



IPA

INSTITUTE OF
**PUBLIC
ACCOUNTANTS®**

ANNUAL REPORT

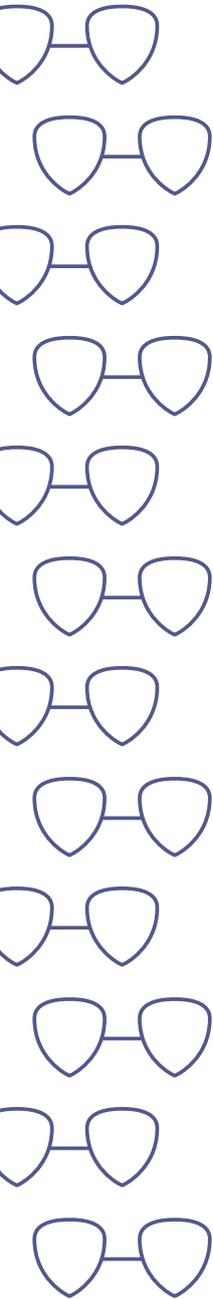
2016—2017





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ABOUT THE INSTITUTE OF PUBLIC ACCOUNTANTS

The IPA, formed in 1923, is one of Australia's three legally recognised professional accounting bodies with more than 35,000 members and students in over 80 countries.

The IPA is a member of the International Federation of Accountants, the Accounting Professional and Ethical Standards Board and the Confederation of Asian and Pacific Accountants.

In December 2014, the Institute of Financial Accountants in the United Kingdom joined the IPA and in doing so formed the IPA Group which is now the largest small to medium enterprise focussed accounting organisation in the world. The IPA Group is an entity concept and refers to the shared infrastructure. The IPA Board is the governing body of the IPA Group.

Through our expanded network and influence, we advocate for the small business and SME sectors with a high percentage of our members either being small businesses themselves or servicing those sectors.



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2016-2017 THEME: 97/100

This year's Annual Report cover theme brings to life our brand vision – 'To have every small business with one of our members by their side'. The statistic-based design concept is inspired by the fact that small business makes up 97% of all businesses. 97 linked shields represent the small business segment in turn connected to our members – 'by their side'. Three unlinked shields represent the remaining business segments – emphasising the scale and importance of a continued focus on the small business segment.

REPORT FROM IPA BOARD PRESIDENT AND IPA GROUP CHIEF EXECUTIVE OFFICER

INCREDIBLE YEAR BY ALL ACCOUNTS

We are pleased to report that 2016/17 year was an exceptional one for the Institute of Public Accountants (IPA).

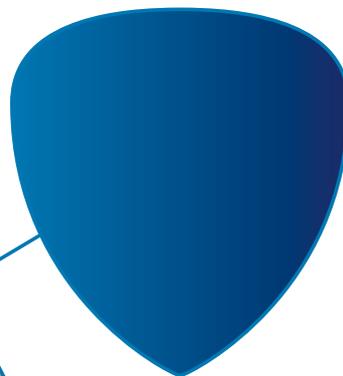
The organisation finished the year with a strong financial position; IPA Group revenue of approximately \$19 million. There is no doubt that member growth is a significant contributor with new admissions exceeding 2,000 and a healthy retention rate of more than 92 per cent. New Professional Practicing Certificate (PPC) holders admitted for the year showed an increase of approximately 10 per cent.

We witnessed an increased level of Continuous Professional Development (CPD) attendance, with some amazing events including our National Congress in Melbourne, State based Congresses and Symposiums and for the first time an Australian event overseas in Noumea with over 80 delegates.

It is pleasing to note that amongst the highlights are student conversion rates which have more than doubled in the past 12 months. Our activity with students has been boosted with a monthly newsletter and a scholarship program administered through an enhanced relationship with Deakin University. We have also launched an innovative student mentor program which pairs IPA experienced members with accounting students to assist their transition into the profession.

It is also great to see that we have more than 700 active masters' student unit enrolments. We have worked with Deakin University to raise the bar on education and in the new financial year will be changing our professional program to a fully-fledged Master of Business Administration. This is a very flexible education pathway that provides members with a significant competitive advantage.

We see this as a real game changer. For a MIPA or FIPA designated member to be able to complete an MBA at half the cost and half the time is a golden opportunity and we would encourage all members to consider this educational journey.



UNDERSTANDING OUR REASON FOR BEING

When an organisation sets its strategic direction it generally has a very clear vision to start with but sometimes that vision needs to be revisited to ensure the organisation remains relevant, vibrant and focused.

In 2016/17, the IPA Group (which incorporates the IPA and the Institute of Financial Accountants in the UK) has done exactly that; challenging itself to be very clear of why the organisation exists. Yes, the organisation is here for our members but it is also very much about our passion for small business. To the point, that the organisation has articulated its reason for being: To enhance the quality of life of small business.

We are taking this very seriously and enacting upon it with full gusto. As such, we have recalibrated our vision, which has been ratified by the Board: For every small business to have one of our members by their side.

We see this as a natural fit, when considering that more than 75 per cent of our membership works in or with small businesses on a daily basis. Also considering that small business makes up 97 per cent of all businesses, it demands our attention.

Our attention to small business includes our ongoing advocacy work on behalf of the interests of members and the small business sector. Our advocacy efforts have been boosted with extended insights and research; a key outcome from extending the IPA Deakin SME Research Partnership to a fully dedicated SME Research Centre in November 2016.

Our partnership with Deakin University led to the release of the first ever Australian Small Business White Paper in 2015. A number of policy recommendations contained within that paper have been well received by the political parties such as state-backed loan guarantee scheme and crowd funding. The IPA is however, cognisant of the fact that we cannot stand on the laurels of this one enormous effort; we must maintain momentum and keep pushing for policies and initiatives that drive small business productivity and prosperity, that in turn helps secure Australia's economic wellbeing.

To this end and since the launch of the IPA Deakin SME Research Centre, there has been significant work undertaken towards the expanded and second edition of the White Paper. In the new financial year ahead, the IPA team will embark on a road show across the country to talk to small businesses, to gain further insights that will inform new and validate existing policy recommendations. This new activity will also incorporate new chapters beyond the first White Paper; areas such as cybersecurity and the mental health and wellbeing of small business.

RAISING THE STANDARDS ON PROFESSIONALISM

The accounting profession is still amongst the most respected of all professions with accountants being regarded as the most trusted advisers to their business clients. However, trust cannot be treated lightly and it is our job as a professional accounting body to ensure we respect this trusted position.

Unfortunately, the brand of the accountant in Australia has come under unfair attack over the past 12 months. Despite this, we must continue our evolution as an organisation and ensure our member-led governance and systems are as strong and transparent as possible. In our view, if a membership based organisation loses touch with what its members need and want, this is a recipe for disaster.

We pride ourselves on providing practical, relevant and responsive member services, that year in year out our members say they value. In this process, we strive for excellence while maintaining the highest ethical and professional standards.

The Professional Standards Limited Liability Scheme which provides a capped legal liability in the event of a claim, has been operational in New South Wales for many years and we have been granted to expand this throughout Australia via mutual recognition. This provides our members and other practitioners beyond the IPA with security and another competitive advantage. At the time of printing the State and Territory governments were in the process of Gazetting the Scheme in their jurisdictions.

