. Although the world has changed dramatically since AIM was founded in 1941, a belief in sound management and leadership practice and recognition of the impact that this has on society remains our *raison d'être*.

On behalf of the Board of the Australian Institute of Management, I would like to thank you for your continued Membership. Thank you for your loyalty to AIM and for what you do every day to make the Australian workplace and thus broader society, a better place.



**Ann Messenger FAIM**  
Chair, AIM Group

# 2016 SUMMARY OF THE YEAR

The 2016 financial year has been a time of significant investment in AIM's Leadership Matters strategy. Our Members are at the centre of everything we do at AIM and this is reflected in the Group's financial results and operational outcomes.

In Brisbane and Adelaide, for example, we sold the education and training focused buildings that AIM had owned for a long time. In both locations we moved to new locations close to our Membership base and more aligned to our Members' needs.

In 2016 total revenue increased by close to \$1m. This was primarily driven by the gain on disposal of our office buildings (\$1.3m) plus the increased investment and interest revenue earned on the sale proceeds (\$1.1m) as well as by strong results from our National Salary Survey, Diagnostic Tools and Skilled Migration Assessment businesses (\$1.3m).

At the same time, whilst we saw AIM's Membership revenue decline slightly year-on-year, we grew our Membership base by a very healthy 10% in 2016.

Even more pleasing is the fact that the composition of our Membership base is changing. We now have a greater proportion of non-professional Members – our Emerging Leaders (AIME), Student Members (AIMS) and Affiliates (AIMa). Whilst these groups pay lower Membership fees they represent the pipeline to future professional Membership. They are also aligned to AIM at the start of their leadership careers. Each of these new, non-professional Member categories are a very important stepping stone towards becoming a professional Member of AIM (AIMM).

In 2016, AIM moved to a single date Membership cycle which saw the majority of our Members being moved to a renewal date of 1st June. As 2016 was the first year of this new Membership cycle, revenue dropped slightly during the months of June to August while Members were paying their 2016/17 Membership fees.

On the cost side of the business, operating expenses increased by \$1.4m this year compared to 2015. This is a result of the focus on Member Engagement and activity. The increase in the number of engagement staff who are in direct contact with our Members day in and day out, has resulted in the first increase in Membership for 4 years.

In addition, AIM's operational functions such as Marketing, Finance and HR were brought back in-house in 2016. These were previously provided by the Education and Training business as a shared service. Running these functions ourselves allows for much greater control of our own destiny and strategy.

The increase in travel cost (+\$76,000) reflects our determination to offer our Members a suite of events and networking opportunities across all regions of the country. In 2016 we expanded our reach to include Geelong, Bendigo, Rockhampton, Townsville and Wollongong, as well as increasing engagement activity in the Northern Territory and the ACT.

The loss before income tax was \$807,739 for the year. This is consistent with the approved budget at start of 2016 and reflects our investment in future-proofing the Institute following the national merger and the divestment of the Education and Training business. The total comprehensive loss, after one-off positive effects from the building sales, was \$763,007.

AIM's balance sheet remains strong. The majority of proceeds from the building sales (presented as current 'assets classified as held for sale' as at 31 December 2015) having being invested in the Institute's long-term investment portfolio (presented as non-current 'available for sale financial assets').

Net assets were a healthy \$31.6m as at 31 December 2016. This positions us well for the future as we look to expand the business, further grow our Membership base and enter new product and service areas. 2016 has been a year of consolidation and change. 2017 promise to be a year of continued change and growth.

# MEMBERSHIP & STRATEGY COMMITTEE, CHAIR, JULIE BOYD FAIM

As Chair of the Membership & Strategy Committee, we are delighted to share that 2016 delivered a year of MORE for Members.



- More content via our publications: Leadership Matters magazine, leadershipmatters.com.au, Insight Edge and your online professional development tool, Leadership Direct.
- More Member engagement with Members speaking at TEL Talks and Leadership Updates, Member profiles in our publications and social media, Members judging for AIM's Leadership Excellence Awards, hundreds of Mentors and Mentees, and new Members at existing Regional Advisory Committees.
- More Regional Advisory Committees in Townsville, Rockhampton, Adelaide, Geelong, Bendigo, Wollongong and Newcastle.
- More professional development and networking events: National Conference, Leadership Outlook, TEL Talks, Leadership Update, National Networking Day, International Women's Day, the AIM Great Debates, the AIM Leadership Excellence Awards and our End of Year events.
- More attendees at events: 127 events delivered nationally to 8,428 attendees. Of the attendees, around 56% are Members.
- More nominees than ever before for the AIM Leadership Excellence Awards – over 1,000 nominees. And two new Awards categories: Student Leader and Community Leader.
- And more Members: the 2016 Membership numbers as at 31 Dec 2016 are:

By Grade	
Fellows (FAIM)	2634
Associate Fellows (AFAIM)	1680
Members (AIMM)	4748
AIMa Affiliates	651
Emerging Managers (AIMe)	153
AIMs Students	239
Student Access	24
<b>TOTAL</b>	<b>10,129</b>

By State	
ACT	546
NSW	2877
NT	141
QLD	2681
SA	642
TAS	150
VIC	2443
WA	125
Overseas	234
N/A	290
<b>TOTAL</b>	<b>10,129</b>

After a period of significant change, we thank you, our Members for your loyalty and we encourage you to (continue to) get involved and provide feedback on what you'd like to see from your Membership in 2017 and beyond. Because, as always we are here to support you to develop your networks, develop yourself or develop your team.

As Chair of the Membership & Strategy Committee, I am delighted to recap an active year, as we increased our Member engagement activities.

As the peak body for managers and leaders, our reason for being is to support you in your management and leadership journey. I encourage you to check in with your local Engagement Teams with any feedback or suggestions that you may have.

**Julie Boyd FAIM**

Chair, AIM Membership & Strategy Committee

# HIGHLIGHTS OF 2016



## National Salary Survey

Now in its 53rd year, the AIM National Salary Survey (NSS) continues to be one of Australia's most established and comprehensive remuneration benchmarking tools. The 2016 NSS has once again delivered the latest and unbiased remuneration trends and analysis with data drawn from more than 25,000 employees, and 18 industries to create organisational policies, benefits and salary packages on more than 250 of the most in demand position titles.

The NSS also offers two complimentary reports: **Staff Retention Report** and **Gender Pay Gap Report**, which provides additional insights and strategies on how to retain top talent as well as the importance of salary benchmarking to reduce the pay gap.

