

It is proposed that the Institute of Public Accountants of Australia (“IPA”) and the Institute of Financial Accountants (“IFA”) join together to form the IPA Group. This union has been endorsed by both the IFA Council and the IPA Board.

When does the formation of the IPA Group take effect?

The proposed amalgamation will take legal effect from 1 January 2015, at which time the IFA will become part of the IPA Group.

Who are the IFA and what do they do?

Founded in 1916 and headquartered in London, the IFA is a full member of IFAC with 9,000 members in more than 80 countries. The IFA has positioned itself as the only UK accountancy professional body serving the needs of the SME/SMP accountant and most members are engaged in small to medium practices servicing the SME sector. Membership has grown by almost 20% since 2010.

In June 2009, the Federation of Tax Advisors merged with the IFA. The IFA is an *Office of Qualifications and Examinations Regulation* (Ofqual) recognised awarding body, authorised by the UK government to accredit the educational programs of various institutions for the purpose of membership.

IFA members are approved and recognised by Her Majesty’s Treasury as supervisors for the purpose of Anti-Money Laundering (AML) legislation.

Why has the IPA decided to join with the IFA?

Aside from the underlying benefits to members, your Board believes there are compelling reasons for the IFA to become part of the IPA Group:

- strategic fit;
- a shared commitment to the SMP sector;
- a long standing relationship developed in an atmosphere of mutual trust and co-operation;
- the establishment of scale economies which will cap costs and member fees;
- changes to the profession demand rationalisation and efficiencies;
- a shared commitment to innovation;
- the greater global reach of a larger more effective single organisation;
- increased advocacy;
- stronger brand recognition;
- the leveraging of best practice;
- commercialisation of shared intellectual property across a larger member base; and
- member mutual advancement pathways.

Recognising the globalisation of the profession, this partnership is based on policy synergies and fit - not on geography.

How will this new arrangement benefit me?

The amalgamation will increase the size, reach and influence of the IPA as the IPA Group becomes the largest SME-focussed accounting body in the world with more than 35,000 members and students.

Changes to size will result in a number of new and improved member benefits - including a wider range of offerings of CPE, offers by third parties, incentives, and member communications. As we proceed into the arrangement, further shared services and offerings will be available; allowing all members to access a greater range of services.

This growth of the group will also importantly have a bearing on the recognition of all members through our increased capacity to influence policy-makers. It will also provide further opportunities for current and future IPA members to work in international markets through mutual recognition arrangements.

How long has this been planned, and why is this to happen now?

The close working relationship between the IPA (then the NIA) and the IFA commenced in 2002 and was re-invigorated by the two current CEOs in 2010, culminating in the signing of a Collaboration Agreement in 2012.

Since 2010, the IPA has undertaken extensive investment in a major rebrand, renewing IT and other infrastructure. Throughout the same period the IFA has worked towards full membership of IFAC; which was awarded in 2011.

Synergies between the IFA and the IPA have become increasingly evident - important in the context of globalisation of the profession which has seen considerable merger activity; most recently seen in Canada, New Zealand and Australia. The time is now right for both the IPA and the IFA to move forward together by consolidating operations and pursuing common strategic aims.

What are the key stages of the proposed arrangement?

On 16 September 2014, the IFA Council voted unanimously in favour of the proposal to become part of the IPA Group. An information and engagement program will now be completed with IFA members. The amalgamation is expected to be finalised at the IFA meeting of members on 16 December 2014.

On 5 December 2014, the IFA Council will meet to approve final terms.

On 31 December 2014, the formation of the IPA Group will be legally completed.

What has encouraged the IFA to agree to work with the IPA?

The IFA has considered a number of options and has recognised that the IPA 'relationship' represents the best option for growth. The IFA has also recognised that it has neither the financial resources, nor the infrastructure needed for extended growth. Joining the IPA Group will deliver to the IFA the resources needed for the IFA to increase its global presence and recognition in the marketplace.

The amalgamation brings together two bodies with a single aim: the championing of the SME-SMP sector. This will strengthen the IFA member service offering, giving them a stronger market voice and allowing them to provide greater support to small business.

What due diligence has been completed?

Following more than four years of informal discussions, extensive independent evaluations have been completed by both parties. A London based accounting firm was appointed by the IPA to carry out the due diligence. Due diligence processes have confirmed to both the IFA and IPA that the amalgamation should proceed.

Will there be a change to our IPA Leadership team?

There will be no changes to the IPA leadership team.

Will there be other changes to personnel in either organisation?

It is expected that the new group will have approximately 80 employees. A review of staffing requirements will occur as the IPA Group evolves and needs become clearer.

Are further amalgamations anticipated?

The IPA Group is committed to the leveraging of efficiencies and to further policy alliances which focus on the SME sector, and remaining the world's largest SME and SMP accounting body. Further alliances will be considered in a managed manner with a view to member value.

Why not establish relationships with accounting bodies closer to home, such as Asia?

Both the IPA and IFA have strong membership bases in Asia and have expended considerable energy in establishing healthy bilateral relationships in the region. These are expected to continue. It is worth noting that throughout Asia; accounting bodies are generally governed by statute and that opportunities for further regional arrangements are somewhat limited.

Will I be entitled to mutual recognition?

Yes. It is proposed that IPA members will be awarded immediate membership of the IFA at an equivalent membership level. This membership will be awarded at no cost.

Current IPA members wishing to practice in the UK will be required to satisfy relevant local regulatory obligations.

Will my membership fees increase to cover the cost of this integration?

No. Any costs associated with integration will be met from reserves and absorbed by the IPA from other cost savings.

What does this do for the IPA's global brand?

This amalgamation is an almost perfect strategic fit for the IPA and is entirely consistent with our commitment to grow our global reach through local and international alliances and partnerships with like-minded bodies having membership focussed on small to medium practitioners. Synergies mean the IPA group will enjoy increased membership numbers without a commensurate increase in costs; delivering economies of scale and opportunities through enhanced reach to build our global brand, particularly in Europe. Scale will also allow us to increase global advocacy on behalf of the SME sector, which will in turn result in increased recognition of the IPA Group and our members.

Will the eligibility requirements for IPA membership change?

No. The By-Laws and policies of the IPA will be unchanged.

Will the IPA and the IFA continue to operate under other existing policies and regulations?

Yes. As full members of IFAC, members of both bodies are bound by internationally equivalent ethical standards. The IFA will continue to self-regulate and oversee ongoing member conduct through their own conduct committee. Similarly, the IPA will continue to uphold existing policies through its Disciplinary Tribunal Committee.

Who will provide administrative support?

The IPA has developed world-class IT systems which will be leveraged through this relationship, allowing all administrative support to be centralised in the IPA's Melbourne office. Selected IFA staff will work with the IPA on testing and integration. The use of IPA IT systems will allow the IFA staff to return to member growth, support and service.

Will the IPA and the IFA remain as Not-for-Profit organisations?

Yes. The fundamental missions of both bodies will remain unchanged.

What will the IPA Group look like?

You will become a member of the world's largest dedicated SME/SMP focussed accounting body - a body which boasts over 35,000 global members.

The IFA and the IPA will operate under their existing brands as part of the IPA Group.

Where can I ask further questions?

Please email enquiries to: <mailto:marketing@publicaccountants.org.au>