ADVOCACY ON BEHALF OF MEMBERS, SMALL BUSINESS, AND THE BROADER COMMUNITY

Member research conducted in 2016 revealed that, while advocacy is a core activity we undertake, members wanted to know more of what we are doing. Each year we provide to Government our pre-Budget submission with recommendations that support the best interests of our members and more specifically, for small business.

Small business is clearly at the heart of our IPA Deakin SME Research Centre which is busily working towards the publication of the second edition of the Small Business White Paper. One area of this work of interest is the mental health and wellbeing of small business. We will be using the research to validate a belief that by engaging a public accountant, a small business mental health is enhanced.

Accounting is a global profession; small businesses are becoming more globally driven and the IPA Group cannot grow without expanding internationally. Our commitment to small business is reflected in the international jurisdictions where the IPA Group operates. To demonstrate this commitment, we have used the White Paper process to deliver a China version which was launched in Shanghai and have commenced work on incorporating UK perspectives into the second version of the Small Business White Paper.

As we near the end of the transition period of the integration of the IFA into the IPA (December 2017), we are delighted to report on the significant progress made in turning the IFA operation around and returning the IFA to a surplus position whilst boosting member services in a very dynamic period for the profession. We are working on the longer term strategic direction of the IFA as a business unit to ensure member services are enhanced wherever possible and our unique strategic positioning as the professional body of choice for small-medium enterprises and small-medium practices is well recognised.

You can read more about our advocacy activities in The Year that Was section of this annual report. In the new financial year there will be a newsletter to members specifically on our advocacy and lobbying efforts. Keep an eye out for Activate in your inbox.







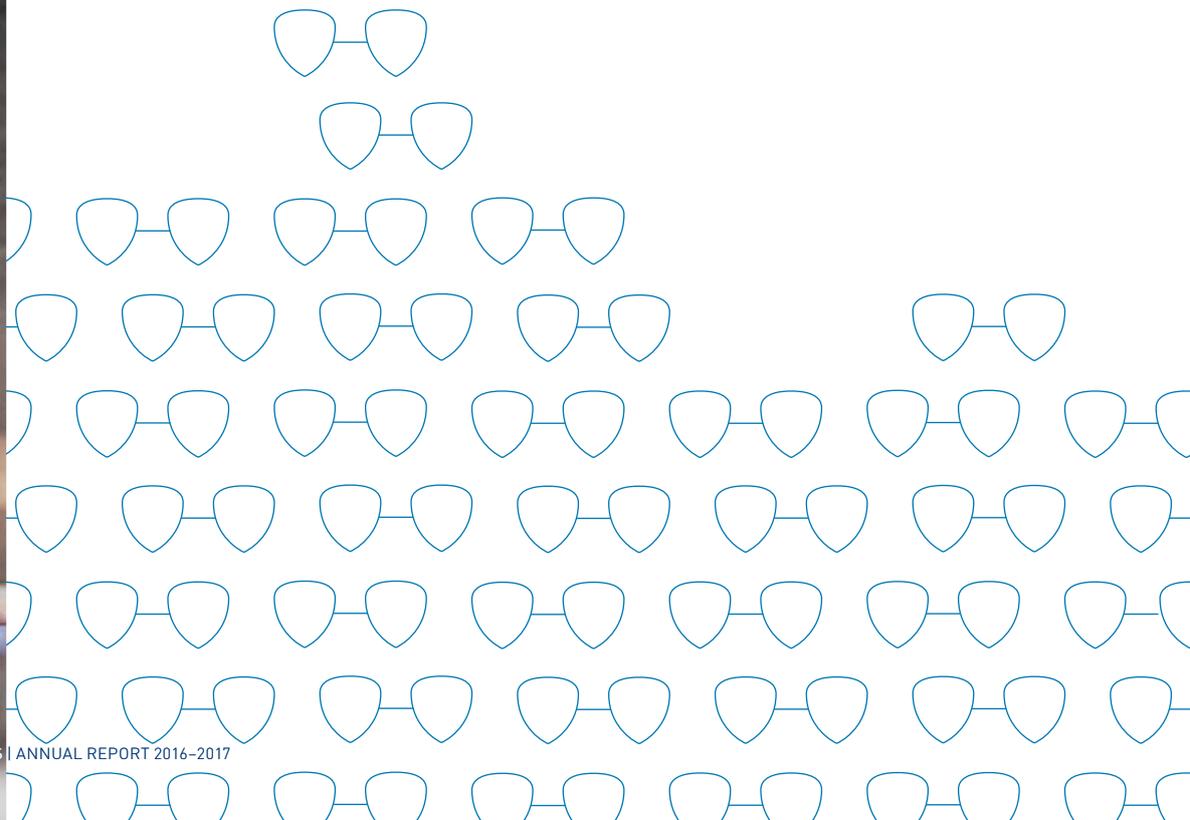
AAT & FULL-SERVICE DELIVERY

We firmly view Accounting Technicians as a critical part of the accounting profession and believe this is the time to be cultivating stronger relationships across the profession.

For some years, the IPA has shared its accommodation with the Association of Accounting Technicians (AAT) and it is our intention to sign a new and enhanced service level agreement in the new financial year. This agreement recognises AAT's operational support requirements and provides ongoing financial security for AAT by way of a revised Deed.

The new agreement between the IPA and AAT recognises the important role Accounting Technicians play in the sector. It also provides for automatic IPA membership at Associate (AIPA) level for all qualifying AAT members. Importantly the agreement provides opportunities for AAT members to take advantage of the IPA membership pathways now provided by the IPA Master of Business Administration program through Deakin University.

The new service agreement with AAT, along with our education pathways, will enhance the capacity of the IPA and AAT to work more closely together to provide end to end service for the small business sector.



CONCLUSIONS FOR 2016/17

The 2016/17 year has been one of solid growth and has included increased continuous professional development for members; excellent educational and networking events; significant advocacy activity; introduction of a new professional program; extension of our PSC scheme for members; and, brand refresh which will hold us in good stead for the next several years. None of this would be possible without the continued support of our loyal members around the world; for which we are extremely grateful.

We are looking forward to an even greater year ahead as we continue to provide the best service possible to our members.

We thank the IPA Board for their continued guidance and support and our gratitude also extends to the Executive Management Group and all IPA Group staff who have made such a valuable contribution to the success of the organisation.



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THE YEAR AHEAD

We have introduced a new logo and brand to see us into the next several years. We have taken on board, member feedback that we need to have a stronger market presence and we believe the new look and feel of the organisation will portray this. Member research also informs we need to talk more about IPA's advocacy efforts and the Activate newsletter in the new financial year will do exactly that.

We have also been fortunate to have our PSC scheme expanded from New South Wales by mutual recognition across the nation. This expansion is currently being progressed with each State and Territory government. We are very grateful for the PSC's accommodation in this area.

We will continue to forge strategic partnerships and alliances that create value for our members. We will also continue our CPD offerings and events which educate and engage.

We foresee another very
busy year for the IPA.



CONCLUDING COMMENT FROM THE PRESIDENT

On behalf of the IPA Board, I want to recognise and thank Group Chief Executive, Andrew Conway FIPA FFA who has again led the IPA team to great success this past year. We have a clear strategy, excellent management and very supportive members driving the growth of the organisation.