The **Staff Retention Report** found the average resignation rate in Australia to be 10.3%, with the highest across NSW, Banks/Finance/Insurance industries, and in organisations with annual turnover of \$5-10 million. Retention strategies from the report included rewarding overtime with time in lieu, making additional superannuation contributions and having a supportive learning and socially responsible culture. The **Gender Pay Gap Report** found that the pay gap between men and women has decreased from 9.8% in 2012 to 8.2% in 2016. Gender pay gaps are highest at the Senior Executive level and at the General Management and Marketing & Sales functions where males receive approximately 10% more on average than females.

Increasing data contributions to the NSS will be key for the Research & Analytics team in 2017. As such we are currently upgrading our contributor portal for a more user friendly interface ensuring the contribution experience is fast and easy. AIM also recognises the need for salary clarification in the IT, Health Services and Construction sectors, which will be our focus in 2017 to build quality data for a better benchmark.



## Professional Development

Being the peak body for managers and leaders, AIM is committed to help people become better managers and leaders through a range of professional development workshops. In 2016, we offered a total of 32 TEL Talks, 12 Leadership Update events, 10 other regional events and 5 national roadshows: Leadership Outlook, InCamera, Pitch Me Perfect, Policy and Advocacy Roundtables and End of Year events and celebrations across Australia.

We saw over 8,428 people attend the events including both Members and non-members.

We welcomed fantastic guest speakers and panellists from a range of industries and professional backgrounds, each with their own unique stories, insights and tips on leadership in the workplace such as Her Excellency Ms Unni Kløvstad, Ambassador of Norway to Australia; Janelle Weissman, Executive Director of UN Women National Committee Australia; David Hall, former CEO of Jetstar Australia; Karen Jacobsen, Siri / "the GPS girl"; Zoe Routh, Director of Inner Compass, The Affectors; Elaine Jobson, General Manager of Jetts Fitness and Peter Sheahan, Group CEO of Karrikins Group.

AIM also held the Outstanding Leaders Series (OLS) to showcase distinguished leaders as they share the key learnings that have defined their career success. A total of 343 AIM Members and non-Members attended across Brisbane, Canberra, Hobart, Melbourne and Sydney.

Although each event is different, they all embodied a passion for good leadership and management and contributed to AIM's vision of 'Better managers, better leaders, for a better society'.



## Member Exchange

2016 was another successful year for the AIM Member Exchange Mentoring Program. We ran a number of marketing campaigns through digital advertising, email communications, Search Engine Optimisation and social media to promote the Member Exchange program and increase brand awareness for AIM as it is also a great Membership conversion tool.

Member Exchange presents a unique opportunity for Members to exchange knowledge and experience in management and leadership. The program breaks down geographic barriers by enabling Members from all around the country to join together to offer each other support in the management profession and finesse their skills toward future goals for either personal and/or career development.

In 2016, we had over 350 Mentors and Mentees, who participated in three cohorts in April, July and October. We also partnered with Queensland Education Leadership Institute (QELi) to run a 12-month mentoring program for over 70 Mentors and Mentees.

We would like to take the opportunity to thank all our participants for their time and contribution to the program and we look forward to working together again in 2017.

2016 feedback includes:

**Mentor: Simon Smith FAIM | Managing Director of Southern Cross Coaching and Development**

“To be able to contribute to somebody else’s empowerment in any way for me is the whole reason I get up in the morning.... I also get a lot out of AIM, so it’s nice to be able to give something back as well.”

**Mentee: Melita Hardenberg AIMM | Founder of Get Fit & Focused**

“My mentor helped me avoid a number of disasters! I’d made quite a few poor decisions in setting up my business and he helped me avoid some really bad risks.”



## AIM Leadership Excellence Awards

For over 25 years, the AIM Leadership Excellence Awards (ALEAs) has celebrated management and leadership excellence. The ALEAs was a fantastic opportunity to recognise and acknowledge our most outstanding leaders. In 2016, we experienced a 46% increase of nominations and applications compared to 2015, with a total of 1,050 submissions.

2016 saw two additional categories added. First, the Student of the Year, to recognise our young leaders and second, the Community Leader of the Year Award.

We were pleased to see our winners from a range of different industries all around the country – a great representation of diversity!

2016 Winners:

**Community Leader of the Year:** Glenn Keys FAIM (ACT) | Co-Founder & Director, Project Independence

**Emerging Leader of the Year:** Paul Mead AIMe (NT) | Sports Consultant, Paul Mead Consulting

**Leader / Manager of the Year:** Cherie Curtis FAIM (QLD) | CEO, Revelian

**Non-profit Leader of the Year:** Lucy O’Flaherty FAIM (TAS) | CEO, Glenview Community Services

**Owner/Entrepreneur Leader of the Year:** Simon Anquetil FAIM (NSW) | Chairman, Tech Pilot Fund

**Student Leader of the Year:** Dominic May AIMS (NSW) | Student at University of Newcastle

This year at the ALEA National Gala Dinner AIM also celebrated its 75th Anniversary. The Excellence Awards is an incomparable opportunity to profile and celebrate great leaders and we thank you all for your support and participation in the Awards program in 2016. We look forward to another successful program in 2017!



## AIM Conference

In 2016, AIM was delighted to announce its inaugural **Leadership Matters: 7 Skills of Very Successful Leaders** Conference, which explored the latest management and leadership thinking and how to put it into action.

The conference was structured around 7 skills that, through careful consideration, drawing on AIM's 75 years of experience, we understand to be the building blocks of a successful leader.

The conference held in Brisbane on 19th October was a fantastic opportunity to hear from a range of management and leadership experts, and take away practical tips through a variety of session formats such as keynote presentations, panel discussions, case studies, Q&A, interactive sessions, and a 'networking is working lunch'.

Topics covered on the day included:

- Setting Strategy
- Defining Culture
- Making Decisions
- Leading People
- Networking Is Working
- Ethical Leadership
- Inclusion Matters

Following the success of the 2016 AIM Conference in Brisbane, we are bringing it to Melbourne in 2017 in March.

### TESTIMONIALS

"Well done in bringing together a highly informative and engaging session!"

"The program provided variety and while I am approaching the end of my career there was a lot to take away and share."

"Overall an excellent conference that provided a lot to think about and put into practice."



## International Women's Day

Here at the Australian Institute of Management, we are passionate advocates for diversity in the Australian workplace. We believe that 'Diversity Matters'.

AIM's Diversity Matters portfolio encompasses a range of diversity focused initiatives including our International Women's Day Great Debate which in 2016 AIM hosted just under 2,000 attendees and engaged 25 speakers across 5 events in 4 days.

This year's topic 'Men and Women. Equal at Last' made for a provocative debate! Great discussions from our wonderful debaters.

