Liquidity Management

1. Overview

AOMI views sound risk management as an essential part of operating a Registered Training Organisation. The executive management team recognises the broad range of risks that it faces including, but not limited to, strategic risk, governance risk, legal, tax and regulatory compliance risks, financial requirements risk, and operational risks. The Board is ultimately responsible for its risk management framework and oversees its operation by Management.

2. Liquidity Risk Management Policy

AOMI's Liquidity Risk Management Policy outlines:

2.1 The management and forecasting of revenue, and

2.2 The projection of both fixed and variable operating expenditure in accordance with expense modelling.

3. Liquidity Risk Management

Liquidity risk is the potential inability to meet our financial obligations. Liquidity risk is managed though our Board approved liquidity risk management policy. Liquidity may be viewed from both revenue and expense obligations. Accordingly, this policy now describes these two aspects as mentioned in item 2 above.

4. Revenue and Expense Modelling

4.1 Revenue is forecast based on a rolling 12-month model containing the individual current student enrolments, each with monthly revenue values in accordance with the individual payment plan. Allowance is made for future enrolments likely to occur within the timeframe based off historical data.

4.2 Expenses are similarly forecast based on a financial year model containing fixed expenses based on historical actual costs and variable expenses based on forecast enrolments.

4.3 The net cashflow and corresponding liquidity balance is simply the difference between the revenue and expense models.

Revision	By Whom	Date
New policy drafted – approved by board	G Bottrill	31 Oct 19
Reviewed, no changes	G Bottrill	20 Sep 20

5. Ongoing monitoring and reporting

Both actual revenue and expenses are compared with the forecast models on a monthly basis and reported to the board quarterly.
We will adjust the resources projection to balance the forecast increase or decrease in workload. If liquidity is seen to be trending in a negative direction, the board has the ability to call on invested funds to transit short term irregularities.

6. Review

AOMI's liquidity management policy is reviewed at a minimum annually by management and the review forwarded to the board.

William Palmer
CEO
20th September 2020