I look forward to the IPA Group story further unfolding over the next 12 months and beyond. On behalf of the Board, I want to thank our loyal members for their continued devotion to the organisation.



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**OUR PURPOSE FOR BEING,
VISION, AND VALUES**

OUR 'WHY' FACTOR

We have articulated our purpose for being;
our 'why' factor as:

**To improve the quality
of life of small business**

OUR VISION

**To have every small
business with one of our
members by their side**

OUR VALUES

WE RESPECT OUR MEMBERSHIP

WE RESPECT EACH OTHER

WE RESPECT & FOSTER FLEXIBILITY

WE RESPECT & FOSTER INNOVATION

WE RESPECT THAT WE'RE ALL ON THE SAME TEAM

THE YEAR THAT WAS 2016/17

Once again, the IPA experienced significant growth amidst a year full of remarkable achievements:

ADVOCACY AND REPUTATION

ADVOCACY

As it does every year, the IPA produced its annual pre-Budget submission advocating various policy recommendations to boost small business productivity including simplifying tax policy.

Other advocacy effort focused on:

- Further responses to the Financial System Inquiry, including ASIC powers; design distribution obligations;
- Self-reporting contraventions;
- ASIC funding;
- ASIC KPI metrics;
- Further work on FoFA including implementation, FoFA review on the application of the legislation and assisting members with limited licence applications;
- Competition Policy Review, including further work on section 46 and the exposure draft; competitive neutrality;
- Australian Consumer Law;
- Innovation policy;
- ACNC;
- Review of external dispute resolution schemes;
- Crowd funding; review of ASBFEO; anti-money laundering and strengthening the provisions;
- Payment Times and Practices Inquiry by ASBFEO including being on the reference group;
- Working with the IPA Deakin SME Research Centre on developing and scoping the next version of the Small Business White Paper;
- Consultation on trade and investment policy including on new and existing free trade agreements and other bilateral and multilateral trade agreements; and,
- Numerous submissions to the AASB, AUASB, APESB, FRC and IESBA.

ADVOCACY – TAX

The IPA continued its lead role in making the ATO accountable for ICT failures. For the 2016/17 year the most significant issue was outages that had negative consequences for our members. In the previous year the most significant issue was the inadequate ICT infrastructure that supported registered tax agents. This led to reprioritisation of infrastructure spend towards the tax practitioner community.

The bottom line to this work is that we are holding and will continue to hold the ATO to account on the above two issues. The ATO now publicly acknowledges the important role that tax practitioners play.

Tax related submissions have included:

- Black Economy Taskforce,
- Superannuation Guarantee Non-payment,
- Senate Standing Committees on Economics,
- Increasing Transparency of the Beneficial Ownership of Companies,
- Review of Tax and Corporate Whistle-blower Protection in Australia,
- Taxpayer Engagement with the Taxation System,
- Superannuation Reform Package,
- Inspector-General of Taxation review into Pay As You Go Instalment System; and,
- Numerous tax related draft rulings.

MEDIA COVERAGE

We have been very active both in initiation and coverage of breaking tax related stories over many media platforms (print, radio, digital) which enhances IPA's reputation and influence. We have also provided numerous interviews and articles which have been used in non-IPA publications on a wide range of subjects. Some 64 media releases, alerts, columns and opinion pieces reaped 698 mentions of the IPA.

REPRESENTATION

IPA represented members at all the peak tax forums including the NTLG, Tax Practitioner Stewardship Group, Consultation Steering Committee, Tax Practitioner Board, Superannuation Implementation Steering Group, BASAAG, Future Tax Profession Working Group and Parliamentary inquiries.



MEMBER GROWTH

- New admissions exceeded 2,000 for the first time
- New Professional Practice Certificate holders' admissions increased by approximately 10 per cent
- International membership grew by 16 per cent with membership admissions increasing by 31 per cent
- China: New member admissions increased by 15 per cent
- Record high admissions to China Division and strongest ever retention

Membership Intake % Change to Base Year (2012/13)



THE YEAR THAT WAS 2016/17

OTHER INTERNATIONAL ACTIVITY

- Conducted the second 'reverse' delegation of more than 20 Australian and UK-based members to China learning of new business opportunities for Australian and UK firms and SMEs in China.
- The IPA accredited accounting programs from diploma level up to Master's degree level of several universities and colleagues in Malaysia, Singapore and Taiwan for IPA membership admission, including Malaysia University of Science & Technology, SEGi University and Colleges, Institute Omega and Windsor Business School.
- IPA was the supporting organisation for the HKSAR 20th Anniversary Forum on Law and Politics held by the CA Legal Exchange Forum at the Hong Kong Convention and Exhibition Centre on 21 April 2017.
- IPA is one of the co-organisers for Hong Kong Small and Medium Enterprises (SME) Mentorship Programme 2016 – 2018. The SME Mentorship Programme is to help SME entrepreneurs who are at early stage of the business to learn from and be guided by accomplished entrepreneurs, senior executives, and professionals through one-on-one free counselling.
- The IPA supported the Business Accounting Management Case Competition 2017 among universities in Mainland China, Taiwan, Hong Kong and Macau held in Hong Kong Polytechnic University on 3 June 2017. The topic of the this year's case study was regarding how to improve the sales performance of LETV (Leshi Internet Information & Technology Corporation) in Beijing. A total of nineteen teams from the universities in four different places participated in the competition. Five IPA Hong Kong senior members were invited to form a judging panel for the competition.
- The IPA set up a booth and participated in 2017 Hong Kong Polytechnic University Career Fair in May 2017. HKPU Career Fair has been widely recognised and well received by employers in Hong Kong as the largest platform for recruiting local university graduates.
- CAPA: The IPA continues to take a lead role in rolling out the Maturity Model for Professional Accountancy Organisations in our region through the Confederation of Asian and Pacific Accountants which will assist in the development of the profession and expand opportunities for accountants in the future.
- World Bank & Asia Development Bank: The IPA participated in a number of projects and forums with the World Bank and ADB to enhance the profession through Quality Assurance for the profession.

ENHANCED MEMBER SERVICES

SYSTEM INTEGRATION

Following the integration of back office systems for our UK operations, the IPA Group has made significant progress in the next phase of its ICT and operations roadmap including; the enhancement of Disaster Recovery and Business Continuity processes; and development work and planning to enable compliance with data protection and security requirements across the Group. The next gateway for data protection will be the May 2018 legal requirement update in the UK.

BRAND RECOGNITION AND REPUTATION

Extended market and member research which informed the organisation to strengthen its market presence. This will be implemented early in the 2017/18 financial year with no incremental spend on marketing.

PARTNERSHIPS

Achieved exceptional results with partnerships driving better outcomes for members by leveraging our network of members and their clients. We are constantly enhancing value to partners by ensure a win-win approach for members and partners alike.

MAJOR EVENTS

We have continued to provide excellent key events for greater member experience that covers both professional development and social interaction opportunities. We experienced resounding successes with positive member feedback through events including our National and State based congresses and symposiums with our National Congress held in Melbourne topping the list. In addition, the first ever overseas event for Australian members was delivered by NSW Division in Noumea.