Highlights:

- Sue Maslin, screen producer (The Dressmaker) and Adjunct Professor of the School of Media & Communication, RMIT University
- Kerry Chikarovski, former Liberal party leader
- Peta Pitcher FAIM, Director of The Lady Musgrave Trust and Executive Manager - Programs & Services at Playgroup Queensland

The event was also a fantastic opportunity to engage with Members, potential members and support grass root charities. In Melbourne, \$4,490 was raised for Aboriginal Family Violence Prevention & Legal Service, in Sydney \$8,170 was raised for Manly Women's Shelter, and \$31,540 for Micah Projects in Brisbane. That's a total of \$44,200!

A big thanks to each and every one of our supporters – BCEC, Dolton House, RACV Club, NAB and to the team for helping AIM to convey one of our core messages – Diversity Matters.



LEADERSHIP  
MATTERS.

# **CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED**

## **31 DEC 2016**



Australian  
Institute of  
Management

# DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Australian Institute of Management (Group) Limited ('the Company') and the entities it controlled at the end of, or during, the year ended 31 December 2016, and the Auditors' report thereon. Throughout the report, the consolidated entity is referred to as 'the Group'.

## Directors

The Directors who held office during the year ended 31 December 2016 and up to date of this report are:

### Ann Messenger FAIM

(Chair) (re-elected on 25 May 2016)  
Company Director

### Geoff Fary FAIM

(Deputy Chair) (re-elected on 25 May 2016)  
Chair, Federal Government's Asbestos Safety & Eradication Council

### Andrew McFarlane FAIM

Principal Consultant, MOMENTUM Business Advisors Pty Ltd

### John Withers FAIM

Company Director

### Mike Zissler FAIM

Chief Executive Officer, The Australian Property Institute

### Julie Boyd FAIM

Company Director

### David Conry FAIM

(retired on 15 February 2017)  
Managing Director, Damarcon

## Company Secretary

### Susanne Behrendt FAIM

(appointed 1 August 2016)

### Faisal Mukhtar FAIM

(resigned on 31 October 2016)

## Corporate Governance Statement

The Directors review and approve strategies and action plans for the continuing development of the Company and its controlled entities. Management and the Board monitor the Group's overall performance, from implementation of the strategic plan through to the performance of the Group against operating plans and financial budgets.

## Objectives & strategy for achieving the objectives

The Group provides research & advocacy, learning, publishing and information services to leaders and managers in Australia. In doing so the Group will:

- a. Develop, support, promote and practise the profession of management at all levels by being the preeminent voice of management and leadership in Australia.
- b. Provide opportunities for Australian managers to achieve an outstanding career through mentoring, professional development, networking and interventions.
- c. Undertake commercially viable endeavours in the management and leadership space to support its not-for-profit mission and objects and for the benefits of Members.
- d. Ensure benefits derived from all activities of all entities are directed to the benefit of AIM Members and the objects described in the Constitution of the Company and its subsidiary entities.
- e. Manage the reputation and growth of AIM through continuous improvement across systems, processes and culture.
- f. Further develop a share of the voice in the management space through targeted and measurable research, advocacy and public relations built on the Group's vision "Better Managers. Better Leaders. For a Better Society"..
- g. Continue to manage and develop AIM's competencies and infrastructure to become effective and more agile in the marketplace through better coordination of its Membership communication tools as a strategic asset.

## **Principal activities**

As the peak professional association for managers and leaders, the Group offers services to its Members to meet their needs for career development, resource access, professional recognition and networking opportunities. The Group supports the development of management and leadership capability in the broader community through mentoring, the AIM Leadership Excellence Awards and through the awarding of prizes at a number of universities. Additional services offered include research, consulting and assessment services.

There was no significant change during the year in the principal activities of the Group.

## **Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## **Performance measures**

The Group measures its performance against the Board approved strategies, objectives and key performance indicators. Each objective and KPI has its own financial and operational charter that is monitored and reviewed regularly to ensure it is aligned with the Group's objectives.

# INFORMATION ON DIRECTORS



## **Ann Messenger FAIM (Chair)**

Ann Messenger is a Chartered Accountant who studied marketing and operations management before specialising in accounting and finance. Ann began her career in banking and has had a range of commercial experience both in Australia and overseas, including six years in Latin America where, as an equities analyst, she covered emerging markets.

In Australia, Ann worked in corporate finance and advisory roles with accounting firms KPMG and HLB Mann Judd, before moving into Chief Financial Officer and Chief Operating Officer positions with organisations including the Sydney Chamber of Commerce. Ann pursues a variety of business, community and personal interests and is a member of the Mosman Development Assessment Panel. Ann has a strong interest in the not-for-profit (NFP) sector and a firm belief in the value of the NFP sector to society.

Ann is a Fellow of the Australian Institute of Management.



## **Geoff Fary FAIM (Deputy Chair)**

Geoff Fary is Chair of the Federal Government's Asbestos Safety & Eradication Council and is a former Assistant Secretary of the ACTU, Ex-Chief of Staff to a Federal Government cabinet minister and was a senior executive at George Weston Foods Ltd and Nestle Australia.

Geoff's working life has been devoted to Human Resource Management and Industrial Relations and his career moves have given him the unusual perspective of corporate, government and union experiences.

Geoff is a Fellow of the Australian Institute of Management.



## **Julie Boyd FAIM (Chair of the Membership & Strategy Committee)**

Julie is an experienced company director with expertise in corporate governance, strategy and the not for profit sector. Julie originally trained as a Registered Nurse in Brisbane and as a Midwife in Scotland. She studied politics at the University of Queensland prior to moving to Mackay. She was elected to the Mackay City Council within 2 years of moving to the City. She spent 16 years as an elected Councillor, with 11 of those as Mayor and was the first female Mayor of Mackay.

On leaving Local Government in 2008, she was appointed as the Queensland Governments Special Trade Representative to Japan, Republic of Korea and the Philippines. In 2010 she was appointed as the Special Trade Representative to Africa. Julie has held a number of Board directorships over the past 15 years and currently is Chair of Reef Catchments Ltd, a Non-Member Director of the Real Estate Institute of Queensland and Non-Executive Director of YWCA Qld and RACQ Rescue Helicopter Service.

Julie is a Fellow and Graduate of Australian Institute of Company Directors, a Level 2 accredited Executive Coach and accredited in the Leadership Circle 360 Executive Performance. Julie also contracts to the Stephenson Mansell group as an Executive Mentor.

Julie is a Fellow of the Australian Institute of Management.



### **David Conry FAIM**

David is the Managing Director of Damarcon and also holds several directorships that along with AIM, include the Chair of The Queensland Museum Network, Chair of the Brisbane Powerhouse Arts, Charlton Brown, Primary Health Network and the Australian Institute of Health and Welfare.

