

4 June 2014

Australian Council of Distance Education and E-Learning

Building 1 – C26 Teaching and Learning

University of Canberra

BRUCE ACT 2601

Dear Sirs,

Australian Council of Distance Education and E-Learning

64 939 648 740

Engagement Letter

Thank you for the opportunity to provide our professional services to you for the year ended 31st December 2013.

This letter explains our understanding of the terms of the engagement and we ask you to sign and return the attached copy of this letter to confirm that it is in accordance with your understanding of the agreed arrangements.

Objective and Scope of the Engagement

We will conduct these services in accordance with the relevant professional and ethical standards issued by the Accounting Professional and Ethical Standards Board Limited (APESB) and the Tax Agent Services Act 2009. Our services are limited for this purpose only.

We will prepare the following documents for distribution to the executive and members of the organisation for the purposes agreed to in this engagement.

- Audit of 2013 Financial Statements

Subject to receiving, in a timely manner, all information requested by us, we anticipate that the 2013 services will be completed by 15 June 2014.

The disclosure of irregularities including fraud or other illegal acts or errors that may exist cannot be relied upon by this engagement. Any such matters that come to our

Liability Limited by a scheme approved under Professional Standards Legislation

attention in this regard will be communicated to you. We make no assumption of responsibility for reliance on our report by any person or entity other than yourself and parties indicated in the listed above.

The documents listed above shall not be used for any other purpose other than the purpose for which they are prepared; our report will include a disclaimer to this effect.

Any advice provided to you by our firm is only an opinion based on our firm's knowledge of your particular circumstances.

Responsibilities

Under the Accounting Professional and Ethical Standards Board APES 220 - Taxation Services a member in public practice shall provide a client with a statement in writing that:

- The responsibility for the accuracy and completeness of the particulars and information provided by the client rests with the client;
- Any advice given to the client is only an opinion based on the member's knowledge of the client's particular circumstances.

Your Responsibilities

You are responsible for the accuracy and comprehensiveness of the details and information you provide to us.

To ensure that your Financials are prepared in a timely manner please ensure that you provide us with all of the information required for the completion of the audit as soon as practically possible. Subject to receiving all the information requested, we anticipate that these services for 2013 will be completed by 15 June 2014.

Our Responsibilities

Information required by us in the course of this engagement is subject to strict confidentiality requirements and we will not disclose that information to other parties except as required or allowed by law, or with your written consent.

Our firm's quality control procedures have been established and maintained in accordance with APES 320 - Quality Control for Firms and, as a result, our files may be subjected to review under the Institute of Chartered Accountants in Australia & New Zealand quality control review program. By accepting our engagement, you acknowledge that, if requested, our files relating to this engagement will be made available under this program. We will advise you if this should occur.

Fees

In accordance with our Quality Assurance procedures, we would like to inform you of the estimated fee for this assignment.

This estimate is based upon the information we have to hand regarding your affairs. The actual fee will depend upon the length and complexity of the work required and includes miscellaneous expenses incurred to complete this engagement. However, if we become aware during the assignment of the fee materially exceeding the estimate, we will contact you to discuss the matter.

Service	Estimated Fee
2013 Audit Fees	\$2,600

We will keep you advised regarding the status of the assignment and our ongoing fees for our services.

Limitation of Liability

Our liability is limited by a scheme approved under Professional Standards Legislation. Further information on the scheme is available from the Professional Standards Council's website <http://www.professionalstandardscouncil.gov.au>.

Ownership of Documents

All original documents obtained from you in respect to this engagement shall remain your property; however we reserve the right to make copies of the original documents for our record.

Ownership of the Financial Statements & Income Taxation Returns produced as part of this engagement will vest in you. All other documentation produced by us in respect of the engagement will remain the property of the firm.

In the event of a dispute, the firm has a policy of exploring a legal right of lien over any client documents in our possession.

This letter will be effective for future years unless we advise you of any change to our arrangements, in which case a new letter of engagement will be prepared.

If you have any queries in relation to this please let me know.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Joe Tonkin', with a stylized initial 'J' and 'T'.

Joe Tonkin

Tonkin Accountants

Enclosed: Engagement confirmation

To Tonkin Accountants,

I have read your engagement letter date 4 June 2014 and acknowledge details of the engagement.

Signed:

Dated:

KAREN HALLEY - EXECUTIVE OFFICER

Australasian Council on Open
Education and E-Learning

Financial Statements

For the year ended 31st December 2013

Australasian Council on Open Education and E-Learning

Annual Report for the Year Ended 31 December 2013

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Australasian Council on Open Education and E-Learning
Income and Expenditure Statement
For the Year ended 31 December 2013

	2013	2012
	\$	\$
Revenue		
Learning Technologies Leadership Institute	102,003.27	-
ACODE Membership Fees	120,926.00	158,533.36
Interest		
Bendigo Bank - Cheque Account	1,070.71	2,068.51
Bendigo Bank - Institution Account	633.61	947.97
Reimbursements Received	<u>29,067.95</u>	<u>12,913.37</u>
	253,701.54	174,463.21
Expenditure		
Advertising	6,972.69	228.00
Auditor's Remuneration		
- Audit & review of financial reports	2,600.00	2,500.00
Bank Charges	188.05	182.00
Computer Expenses	5,483.59	-
Conference Fees	28,401.12	13,972.12
Depreciation	335.00	558.00
Gifts in lieu of payment	919.71	-
Honorariums	9,142.73	-
Insurance	2,009.09	2,009.09
Printing, Postage & Stationery	3,660.93	1,098.44
Salaries	15,000.00	-
Service Fees - Executive Officer	96,000.00	82,000.00
Travelling Expenses	57,206.05	25,538.66
Web Site Maintenance	24.00	6,035.45
Workshop Expenses	<u>-</u>	<u>326.36</u>
	227,942.96	134,448.12
Profit before Income Tax	<u><u>25,758.58</u></u>	<u><u>40,015.09</u></u>