PUBLICATIONS

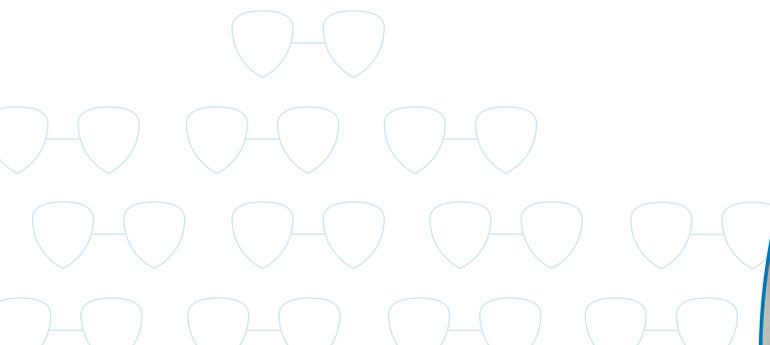
Our flagship publication, Public Accountant, is highly rated by members with a score of 86 per cent (either valued or highly valued) during a March 2017 member readership survey. Our fortnightly e-newsletter, Technical Advantage, scored even higher with just under 92 per cent valued or highly valued rating.

DIGITAL HUB

Our content hub (pubacct.org.au) is reaching a valued or highly valued rating of 28.3 per cent. Interestingly, the weekly e-newsletter from the hub is rating over 86 per cent which indicates short, sharp communication blasts reached the audience.

EDUCATION

- The successful development and launch of the new IPA Program, culminating in the awarding of an MBA Degree, delivered by Deakin University.
- The design and rollout of a range of on-demand online streaming training, ensuring members can access our online training 24/7.
- Development and launch of our new dedicated BAS Agent training, focusing on the development and enhancement of skills for our BAS Agent members.

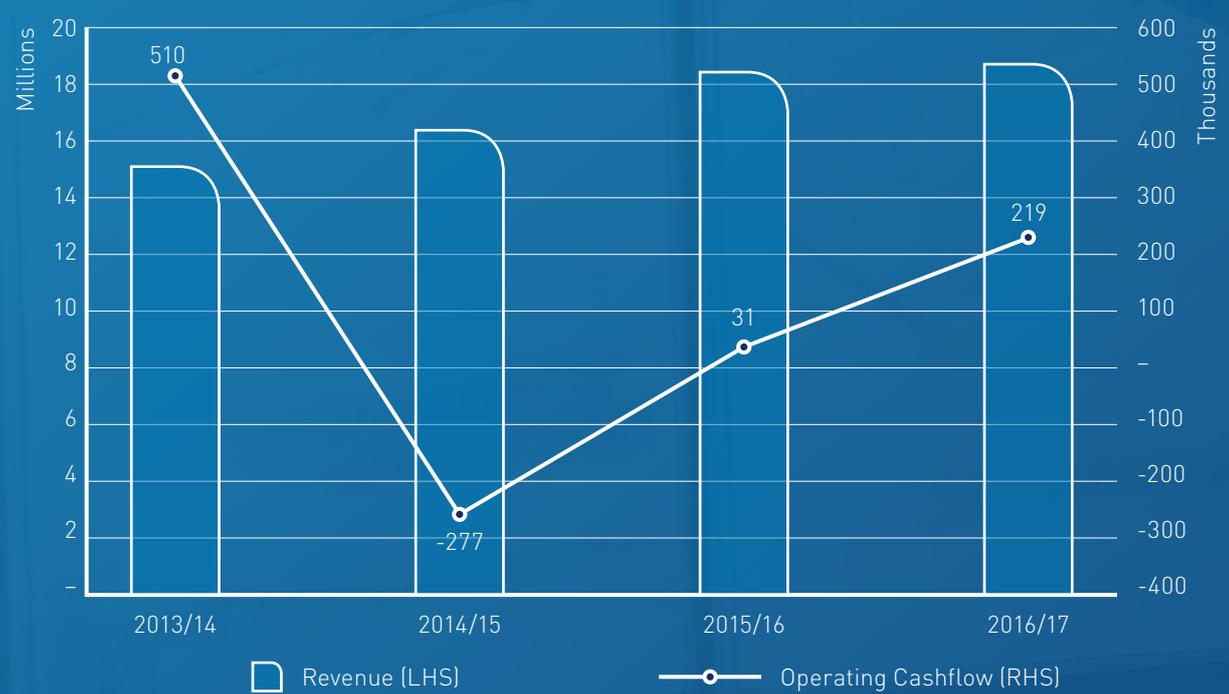


FINANCIAL VIABILITY

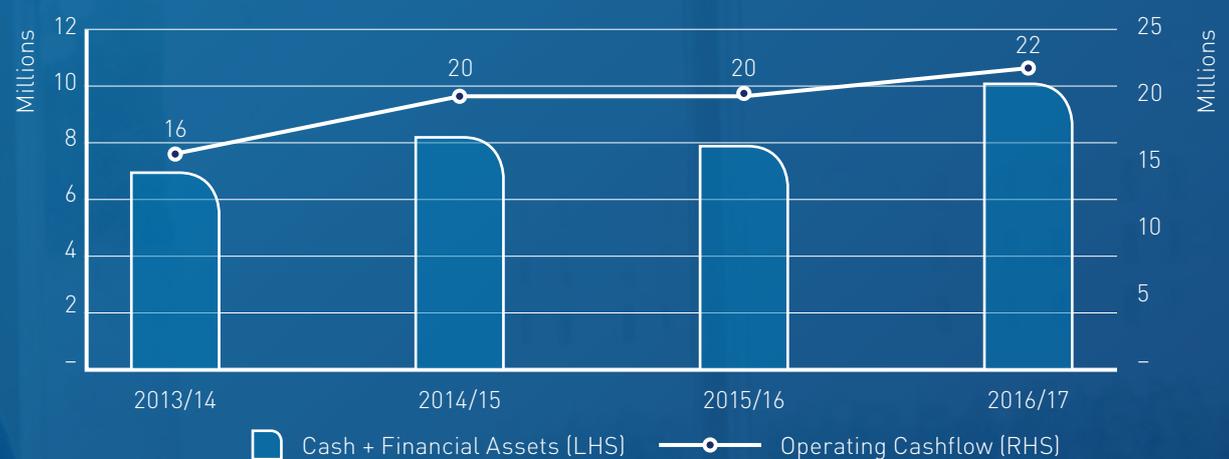
Following the investment in the acquisition of the Institute of Financial Accountants on 1 January 2015 the newly formed IPA Group implemented a program of alignment (including back office processes and systems). The acquisition, and related activities, lead to a loss being incurred in the 2014-15 financial year. In the two years post acquisition significant progress has been made in terms of enhancing overall operations. This is reflected in the trends seen in key financial indicators such as surplus, cash, and net assets.