David Conry was honoured in 2007 as Queensland's Australian of the Year, Queensland's Social Entrepreneur of the Year, as well as several other community and business awards and has been recognised as one of Queensland's most influential people for his founding of the national group Youngcare. David continues to remain an active and passionate supporter of organisations in the area of human rights, youth indigenous affairs, disability and is an in demand public speaker, mentor and disability advocate.

David is a Fellow of the Australian Institute of Management.



### **Andrew McFarlane FAIM**

After gaining invaluable consulting experience in organisations such as Hungerfords, and KPMG, Andrew established his own consulting company MOMENTUM Business Advisors Pty Ltd in 1988 where he is Principal Consultant. Andrew is a Director of multiple companies in the Momentum Property Group, Director of AIM ET, the CEO of Bene Aged Care (Aged Care Provider with over 650 staff and volunteers), and was previously a Director of Nepenthe Wine Group and Member of the Women's and Children's Health Network – Audit and Risk Committee.

MOMENTUM Business Advisors Pty Ltd provides a range of professional consulting services including accounting advice, taxation, financial management information systems, business advisory, executive outsourcing, business re-engineering and systems solutions. Andrew has an extensive history in the provision of professional management and business consulting services to a diverse range of not-for-profit, commercial and private clients. Andrew specialises in the SME, finance, wine industry, aged care and welfare service industries. His particular field of expertise includes strategic planning, business planning, management consulting, systems reviews, and financial management information systems.

Andrew has a Bachelor of Economics and is a Member of the Certified Practising Accountants, a Registered Tax Agent, Certified Professional Manager and a Life Member of the Australian Institute of Management.



### **John Withers FAIM**

John Withers has extensive experience as a leader and manager in Defence, and more recently in the private and public sectors. After completing his schooling in Melbourne, John entered the Royal Military College and served as an officer in the Australian Regular Army for 25 years in the Infantry and the Special Air Service Regiment. After leaving the Regular Army in 1998, John moved to Hobart where he has worked in the private and public sectors.

John is currently an HR specialist with the Tasmanian State Government holding a number of positions in the Department of Education and more recently the Department of Justice.

For the past 17 years, he has been an active Member of AIM in Tasmania serving as a Member of the local committee of management, implementing and facilitating on the Aspiring Manager Program, and the AIM Business Leadership Awards.

John is a Fellow Member of the Australian Institute of Management.



### **Mike Zissler FAIM**

Mike Zissler is the Chief Executive of the Australian Property Institute having been in that role since October 2014. Prior appointments include the Chief Executive Officer of Lifeline Canberra, the Commander of the Northern Territory Emergency Intervention and the Chief Executive Officer of a large ACT Government Department. He has extensive public sector experience having been in senior roles with a number of State and Territory Government agencies.

Mike has a British Army background and trained as a Paramedic/Registered Nurse before specialising in Paediatrics in the NHS. Arriving in Australia in 1988 Mike has undertaken a Bachelor's degree in Health Administration and a Masters of Business Administration and has specialised in organisational development and change often working with organisations undergoing governance, constitutional and financial crisis.

Mike is a Fellow of the Australian Institute of Management, a Fellow of the Australian Institute of Company Directors, a Fellow of the Chartered Management Institute and a Fellow of the Australasian College of Health Service Management.

## Directors' meetings

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2016, and the number of meetings attended by each director were:

	BOARD MEETINGS	
	HELD	ATTENDED
A Messenger (Director)	11	11
G Fary (Director)	11	11
J Boyd (Director)	11	11
D Conry (Director)	11	10
A McFarlane (Director)	11	11
J Withers (Director)	11	11
M Zissler (Director)	11	9
F Mukhtar (Company Secretary until October 2016)	8	8
S Behrendt (Company Secretary from August 2016)	4	4

Held: represents the number of meetings held during the time the Director held office.

### **Directors' remuneration**

The Company pays \$25,000 annual fees to its Directors, and an additional \$2,500 to Directors who chair a Board Sub-committee and \$50,000 annual fees to the Chair.

### **Indemnity and insurance of officers**

The Company has indemnified the Directors and Executives for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors of the Company and Executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

### **Members' liability**

The Australian Institute of Management (Group) Limited is a company limited by guarantee and the liability of its Members is limited.

Member of AIM Group Limited undertakes to contribute to the assets of the Company if it is wound up while the Member is a Member, or within one year after the Member ceases to be a Member, for:

- > the payment of the debts and liabilities of the Company, contracted before the Member ceases to be a Member;
- > the expenses of winding up the Company; and
- > the adjustment of the rights of the contributories among themselves.

The amount of the contribution must not exceed \$2.00 in any circumstances.

### **Auditor independence and non-audit services**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included in this report.

## Non-audit services

RSM Australia Pty Ltd ('RSM') is the auditor of the Company (2015: PwC), its controlled entities and subsidiaries.

During the period RSM (2015: PwC) provided the following non-audit services to the Company and its controlled entities. Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of non-audit services provided means that auditors' independence was not compromised.

RSM (2015: PwC) received or is due to receive the following amounts for the provision of non-audit services:

	31 December 2016	31 December 2015
	\$	\$
Accounting and tax services	Nil	45,321
Legal and corporate advisory services (non-recurring)	Nil	155,720
<b>Total non-audit services</b>	<u>Nil</u>	<u>201,041</u>

This report is made and signed in accordance with a resolution of Directors.



**Ann Messenger FAIM**  
Director  
Brisbane, 16 May 2017



**Andrew McFarlane FAIM**  
Director  
Brisbane, 16 May 2017



**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Australian Institute of Management (Group) Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**RSM AUSTRALIA PARTNERS**

**Albert Itoos**  
Partner

Brisbane, Queensland  
Date: 16 May 2017

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT TAX CONSULTING**

RSM is a member firm of the RSM network and is a member of the RSM Global member firm, which is a member of the RSM Global network. The member firm of the RSM Global network is a member of the RSM Global network. The member firm of the RSM Global network is a member of the RSM Global network. The member firm of the RSM Global network is a member of the RSM Global network.