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached .*

Australiasian Council on Open Education and E-Learning
Balance Sheet
As at 31 December 2013

	2013	2012
	\$	\$
Equity		
Retained Profits	281,256.99	248,887.44
Total Equity	<u>281,256.99</u>	<u>248,887.44</u>
Represented by:		
Current Assets		
Bendigo Bank - Cheque Account	98,441.25	126,747.30
Bendigo Bank - Institute Account	60,830.52	69,473.02
Bendigo Bank - Term Deposit	50,000.00	-
Trade Debtors	69,635.22	59,088.60
Provision for GST	<u>1,848.00</u>	<u>-</u>
	280,754.99	255,308.92
Non-Current Assets		
Plant & Equipment	1,561.00	1,561.00
Less Accumulated Depreciation	<u>1,059.00</u>	<u>724.00</u>
	502.00	837.00
	<u>502.00</u>	<u>837.00</u>
Total Assets	<u>281,256.99</u>	<u>256,145.92</u>
Current Liabilities		
Provision for GST	<u>-</u>	<u>7,258.48</u>
	-	7,258.48
Total Liabilities	<u>-</u>	<u>7,258.48</u>
Net Assets	<u>281,256.99</u>	<u>248,887.44</u>

The accompanying notes form part of these financial statements.

Australasian Council on Open Education and E-Learning
Notes to the Financial Statements
For the Year ended 31 December 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act (NSW). The committee has determined that the association is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of the financial statements.

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

(b) Property, Plant and Equipment

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

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

Leasehold Improvements	20 %
Leased Plant and Equipment	40 %
Office Equipment	40 %

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(c) Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Sale of Goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Australiasian Council on Open Education and E-Learning
Notes to the Financial Statements
For the Year ended 31 December 2013

Dividend Revenue

Dividends are recognised when the entity's right to receive payment is established.

Rendering of Services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

(d) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Australasian Council on Open Education and E-Learning
Notes to the Financial Statements
For the Year ended 31 December 2013

	2013	2012
	\$	\$
2. Profit		
Expenses		
Employee Benefits Expense	15,000.00	-
Depreciation and Amortisation Expenses	335.00	558.00
Advertising	6,972.69	228.00
Bank Charges	188.05	182.00
Insurance	2,009.09	2,009.09
Printing, Postage & Stationery	3,660.93	1,098.44
Other Expenses	199,777.20	130,372.59
	<u>227,942.96</u>	<u>134,448.12</u>
3. Profit for the Year		
Profit before income tax expense from continuing operations includes the following specific expenses:		
Charging as Expense		
Movements in Provisions		
Depreciation		
- Depreciation of Property, Plant and Equipment	335.00	558.00
Other Provisions:-		
- Employee Benefits	9,142.73	-
Net Expenses Resulting from Movement in Provisions	<u>9,477.73</u>	<u>558.00</u>
Remuneration of the Auditor:-		
- Audit & review of financial reports	2,600.00	2,500.00
	<u>2,600.00</u>	<u>2,500.00</u>
4. Cash and Cash Equivalents		
Bendigo Bank - Cheque Account	98,441.25	126,747.30
Bendigo Bank - Institute Account	60,830.52	69,473.02
Bendigo Bank - Term Deposit	50,000.00	-
	<u>209,271.77</u>	<u>196,220.32</u>
Reconciliation of Cash		
Cash and Cash Equivalents	<u>209,271.77</u>	<u>196,220.32</u>
	<u>209,271.77</u>	<u>196,220.32</u>

These notes should be read in conjunction with the attached Compilation Report.

Australiasian Council on Open Education and E-Learning
Fixed Asset and Depreciation Schedule
For the Year Ended 31 December 2013

Asset	Private Use	Cost Price	Cost Limit	Opening W.D.V 01/01/2013	Additions Disposals	Gain/Loss on Disposal	Capital Gains	---- Depreciation Rate	---- Depreciation \$	Accum Deprec 31/12/2013	Closing W.D.V 31/12/2013
<u>Plant & Equipment</u>											
Laptop		1,561	837	837				40.0% DV	335	1,059	502
Total		<u>1,561</u>	<u>837</u>	<u>837</u>					<u>335</u>	<u>1,059</u>	<u>502</u>

**Australasian Council on Open Education and E-Learning
Independent Auditor's Report
to the Members of
Australasian Council on Open Education and E-Learning**

Opinion

In our opinion:

- a. the financial report of Australasian Council on Open Education and E-Learning is in accordance with the Associations Incorporation Act (NSW), including:
 - i. giving a true and fair view of the Association's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Associations Incorporation Act (NSW)
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Joseph Tonkin
Tonkin Accountants

Dated this.....day of.....2014