REVENUE AND OPERATING RESULT



CASH ASSETS AND CASHFLOW



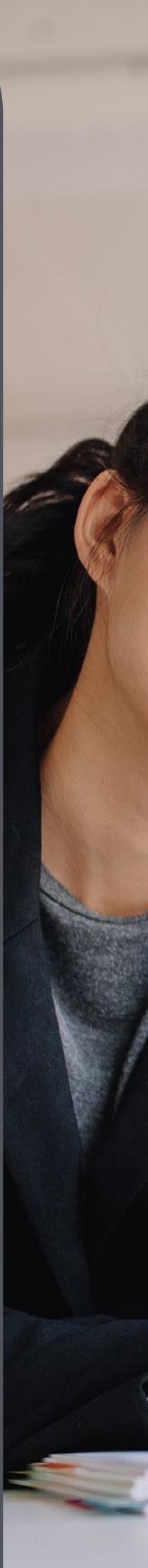
NET ASSETS





INSTITUTE OF
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FINANCIAL REPORT
**FOR THE YEAR ENDED
30 JUNE 2017**





DIRECTORS' REPORT

The directors present this report on Institute of Public Accountants Ltd (IPA) for the financial year ended 30 June 2017.

BOARD OF DIRECTORS

The names of each person who has been a director during the year and to the date of this report, unless otherwise stated, are:

DIRECTORS	POSITION	NATIONAL BOARD MEETINGS	
		NO. ELIGIBLE TO ATTEND	NO. ATTENDED
Damien Scott Moore	President	4	4
Wendy Leegel	Immediate Past President	4	4
Anthony Gerard McCartin	Deputy President	4	4
Jason Richard Parker	Deputy President	4	4
David Anthony Lever	(Ceased November 2016)	1	1
Linda Bernard		4	4
Kevin Brian Dawes		4	4
Russell Alan Hillard		4	4
Christine Julianne Leetham		4	4
Leah-Barbara Maguire		4	4
Nordin Mohd Zain		4	4
Michael Colin		4	3

COMPANY SECRETARY

Andrew James Conway held the position of company secretary for the financial year.

PRINCIPAL ACTIVITIES

The principal activity of IPA during the financial year was to operate as a professional association of accountants providing members and students with services to meet their professional needs.

IPA'S STRATEGIC FOCUS

The IPA's strategic focus is based on delivering excellent service and benefits to our members. This is underpinned by maintaining a sound financial base as we continue investing in the expansion of the organisation; and, that our processes are fit for purpose and our people are well placed to deliver the best service possible to our members.

IPA'S STRATEGY IS BASED ON FIVE STRATEGIC THEMES:

STRATEGIC THEME 1

Be recognised as the peak accounting body for Public Accountants in the SMP segments

STRATEGIC THEME 2

Be recognised as providers of the highest quality professional accounting qualification in Australia

STRATEGIC THEME 3

Actively promote the Institute to grow membership and revenues

STRATEGIC THEME 4

Continually enhance our influence on the profession

STRATEGIC THEME 5

Ensure we have the best people using the right resources

The Institute has identified a series of service areas required to execute the strategies. These service areas are not designed to reflect the organisational structure of the Institute, rather the broad functional areas within the Institute:

- IPA Group culture
- Brand awareness and alignment with culture
- Advocacy and influence
- Member knowledge
- Member support and value
- Business operations

The IPA's growth strategy is focussed on financial viability whilst we sustainably grow our business, which ensures the ongoing delivery of enhanced benefits to all members. To facilitate this, the IPA has rolled out a shared infrastructure and shared service model that also includes integrated marketing and communications. This allows the IPA to optimise our recruitment, renewal and reinstatement activities and best utilise our trained and focussed business development staff across the organisation.

The IPA Board undertook an extensive review of the organisational strategy throughout 2016 and resolved to adopt a revised strategic plan. This plan has guided the delivery of the objectives set out in a balanced scorecard which frames the plan against four perspectives of the business:

- Organisational capacity
- Internal process
- Financial stewardship
- Member

This has also resulted in a rearticulation of the IPA's Vision statement which incorporates an understanding of the ultimate social value being created by the work of the Institute. The Board ratified the Vision Statement and 'Why Statement' of the IPA as being: For every small business to have one of our members by their side. The Board reviewed the ultimate social aim of the Institute to identify who is impacted by our work and the work of our members. This led to understanding why we exist which is to improve the quality of life of small business.

The strategic objectives are regularly monitored by the Board and have remained constant.

Internally, the IPA has continued its Fit for the Future program aimed to ensure our team is appropriately skilled and focussed to deliver the best service possible to members. Part of this is about having the right people in the right roles to deliver; ensuring they have the opportunity to train, develop and grow to be the best they can be for successful outcomes for themselves, the organisation and our members.

DIRECTORS' REPORT

SHORT-TERM AND LONGER-TERM OBJECTIVES

- Continue to leverage off the shared infrastructure and shared services platform to drive business efficiency.
- Continue the current growth strategy through the implementation of the integrated marketing communications plan.
- Continue to integrate the UK operations to optimise efficiency, create revenue streams and enhance the member experience to help deliver a return on investment to the IPA Group.
- Continue to provide educational pathways, products and services, CPD and communications that deliver tangible benefits to members and support their growth and prosperity.
- Support members' growth and diversity as they move into the new financial services regulatory regime.
- Further expand the integrated marketing communications plan by tailoring to meet the needs of the UK operations.
- Progress the establishment of the IPA Group identity as part of a longer term aspiration in line with the global growth strategy.
- Deliver an enhanced and coordinated CPD program, both online and in-house based to optimise efficiencies and to enhance members knowledge and growth.
- Deliver a brand refresh to focus on enhanced market positioning and greater recognition for our members and the organisation.
- Deliver a rigorous risk and governance framework that provides appropriate mitigation and reporting.
- Develop an enhanced value proposition for students.

PERFORMANCE AND MANAGEMENT

The IPA has continued its integrated model of strategic planning and performance management through the balanced scorecard. This includes alignment of business unit and staff goals to the corporate strategy, which is supported by KPIs that are aligned to the strategic objectives and supported by an appropriate performance management model.

INFORMATION ON DIRECTORS



MR DAMIEN MOORE FIPA FFA PRESIDENT

Occupation: Senior Tax Manager
– Schulz Hobbs Pty Ltd & Director –
Carrington Accounting Services

Division: South Australia

Damien is the current President and Chair of the Board of Directors after previously holding the roles of Deputy President and Vice President. He has worked as a Public Practitioner for over 15 years running his own business specialising in Accounting Services for SMEs. He is a Registered Tax Agent and Chartered Tax Advisor, with over 20 years' experience in Accounting and Banking. Recent notable achievements include working closely with the SA/NT Division to achieve a strong presence liaising with the South Australian State Government for SME Advocacy and being able to jointly lead the IPA China Delegation for 2016 and 2017 along with the IPA CEO.

Damien is a Member of the Australian Institute of Company Directors



MS WENDY LEEGEL FIPA FFA IMMEDIATE PAST PRESIDENT

Occupation: Management Consultant
Executive, Director, Leegel Consulting
Group

Division: Victoria

A former Victorian Divisional Councillor since 1999-2000, 2006, IPA member for 19 years - lobbied and instigated opening of the Bentleigh discussion group, past Bentleigh convenor.