Quality in our service is our approach to Professional Standards legislation

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	Consolidated 2016 \$	Consolidated 2015 \$
<b>CONTINUED OPERATIONS</b>			
Revenue	4	7,788,187	6,894,724
Expenses	5	(8,595,926)	(7,119,731)
Loss before income tax		(807,739)	(225,007)
Income tax expense	6	-	-
Loss for the year		(807,739)	(225,007)
Other comprehensive income/(loss)			
Gain on revaluation of available for sale financial assets	14	242,199	580,107
Reversal of revaluation reserve of property, plant and equipment	19	(197,467)	(358,875)
		44,732	221,232
Total comprehensive loss for the year		(763,007)	(3,775)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	Consolidated 2016 \$	Consolidated 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	1,186,456	541,113
Assets classified as held for sale - continued operations	8	-	13,902,417
Receivables	9	654,044	951,160
Prepayments & other current assets	10	318,011	268,692
<b>Total current assets</b>		<b>2,158,511</b>	<b>15,663,382</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	551,228	-
Investment in an associate	12	50,000	50,000
Intangible assets	13	370,714	277,365
Available for sale financial assets	14	29,656,693	19,218,830
Other deposits	15	1,967,272	-
<b>Total non-current assets</b>		<b>32,595,907</b>	<b>19,546,195</b>
<b>Total assets</b>		<b>34,754,418</b>	<b>35,209,577</b>
<b>CURRENT LIABILITIES</b>			
Payables	16	1,054,181	1,595,105
Other current liabilities	17	1,929,755	1,361,010
Provisions	18	139,729	61,350
<b>Total current liabilities</b>		<b>3,123,665</b>	<b>3,017,465</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	18	10,286	6,105
<b>Total non-current liabilities</b>		<b>10,286</b>	<b>6,105</b>
<b>Total liabilities</b>		<b>3,133,951</b>	<b>3,023,570</b>
<b>Net assets</b>		<b>31,620,467</b>	<b>32,186,007</b>
<b>EQUITY</b>			
Reserves	19	6,662,501	6,617,769
Retained earnings/(accumulated losses)	20	24,957,966	25,568,238
<b>Total equity</b>		<b>31,620,467</b>	<b>32,186,007</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial information of the parent entity is summarised under note 27.

# CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended 31 December 2016

	Note	Retained earnings \$	Reserves \$	Total \$
Balance at 1 January 2015		(15,175,186)	48,011,628	32,836,442
Loss for the year		(225,007)	-	(225,007)
Business combination reserve related to discontinued operations reclassified to retained earnings	20	39,939,653	(39,939,653)	-
Adjustment to business combination reserve related to continued operations		-	(646,660)	(646,660)
Available for sale financial asset reserve		-	580,107	580,107
Building revaluation reserve reclassified to retained earnings		1,028,778	(1,028,778)	-
Fair value revaluation of land and buildings		-	(358,875)	(358,875)
Balance at 31 December 2015	19 & 20	25,568,238	6,617,769	32,186,007
Loss for the year		(807,739)		(807,739)
Available for sale financial assets reserve			242,199	242,199
Building revaluation reserve reclassified to retained earnings		197,467	(197,467)	-
Balance at 31 December 2016	19 & 20	24,957,966	6,662,501	31,620,467

The above consolidated statement of changes in members' equity should be read in conjunction with the attached notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	Consolidated 2016 \$	Consolidated 2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and customers (inclusive of GST)		7,327,766	5,715,627
Payments to suppliers and employees (inclusive of GST)		(8,972,441)	(7,655,482)
Interest received	4	25,244	384,170
<b>Net cash outflows from operating activities</b>		<b>(1,619,431)</b>	<b>(1,555,685)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net proceeds from disposal of Assets classified as held for sale - continued operations		15,154,136	757,255
Payments for intangible assets	13	(159,587)	(90,006)
Payments for property, plant and equipment	11	(566,839)	-
Proceeds from (investment in) other deposits	15	(1,967,272)	16,706
Investment in available for sale financial assets		(10,195,664)	(578,879)
<b>Net cash inflows from investing activities</b>		<b>2,264,774</b>	<b>105,076</b>
Net decrease in cash and cash equivalents		645,343	(1,450,609)
Cash and cash equivalents at the beginning of year		541,113	1,991,722
<b>Cash and cash equivalents at the end of year</b>	7	<b>1,186,456</b>	<b>541,113</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

## Note 1: Corporate information

The Australian Institute of Management (Group) Limited is a company limited by guarantee, incorporated in Australia under the Corporations Act 2001 and domiciled in Brisbane.

The Company's registered office and principal place of business is at Level 16, 40 Creek Street, Brisbane QLD 4000.

The consolidated financial report of the Australian Institute of Management (Group) Limited for the year ended 31 December 2016 was authorised for issue in accordance with a resolution of the Directors dated 16 May 2017. The nature of the operations and principal activities of the Company and its controlled entities are described in the Directors' report.

## Note 2: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Australian Institute of Management (Group) Limited and its controlled entities ('the Group').

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. The Australian Institute of Management (Group) Limited is a not-for-profit entity for the purpose of preparing the financial statements.

### *i) Compliance with Australian Accounting Standards – Reduced Requirements*

The consolidated financial statements of Australian Institute of Management (Group) Limited and its controlled entities comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

### *ii) New and amended standards adopted by the Group*

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### *iii) Early adoption of standards*

The Company has not elected to adopt any pronouncements early.

### *iv) Historical Cost convention*

These financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

The consolidated entity has a policy of independently revaluing its freehold land and buildings other than held for sale, based on periodic, but at least triennial valuations by external independent valuers.

The consolidated financial statements are presented in Australian dollars, which is the Australian Institute of Management (Group) Limited's functional and presentation currency.

### **(b) Principles of consolidation**

The consolidated financial statements of the consolidated entity incorporate the assets and liabilities of the Company and its controlled entities at the end of the financial year, and the results of the Company and its controlled entities during the financial year. This control is by virtue of the fact that all Directors of the controlled entities are appointed by the Company. The Company and its controlled entities together are referred to in this financial report as the AIM Group.

The effect of all transactions between entities in the consolidated entity and inter-entity balances are eliminated in

full in preparing the consolidated financial statements.

#### **(c) Income tax**

The consolidated entity adopts the liability method of tax-effect accounting. Under present legislation income derived by the Group from Members is not assessable for income tax. Income tax liabilities arise in respect of income derived from non-Members and investments less certain allowable deductions.

The controlled entities of the Company have been advised by the Australian Taxation Office that they are exempt from Income Tax pursuant to the Income Tax Assessment Act 1997 except the Australian Institute of Management NSW/ACT Limited which is a taxable entity.

#### **(d) Foreign currency**

Transactions denominated in a foreign currency are recorded at the exchange rates prevailing at the date of the transactions. Foreign currency payables at balance date are translated at exchange rates current at the balance date. Exchange gains and losses are brought to account in determining the profit or loss for the financial year.

#### **(e) Revenue**

Revenue of the Group includes personal and corporate membership subscriptions to the Group, the provision of related services including Member and signature events and research service income (net of discounts). Subscription revenue is recognised progressively over the subscription period and events and research services income is recognised when the service is provided.

Revenue from the controlled entities including the discontinued operations up until the disposal date is earned from the provision of management training courses, the sale of management educational material and the hiring of facilities. Course and other training related revenue is recognised when the service is provided.

Convention revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the convention cannot be reliably estimated. Where it is probable that a loss will arise from a convention, the excess of total cost over revenue is recognised as an expense.

Other revenue including property lease rental and interest income is recognised on an accruals basis.

#### **(f) Receivables**

All trade debtors are recognised at the amounts receivable as they are due for settlement at no more than 30 days.

Collectability of trade debtors is reviewed on an ongoing basis. Bad debts which are known to be uncollectible are written off during the year in which they are identified. A provision for doubtful debts is established where there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The movement in provision is recognised in the income statement.

#### **(g) Investment in Financial Instruments**

Investments in financial instruments are designated as available for sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for medium to long term.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of reporting period.

Changes in the fair value and exchange differences arising on translation of investments that are classified as available for sale financial assets (for example equities), are recognised in other comprehensive income accumulated in a separate reserve with equity. Amounts are reclassified to profit and loss when the associated assets are sold or impaired.

#### **(h) Property, plant and equipment**

Land and buildings are shown at fair value, based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in the carrying amounts arising on revaluation

of land and buildings are credited to the asset revaluation reserve in equity.

Property, plant and equipment, other than freehold land, are depreciated over their expected useful lives using the straight line method. The expected useful lives are as follows:

Buildings	40 years
Leasehold improvements	5-15 years
Plant and equipment	3-10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

Gains and losses on disposal of property, plant and equipment are taken into account in determining the profit for the financial year.

#### **(i) Leased assets**

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to expenses in the financial periods in which they occur.

#### **(j) Trade and other creditors**

The amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are usually paid within 30 days of recognition.

#### **(k) Employee entitlements**

##### ***i) Wages, salaries and annual leave***

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

##### ***ii) Long service leave***

The liability for long service leave expected to be settled within 12 months of the reporting date is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is measured as the present value of expected future payments to be made in respect of services provided by the 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 to match as closely as possible, the estimated future cash outflows.

#### ***iii) Superannuation***

Contributions to external employee superannuation plans are charged as an expense when the contributions are paid or become payable.

#### ***iv) Employee benefits on-costs***

Employee benefits on-costs, including payroll tax, are recognised and included in employee benefits costs and in liabilities when the employee benefits to which they relate are recognised as liabilities.

#### **(l) Cash and cash equivalents**

For the purpose of the cash flow statement, cash includes cash on hand and deposits held with banks, net of any bank overdrafts. Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash.

#### **(m) Assets classified as held for sale**

Assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Assets classified as held for sale are presented separately from the other assets in the statement of financial position, and are not depreciated or amortised while they are classified as held for sale.

#### **(n) Intangible assets**

##### **Website and other IT development**

Website and other IT development costs are recognised as intangible assets only when it is probable that the expected

economic benefits that are attributable to them flow to the Group and the costs can be measured reliably. Expenditure relating to the planning stage of website and other IT developments are expensed when incurred.

Capitalised web and other IT development expenditure is stated at cost less accumulated amortisation. Website and other IT development is amortised over five to seven years using the straight line method.

#### **Work in progress**

Website and other IT development costs are initially accounted for as work in progress before recognised as intangible assets. Work in progress is stated at the lower of cost and net realisable value.

#### **(o) Provisions**

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be reliably estimated. Provisions are not recognised for future operating losses.

#### **(p) Critical estimates, judgments and errors**

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management has exercised its judgements in applying the group's accounting policies.

#### **(q) Parent entity financial information**

The financial information for the parent entity, Australian Institute of Management (Group) Limited disclosed in note 27 has been prepared on the same basis as the consolidated financial statements.

### **Note 3: Financial risk management objectives and policies**

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

The Group manages its exposure to key financial risks in accordance with the AIM Risk Management Framework. The objective of the Framework is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed.

These include aging analysis and monitoring of specific credit allowances undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts. The Board reviews and agrees policies for managing each of these risks.

#### **(a) Credit risk**

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

#### **(b) Liquidity risk**

Liquidity risk arises from the timing differences between cash inflows and cash outflows. The Group's objective is to maintain a balance between continuity of funding and flexibility. The Board has in place working capital and reinvestment targets and regularly monitors forward cash flow forecasts.

#### **(c) Fair value**

Due to short term nature of these financial assets and liabilities, their carrying amounts are assumed to approximate their fair values.

#### Note 4: Revenue

	Consolidated 2016 \$	Consolidated 2015 \$
<b>Revenue from continuing operations</b>		
Membership revenue	2,906,034	3,177,585
Research revenue	1,313,971	1,241,221
Gain on disposal of assets	1,251,719	44,755
Investment income	1,061,449	611,749
Events, sponsorship and other revenue	1,017,990	1,063,521
Royalty fees	148,500	300,471
Interest revenue	25,244	384,170
Rent	-	65,000
Other revenue	63,280	6,252
	<b>7,788,187</b>	<b>6,894,724</b>

#### Note 5: Operating expenses

	Consolidated 2016 \$	Consolidated 2015 \$
<b>Expenses</b>		
Employee costs	3,458,209	2,524,834
Cost of sales	1,784,151	1,787,927
Shared services fee	975,000	934,515
Consultants	580,123	183,845
Marketing and promotion	272,300	366,502
Travel and accommodation	252,093	175,196
Rent and oncost	89,556	-
Depreciation and amortisation	82,333	223,496
Impairment of assets classified as held for sale - continued operations	-	9,250
Other expenses of operating activities	1,102,161	914,166
	<b>8,595,926</b>	<b>7,119,731</b>
<b>Included within operating expenses are:</b>		
Doubtful debts	57,940	-
Employee entitlements - superannuation	246,952	143,685

## Note 6: Taxation

The amount of income tax attributable to the financial year differs from the amount prima facie payable on the profit before income tax. The differences are reconciled as follows:

	Consolidated 2016 \$	Consolidated 2015 \$
Loss from continuing operations before income tax expense	(807,739)	(225,007)
Prima facie income tax on profit before income tax at 30% (2014: 30%)	(242,321)	(67,502)
<b>Tax effect of permanent differences which reduce tax payable</b>		
Non-assessable profits and losses	287,535	247,368
Prima facie tax adjusted for permanent differences	45,214	(45,141)
Tax effect of temporary differences	5,735	(14,825)
Tax losses not (recouped)/booked	(50,949)	(165,041)
Income tax attributable to profit before income tax	-	-

## Note 7: Cash and cash equivalents

	Consolidated 2016 \$	Consolidated 2015 \$
Cash at bank	1,186,456	541,113

## Note 8: Assets classified as held for sale – continued operations

	Consolidated 2016 \$	Consolidated 2015 \$
Freehold land and buildings	-	13,902,417
Less: Provision for impairment	-	-
	-	13,902,417

The freehold land and buildings held for sale as at 31 December 2015 included:

- > Freehold land and building located at 369 Boundary Street, Spring Hill QLD (building 1);
- > Freehold land and building located at 180 Port Road, Hindmarsh SA (building 2); and
- > A strata unit located in Barton ACT (unit 1) held for sale since 2013.