IPA Board Positions: Immediate Past President and Chair IPA and Immediate Past President and Chair IFA; Member of the Executive Committee (BEC), Deputy Chair of the Disciplinary Committee; Previously President and Chair IPA and IFA, Vice President, Deputy President, Chair of the Member Committee, Retired Board Director of Risk Management Institute of Australia (RMIA)

Federal Government Committees:
Senate Committee (as Ministers Representative): Insolvency Practitioners Disciplinary Committee, 3 year term

Charities:
Ambassador BreastScreen Victoria

Nominals:

Fellow: Institute of Public Accountants (FIPA), Institute of Financial Accountants (FIFA), Financial Services Institute of Australia (F Fin), Governance Institute of Australia (FGIA) GIA(cert.), Australian Institute of Management (FAIM), and Chartered Management Institute (CMgr FCMI).

Graduate Member: Australian Institute of Company Directors (GAICD), Member Association of Change Management Professionals (MACMP), Member Australian Institute of Project Management (MAIPM), Member Risk Management Institute of Australia (MRMIA), Change Management Institute (CMI), Human Capital Institute (HCI) and Women on Boards (WOB), Hon JP.

Employment: Director Change Management, Australian Digital Health Agency. Management Consultant, over 25 years working for ASX Top 5-20 Corporates specialising in Enterprise Risk and governance, HR and people management, and business strategy - M&A's, ICT and TOM design. Qualifications held in Accounting, Governance and Risk, Organisational Change and Leadership/ Masters in Leadership.

INFORMATION ON DIRECTORS CONT



MR TONY MCCARTIN FIPA FFA DEPUTY PRESIDENT

Occupation: Principal/Director – McCartin & Associates, Taxation Consultants and Business Services
Division: New South Wales

An IPA member since 1984, having served as a NSW Divisional Councillor from 2006, Tony was elected to the Board in 2009. He has been in Public Practice, as a registered Tax Agent and Public Accountant since 1984. He worked at the Australian Taxation Office in Sydney and Parramatta, 1972 to 1984, taught part time at TAFE NSW 1995 to 2006.

Tony also acts as local agent/public officer for a number of registered foreign companies, and is the local director/public officer for a number of subsidiaries of foreign corporations registered in Australia.

He was previously a member of the Board Membership Committee, member and then chair of the Board Audit Committee and most recently Treasurer.



MR JASON PARKER FIPA FFA DEPUTY PRESIDENT

Occupation: Principal – Parker Accounting & Financial Services
Division: Tasmania

Jason served on the Tasmanian Division of the IPA as President from 2005 to 2007, and served on the Tasmanian Divisional Council from 2003 until the council disbanded. Jason came onto the IPA Board in November 2008. He is a graduate member of the Australian Institute of Company Directors, a registered tax agent, a registered SMSF auditor and a registered migration agent. Jason holds a Bachelor of Commerce [USQ] degree, a Diploma in Financial Services (financial planning – Tribecca), a Graduate Certificate in Applied Finance and a Graduate Certificate in Australian Migration Law and Practice. He is currently studying for a Masters of Business Administration (MBA) degree. Jason continues to be a Director of numerous private companies. He is a Director and Chairman of six unlisted public companies in the business sectors including roadside maintenance, recreational aviation, food recycling, aquaculture, bridge replacement and land based drones. Jason recently joined the Board of a local not-for-profit organisation in the mental health arena.



MRS LINDA BERNARD FIPA FFA

Occupation: Director/Senior Accountant, Westmore Accounting
Division: Western Australia

Joined WA Divisional Council in 2007, became the President from 2009 until 2012. Public Practitioner since 2000, registered tax agent, holds Bachelor of Commerce in Accounting and Financial Planning from Curtin University and a Masters of Commerce in Professional Accounting from UNE.

Linda is also a member of the Australian Institute of Company Directors.



MR KEVIN DAWES FIPA FFA

Occupation: Director,
Strategic Plus Pty Ltd
Division: New South Wales

First elected to the board of directors in 2003, Kevin has served as a NSW councillor and is a past national vice-president and Treasurer. Kevin has served on the National Resources Committee and is the past chairperson of the Board Audit Committee and currently chairs the Board Membership Committee.



MR RUSSELL HILLARD FIPA FFA

Occupation: Public Accountant, R & J
Financial Services
Division: Queensland

First elected to the board of directors in February 2007 served as Vice President 2009 – 2011, National Treasurer from 2011 – 2013. A Divisional Councillor from 2004 – 2011, elected Divisional President 2006 – 2007 and Divisional Deputy President from 2007 – 2009. Russell is a Commissioner of Declarations, registered tax agent, Self Managed Super Fund Association – SMSF specialist advisor, authorised representative of AMP Financial Planning and a member of the Australian Institute of Company Directors (AICD).



MS CHRISTINE LEETHAM FIPA FFA

Occupation: Head RTO Compliance &
Contracts TAFE NSW Sydney Region
Division: New South Wales

First elected to the board of directors in October 2002, Christine has been chairman of the National Audit Committee from 2003 to 2005 and was chairman of the National Resources Committee and treasurer from 2005 to 2007. Christine served as a NSW divisional councillor as well as NSW President three times. Christine has also served on the NSW Divisional Recognition Action Committee. Christine was National President from 2009 to 2012. She is also a member of the Australian Institute of Company Directors (AICD).



INFORMATION ON DIRECTORS CONT



MS LEAH-BARBARA MAGUIRE
FIPA FFA

Occupation: Senior Legal Advisor,
Inspector-General of the Australian
Defence Force

Division: Australian Capital Territory

Barbara has served on the ACT Divisional Council since 2002, including as President 2006-2009. She became a Director in 2010 and is Chair of the National Disciplinary Tribunal. She brings extensive experience in administrative inquiries, as Director and as a commercial lawyer advising on a wide range of governance issues. She is a past Director of Communities@Work, one of the largest community services organisations in the ACT.

Barbara is a member of the Australian Government Lawyers Network Professional Development Committee, The Taxation Institute (Chartered Tax Advisor) and the Australian Institute of Company Directors (MAICD).



DR NORDIN ZAIN FIPA FFA

Occupation: Executive Director,
Deloitte Malaysia

Board Appointed

First elected to the board of directors in May 2008, Nordin joined other partners of Deloitte Malaysia after being the CEO of the Malaysian Accounting Standards Board (MASB) for nine years. He is a Chartered Accountant member of the Malaysian Institute of Accountants (MIA), a fellow member of CPA Australia and IPA, a former member of the Asia Pacific Financial Reporting Advisory Group (APFRAG) in Australia, a member of Brunei's Public Accountants Oversight Committee (PAOC) and a member of the Accounting and Auditing Organisation for the Islamic Institutions (AAOIFI) in Bahrain.



MR MICHAEL COLIN FFA FIPA

Occupation: Co-founder and Chief
Executive of Make It Happen
in Sierra Leone

Board Appointed

Michael is an Independent Civil Accredited Mediator working across the SME (Small and Micro Enterprise) sector, including professional and commercial partnership dispute and dissolution, family and probate dispute and debt disputes.

Michael started and headed a tradition regional accounting practice for over 30 years specialising in SME businesses. A trustee of many charities both local and national with a special interest in appropriate governance.

After being elected President of the Manchester Society of Chartered Accountants, served as an elected member for eight years on the ICAEW National Governing serving for five years on the Members Services Board and a further four years on the Ethics Standards Committee.