Building 1 was contracted to sell on 22 December 2015 for \$7.1 million and settled on 30 September 2016.

Building 2 was contracted to sell on 26 February 2016 for \$7.625 million and settled on 28 March 2016.

Unit 1 was contracted to sell on 24 November 2015 for \$700,000 and settled on 24 January 2016

The amount represents the lower of carrying amount and fair value less costs to sell.

## Note 9: Receivables

	Consolidated 2016 \$	Consolidated 2015 \$
Trade debtors	710,948	627,114
Other debtors	13,524	336,534
	724,472	963,648
Less: Provision for doubtful debts	(70,428)	(12,488)
	654,044	951,160

### Trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. Collectability of trade receivables is reviewed on an ongoing basis at an operating level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Trade receivables of continued operations past due and considered impaired for the financial year ended 31 December 2016 are \$70,428 (2015: \$12,488).

Movements in the provision for impairment of receivables are as follows:

Movements in the provision for impairment of receivables are as follows:	Consolidated 2016 \$	Consolidated 2015 \$
At 1 January	12,488	12,488
Provision for impairment recognised during the year	57,940	-
At 31 December	70,428	12,488

The creation and release of the provision for impaired receivables is included in 'operating expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

### Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

## Note 10: Prepayments and other current assets

	Consolidated 2016 \$	Consolidated 2015 \$
Prepayments and other current assets	318,011	268,692

## Note 11: Property, plant and equipment

	Freehold land & buildings \$	Leasehold improvements \$	Plant & equipment \$	Total \$
<b>Year ended 31 December 2015</b>				
Opening net book amount	14,455,000	-	7,600	14,462,600
Revaluation Adjustment	(358,875)	-	-	(358,875)
Transfer to assets classified as held for sale	(13,221,667)	-	-	(13,221,667)
Disposals	(712,500)	-	-	(712,500)
Depreciation charge	(161,958)	-	(7,600)	(169,558)
Closing net book amount	-	-	-	-
<b>At 31 December 2015</b>				
Cost	-	3,383,555	3,413,146	6,796,701
Accumulated depreciation	-	(3,383,555)	(3,413,146)	(6,796,701)
Net book amount	-	-	-	-
<b>Year ended 31 December 2016</b>				
Opening net book amount	-	-	-	-
Additions	-	479,360	87,479	566,839
Depreciation charge	-	(11,985)	(3,626)	(15,611)
Closing net book amount	-	467,375	83,853	551,228
<b>At 31 December 2016</b>				
Cost	-	479,360	87,479	566,839
Accumulated depreciation	-	(11,985)	(3,626)	(15,611)
Net book amount	-	467,375	83,853	551,228

## Note 12: Investment in associate

The Company holds a 5% equity interest in AIM Education & Training in the form of 50,000 ordinary shares of \$1 each. These shares were held at cost as at the balance date.

### Note 13: Intangible assets

	Website & IT development \$	Other Intangible Assets \$	Work in- Progress \$	Total \$
<b>Year ended 31 December 2015</b>				
Opening net book amount	220,706	-	20,590	241,296
Additions	66,047	-	23,959	90,006
Amortisation charge	(53,937)	-	-	(53,937)
Closing net book amount	232,816	-	44,549	277,365
<b>At 31 December 2015</b>				
Cost	1,404,989	2,105,627	44,549	3,555,165
Accumulated amortisation	(1,172,173)	(2,105,627)	-	(3,277,800)
Net book amount	232,816	-	44,549	277,365
<b>Year ended 31 December 2016</b>				
Opening net book amount	232,816	-	44,549	277,365
Additions	-	95,973	63,614	159,587
Transfers	(20,568)	31,320	(10,752)	-
Amortisation charge	(37,677)	(28,561)	-	(66,238)
Closing net book amount	174,571	98,732	97,411	370,714
<b>At 31 December 2016</b>				
Cost	289,298	162,907	97,411	549,616
Accumulated amortisation	(114,727)	(64,175)	-	(178,902)
Net book amount	174,571	98,732	97,411	370,714

### Note 14: Available for sale financial assets

	Consolidated 2016 \$	Consolidated 2015 \$
<b>Available for sale financial assets include the following classes of financial assets:</b>		
<b>Non-current assets:</b>		
Cash	5,919,594	1,072,052
Listed securities:		
Fixed interest	7,684,434	3,833,091
Equities	23,737,099	14,313,687
	31,421,533	18,146,778
<b>Total available for sale financial assets</b>	<b>29,656,693</b>	<b>19,218,830</b>

#### Gain on revaluation of available for sale financial assets:

Changes in the fair value and exchange differences arising on translation of investments that are classified as available for sale financial assets (for example equities), are recognised in other comprehensive income accumulated in a separate reserve with equity. Amounts are reclassified to profit and loss when the associated assets are sold or impaired.

The gain on revaluation of available for sale assets for the year is \$242,199 (2015: \$580,107).

#### Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

### Note 15: Other deposits

	Consolidated 2016 \$	Consolidated 2015 \$
Short-term deposits (restricted) – non current	1,967,272	-

The amount of \$1,967,272 is held as security for bank guarantees issued for current office leases.

### Note 16: Payables

	Consolidated 2016 \$	Consolidated 2015 \$
Trade creditors	549,884	134,463
Other creditors and accruals	504,297	1,460,642
	1,054,181	1,595,105

### Note 17: Other current liabilities

	Consolidated 2016 \$	Consolidated 2015 \$
Member subscription in advance	-	1,447,108
Deferred rent incentive income	-	482,647
	1,929,755	1,361,010

## Note 18: Provisions

	Consolidated 2016 \$	Consolidated 2015 \$
<b>Employee benefits and related on-cost liabilities</b>		
- current	139,729	61,350
- non-current	10,286	6,105
<b>Aggregate employee benefits and related on-cost liabilities</b>	<b>150,015</b>	<b>67,455</b>