LIMITATION OF MEMBERS LIABILITY

IPA is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If IPA is wound up, in accordance with the constitution, each member is required to contribute a maximum of \$6.00 each towards meeting any outstanding obligations of IPA. At 30 June 2017, the total amount that members of the IPA are liable to contribute if IPA is wound up is \$102,096 (2016: \$98,040).

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 32 of the financial report.

The directors' report is signed in accordance with a resolution of the Board of Directors.

ANTHONY GERARD MCCARTIN FIPA
DEPUTY PRESIDENT

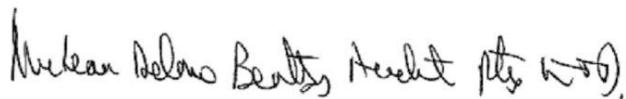
JASON RICHARD PARKER FIPA
DEPUTY PRESIDENT

SIGNED IN ADELAIDE, THIS 1ST DAY OF SEPTEMBER 2017.

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF INSTITUTE OF PUBLIC ACCOUNTANTS LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



McLean Delmo Bentleys Audit Pty Ltd



**Martin Fensome
Partner**

Hawthorn
1 September 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	GROUP		PARENT	
		2017	2016	2017	2016
		\$	\$	\$	\$
REVENUE					
Revenue	2	18,838,827	18,720,640	16,315,668	15,824,125
EXPENSES					
Marketing and publications expenses		(1,675,364)	(1,696,881)	(1,233,238)	(1,188,414)
Corporate services expenses		(3,765,730)	(3,536,118)	(3,217,531)	(2,857,113)
Corporate governance expenses		(2,219,230)	(2,367,642)	(1,967,174)	(2,010,992)
Members services expenses		(10,791,835)	(10,867,711)	(9,645,904)	(9,608,978)
Other expenses		(168,015)	(221,185)	(165,992)	(219,552)
TOTAL EXPENSES		(18,620,174)	(18,689,537)	(16,229,839)	(15,885,049)
SURPLUS / (LOSS) FOR THE YEAR	3	218,653	31,103	85,829	(60,924)
OTHER COMPREHENSIVE INCOME					
Exchange differences on translating foreign owned subsidiary		5,366	(39,874)	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		224,019	(8,771)	85,829	(60,924)
Total comprehensive income / (loss) attributable to members		224,019	(8,771)	85,829	(60,924)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	NOTE	GROUP		PARENT	
		2017	2016	2017	2016
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	6	3,052,880	2,194,363	2,070,793	1,603,166
Trade and other receivables	7	453,779	624,437	327,520	375,995
Financial assets	8	6,822,808	5,819,662	6,822,808	5,819,662
Other assets	9	921,092	908,952	706,122	638,171
Total current assets		11,250,559	9,547,414	9,927,243	8,436,994
NON-CURRENT ASSETS					
Trade and other receivables	7	320,000	270,000	939,833	925,105
Other assets	9	54,870	72,123	16,247	32,494
Plant and equipment	10	927,477	1,060,305	900,689	1,027,623
Intangible assets	11	419,212	434,996	18,975	10,563
Total non-current assets		1,721,559	1,837,424	1,875,744	1,995,785
TOTAL ASSETS		12,972,118	11,384,838	11,802,987	10,432,779
CURRENT LIABILITIES					
Trade and other payables	12	1,323,169	1,391,150	1,100,509	1,131,844
Income received in advance	13	8,977,873	7,673,307	7,813,643	6,624,605
Provisions	14	1,192,440	1,014,691	1,192,440	1,014,691
Total current liabilities		11,493,482	10,079,148	10,106,592	8,771,140
NON-CURRENT LIABILITIES					
Provisions	14	204,694	255,767	204,694	255,767
Total non-current liabilities		204,694	255,767	204,694	255,767
TOTAL LIABILITIES		11,698,176	10,334,915	10,311,286	9,026,907
NET ASSETS		1,273,942	1,049,923	1,491,701	1,405,872
EQUITY					
Retained earnings		1,340,135	1,121,482	1,491,701	1,405,872
Reserve	15	(66,193)	(71,559)	-	-
TOTAL EQUITY		1,273,942	1,049,923	1,491,701	1,405,872

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	RETAINED EARNINGS	RESERVES	TOTAL
	\$	\$	\$
GROUP			
Balance as at 30 June 2015	1,090,379	(31,685)	1,058,694
Surplus for the year	31,103	-	31,103
Exchange differences on translating foreign owned subsidiary	-	(39,874)	(39,874)
Balance as at 30 June 2016	1,121,482	(71,559)	1,049,923
Surplus for the year	218,653	-	218,653
Exchange differences on translating foreign owned subsidiary	-	5,366	5,366
Balance as at 30 June 2017	1,340,135	(66,193)	1,273,942
PARENT			
Balance as at 30 June 2015	1,466,796	-	1,466,796
Loss for the year	(60,924)	-	(60,924)
Balance as at 30 June 2016	1,405,872	-	1,405,872
Profit for the year	85,829	-	85,829
Balance as at 30 June 2017	1,491,701	-	1,491,701

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	GROUP		PARENT	
		2017	2016	2017	2016
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from members and customers		21,663,723	20,075,308	18,752,866	17,155,361
Payments to suppliers and employees		(19,605,750)	(19,965,486)	(17,147,717)	(16,816,181)
Interest received		162,047	172,007	183,001	191,115
Net cash provided by operating activities		2,220,020	281,829	1,788,150	530,295
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceed from disposal of equipment		6,507	589	6,507	589
Acquisition of intangible assets		(12,263)	(10,239)	(12,263)	(10,239)
Acquisition of plant and equipment		(387,967)	(290,508)	(376,893)	(276,754)
(Transfer to) / proceeds from bank term deposits		(1,003,146)	226,053	(1,003,146)	226,053
Loan proceeds / (advances)		30,000	-	65,272	(655,105)
Net cash used in investing activities		(1,366,869)	(74,105)	(1,320,523)	(715,456)
Effects of exchange rate changes on cash and cash equivalents		5,366	(39,874)	-	-
NET INCREASE / (DECREASE) IN CASH HELD		858,517	167,850	467,627	(185,161)
Cash and cash equivalents at beginning of the financial year		2,194,363	2,026,513	1,603,166	1,788,327
Cash and cash equivalents at end of the financial year	6	3,052,880	2,194,363	2,070,793	1,603,166

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The financial report includes the consolidated financial statements and notes of Institute of Public Accountants Ltd and Controlled Entity (the “consolidated group” or “group”), and the separate financial statements and notes of Institute of Public Accountants Ltd as an individual parent entity (“parent entity” or “parent”).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 1 September 2017 by the directors of the company.