## Note 19: Reserves

	Note	Consolidated 2016 \$	Consolidated 2015 \$
<b>Asset revaluation reserve</b>			
Balance 1 January		197,467	1,585,120
Reversal of revaluation reserve of property, plant and equipment			(358,875)
Reclassification of building revaluation reserve to retained earnings		(197,467)	(1,028,778)
<b>Balance 31 December</b>		<b>-</b>	<b>197,467</b>
<b>Available for sale reserve</b>			
Balance 1 January		755,657	175,550
Net gain on available for sale financial assets		242,199	580,107
<b>Balance 31 December</b>		<b>997,856</b>	<b>755,657</b>
<b>Business combination reserve</b>			
Balance 1 January		5,664,645	46,250,958
Adjustment to business combination reserve related to continued operations		-	(646,660)
Reclassification of business combination reserve related to discontinued operations to retained earnings	20	-	(39,939,653)
<b>Balance 31 December</b>		<b>5,664,645</b>	<b>5,664,645</b>
<b>Total reserves</b>		<b>6,662,501</b>	<b>6,617,769</b>

## Note 20: Retained Earnings

	Consolidated 2016 \$	Consolidated 2015 \$
Retained (deficit)/surplus at the beginning of the financial year	25,568,238	(15,175,186)
Reclassification of building revaluation reserve to retained earnings	197,467	1,028,778
Deficit attributable to members of Australian Institute of Management (Group) Limited	(807,739)	(225,007)
Reclassification from business combination reserve	-	39,939,653
Retained surplus at the end of the financial year	24,957,966	25,568,238

## Note 21: Expenditure commitment

Operating Leases	Consolidated 2016 \$	Consolidated 2015 \$
Not later than one year	186,553	-
Later than one year but not later than five years	795,419	-
	981,972	-

## Note 22: Controlled entities

The following are controlled entities and their subsidiaries as at 31 December 2016 by virtue of the fact that all Directors are appointed by the Company.

Controlled entities	Subsidiaries of controlled entities
Australian Institute of Management NSW/ACT Limited	Australian Institute of Management NSW/ACT Training Centre Limited (non-operating) Australian Institute of Management Canberra Limited (non-operating) The Octant Foundation (non-operating) Centre for Public Management Pty Ltd (non-operating)
Australian Institute of Management Vic/Tas Limited (non-operating)	Australian Institute of Management Vic/Tas College of Education and Training Nominee Limited Australian Institute of Management Vic/Tas Training College Limited (non-operating) Airdiaim Pty Ltd (formerly known as Idria Pty Ltd) (non-operating)
Australian Institute of Management (AIM National)	

The Company has no investment in the above noted controlled entities and the Constitutions of the controlled entities preclude payment of any dividends to the Company.

### Note 23: Deed of Cross Guarantee

A Deed of Cross Guarantee was signed in November 2014. By entering into this deed, Australian Institute of Management NSW/ACT Limited, Australian Institute of Management Education and Training, LeaderSpace Limited, Australian Institute of Management NSW/ACT Training Centre Limited, Australian Institute of Management Canberra Limited, Australian Institute of Management Vic/Tas Limited, Australian Institute of Management Vic/Tas College of Education & Training Nominee Limited, Australian Institute of Management (AIM National) and The Octant Foundation were relieved from the requirement to prepare a financial report and Directors' report under Corporations Instrument 2016/785 as issued by the Australian Securities and Investment Commission (ASIC).

Post disposal of Training business on 1 March 2015, a Deed of Revocation was signed and lodged with ASIC releasing Australian Institute of Management Education and Training and LeaderSpace Limited from the deed and closed group.

The following entities are party to a Deed of Cross Guarantee as at 31 December 2016 under which each company guarantees the debts of the other:

Australian Institute of Management (Group) Limited (holding entity)  
 Australian Institute of Management NSW/ACT Limited  
 Australian Institute of Management NSW/ACT Training Centre Limited  
 Australian Institute of Management Canberra Limited  
 Australian Institute of Management Vic/Tas Limited  
 Australian Institute of Management Vic/Tas College of Education & Training Nominee Limited  
 Australian Institute of Management (AIM National)  
 The Octant Foundation

The above companies represent a "Closed Group" for the purpose of the Corporations Instrument 2016/785 and as there are no other parties to the Deed of Cross Guarantee that are controlled by the Company, they also represent the "Extended Closed Group".

### Note 24: Directors and key management personnel disclosure

#### Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated 2016 \$	Consolidated 2015 \$
Aggregate compensation	1,088,873	982,814

## Note 25: Related party disclosures

### Key management personnel

Disclosures relating to key management personnel are set out in note 24.

### Transactions with related parties

During the year, the Company received services from AIM Education & Training ('AIMET') under the Transitional Services Agreement (TSA) amounting to \$975,000 (31 December 2015: \$934,515).

### Receivable from and payable to related parties

AIMET is due to receive \$300,000 for the provision of services under the TSA (31 December 2015: \$ nil).

### Loans to/from related parties

At the reporting date the Company was due to advance a loan of \$2.3m to AIM Education & Training for operational purposes. Under the Loan Agreement dated 15 June 2015 this loan is interest free, unsecured and repayable in full on the earlier of 12 October 2023 or the divestment of AIMET by its current owners. The Company advanced this loan on 21 April 2017.

## Note 26: Events after the reporting period

At the reporting date the Company was in negotiations with AIM Education & Training in regards to the provision of operational services in 2016 and 2017. The relevant agreements were executed on 19 April 2017. Under these agreements, the Company sold its shareholding in AIM Education & Training (refer Note 12), secured an annual royalty payment of \$300,000 plus CPI and terminated the Transitional Services Agreement (TSA) with the intention of setting up its own administrative and support services.

## Note 27: Parent entity financial information

(a) Summary financial information	2016 \$	2015 \$
<b>Statement of financial position</b>		
Current assets	2,097,200	945,704
Non-current assets	888,255	229,266
Total assets	2,985,455	1,174,970
Current liabilities	12,618,392	7,675,871
Net liabilities	(9,632,937)	(\$6,500,901)
<b>Members' Fund:</b>		
Accumulated losses	(9,632,937)	(\$6,500,901)
Loss for the year	(3,492,703)	(\$2,087,011)
Total comprehensive loss	(3,492,703)	(\$2,087,011)

### (b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2016.

# DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Australian Institute of Management (Group) Limited we state that:

In the opinion of the Directors:

(a) the consolidated financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2016 and of the Company's performance for the year ended on that date; and

(ii) complying with Accounting Standards for Reduced Disclosure Requirements and Corporations Regulations 2001.

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

On behalf of the Board



**Ann Messenger FAIM**  
Director  
Brisbane , 16 May 2017



**Andrew McFarlane FAIM**  
Director  
Brisbane , 16 May 2017





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

**Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Proposals/Amendments/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>. This description forms part of our auditor's report.

RSM AUSTRALIA PARTNERS

Albert Lonts  
Partner

Brisbane, Queensland  
Dated: 15 May 2017

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