ACCOUNTING POLICIES

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent entity (“the parent”), Institute of Public Accountants Ltd, and its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of the subsidiary are provided in Note 17.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

b. Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

b. Business Combinations (cont)

GOODWILL

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i. the consideration transferred;
- ii. any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- iii. the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

d. 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.

e. Trade and Other Receivables

Trade receivables, which comprise amounts due from memberships and from services provided, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Normal terms of settlement vary from seven to ninety days. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for impairment is made when there is objective evidence that IPA will not be able to collect the debts.

f. Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

DEPRECIATION

The depreciable amount of all fixed assets, including capitalised leased assets, is depreciated on a straight-line basis over the asset's useful life to IPA commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	10 - 12.5%
Plant and equipment	12 - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

g. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to IPA, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that IPA will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

h. Financial Instruments

INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised when IPA becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that IPA commits itself to either purchase or sell the asset (that is, trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified as at fair value through profit or loss in which case transaction costs are expensed to statement of comprehensive income immediately.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(I) LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(II) HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is IPA's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period IPA sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

(III) FINANCIAL LIABILITIES

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

IMPAIRMENT

At the end of each reporting period, IPA assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

h. Financial Instruments (cont)

IMPAIRMENT (CONT)

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduced carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, IPA recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that loss events that have been occurred are duly considered.

DE-RECOGNITION

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby IPA no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired.

The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

i. Impairment of Assets

At the end of each reporting period, IPA assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, IPA estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives.

j. Intangible Assets other than Goodwill

PATENTS

IPA has capitalised the legal and patent costs of changing the name to the Institute of Public Accountants Ltd. The amount capitalised is amortised over three years. (Refer Note 11).

DEVELOPMENT COST

Development cost of training materials are capitalised and amortised over the useful life of the training materials. The amount capitalised is amortised over three years.

k. Trade and Other Payables

Trade payables and other payables represent liabilities for goods and services received by IPA during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l. Provisions

Provisions are recognised when IPA has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the net estimate of the amounts required to settle the obligation at the end of the reporting period.

m. Employee Benefits

SHORT-TERM EMPLOYEE BENEFITS

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

LONG-TERM EMPLOYEE BENEFITS

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

n. Revenue

Revenue from membership subscriptions and receipts attributable to the current financial year are recognised as revenue. Members' subscriptions and receipts relating to periods beyond the current financial year are shown in the statement of financial position as members' subscriptions in advance under the heading of payables in current liabilities.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the members and customers.

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

o. Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

p. 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 Tax Office (ATO).

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.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payable to suppliers.

q. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

r. Income Tax

IPA is a not-for-profit organisation to which the principle of mutuality applies. The principle of mutuality is a common law principle arising from the premise that a person cannot profit from himself. The effect of this is that IPA only pays income tax on net income, which is not derived from members. Income, which is derived from members, is exempt from income tax.

IPA is subject to income tax at 30 per cent and IFA is subject to income tax at 20 per cent.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

s. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statement based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within IPA.

KEY ESTIMATES – IMPAIRMENT

Receivables are stated net of a provision for impairment of doubtful member and non-member debts and aggregates to \$19,730 (2016: \$16,019) for the group and \$709 (2016: \$6,290) for the company.

With respect to cash flow projections for goodwill, growth rates of 2% to 4% from 2017 have been factored into valuation models for the next five years on the basis of management's expectations around the company's and group's continued ability to retain and increase memberships in key markets.

No impairment has been recognised in respect of goodwill at the end of the reporting period. Should the projected turnover figures be at 90% of budgeted figures incorporated in value-in-use calculations, no impairment loss would arise.

KEY JUDGEMENTS

LOAN TO ASSOCIATION OF ACCOUNTING TECHNICIANS (AUSTRALIA) LTD ("AAT")

IPA is owed \$320,000 (2016: \$350,000) as per an agreement with AAT. The directors assess at the financial year end, the likelihood of repayment at the designated due date as per the agreed arrangement (Refer Note 7). AAT also shares accommodation with IPA and pays interest on the loan. The status of those obligations at 30 June 2017 is also taken into account when the assessment is made of any impairment to the loan.

t. New and Revised Accounting Standards

The AASB has issued a number of new and revised Standards and Interpretations that have mandatory applicable dates for future reporting periods. The entity is yet to undertake a detail assessment of the impacts of these Standards and Interpretation, however based on the entity's preliminary assessment, except for AASB 16 Leases which applies to annual periods beginning on or after 1 January 2019, all other new and revised accounting Standards is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted.

**NOTE 2:
REVENUE**

	GROUP		PARENT	
	2017	2016	2017	2016
	\$	\$	\$	\$
OPERATING REVENUE				
Members subscriptions	12,585,970	11,931,590	10,270,068	9,450,215
Members activities	2,817,121	2,927,850	2,747,596	2,794,962
NOOSR Assessments	954,564	1,036,391	954,564	1,036,391
Non-member activities	1,617,855	2,007,939	1,475,464	1,933,880
Interest income	160,702	172,429	181,656	193,410
Other revenue	611,736	541,621	595,440	312,447
Management fees	90,880	102,820	90,880	102,820
Total operating revenue	18,838,827	18,720,640	16,315,668	15,824,125

**NOTE 3:
SURPLUS / (LOSS) FOR THE YEAR**

The following significant expense items are relevant in explaining the financial performance:

Rental expense on premises	1,357,281	1,378,700	1,105,033	1,043,698
Depreciation	514,288	487,816	497,320	457,054
Loss on disposal of plant and equipment	-	7,856	-	6,415
Employee benefits expense	7,946,227	7,727,436	7,011,542	6,609,566
Advertising and promotions	395,626	323,831	325,239	273,133

PROFESSION RELATED COSTS

Australian Professional Ethical Standards Board contribution	476,623	463,150	476,623	463,150
International Federation of Accountants contribution	247,750	233,263	198,224	181,005
Confederation of Asian and Pacific Accountants (CAPA)	32,684	31,094	32,684	31,094

**NOTE 4:
INCOME TAX EXPENSE**

PARENT

The prima facie income tax expense attributable to the members of IPA of \$25,749 (2016: income tax benefit of \$18,277) is offset by a permanent difference arising from mutual activities with members and unconfirmed accumulated tax losses. At financial year end, unconfirmed accumulated tax losses of \$7,085,380 (2016: confirmed accumulated tax losses of \$7,171,209) existed, giving rise to a potential future tax benefit. The potential future tax benefit attributable to the tax losses is not recognised, as realisation is not probable.

GROUP

The prima facie income tax expense attributable to the members of the group is \$42,188 (2016: income tax benefit of \$33,831). At financial year end, unconfirmed accumulated tax losses of \$7,431,448 existed, giving rise to a potential future tax benefit. The potential future tax benefit attributable to the tax losses is not recognised, as realisation is not probable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

	GROUP		PARENT	
	2017	2016	2017	2016
	\$	\$	\$	\$

DIRECTORS

Directors of the Institute (and its subsidiaries) do not receive director's fees, rather an amount of \$1,650 is payable to the director's employer per Board meeting attended. The maximum amount payable for attendance at 4 board meetings is \$6,600 per annum. For the President, the amount is \$3,300 per board meeting or \$13,200 per annum. These amounts exclude GST (if applicable).

Key management personnel compensation	2,203,273	2,140,678	1,973,230	1,892,003
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The total number of key management personnel for the year ended 30 June 2017 for the parent and group is 8 and 9 respectively.

Information related to the contract of the Group Chief Executive Officer

The contract of the Group Chief Executive Officer for the year ended 30 June 2017 was \$600,000 with a capacity to earn a performance bonus of up to 5%.

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	986,188	593,647	4,101	2,450
Deposits at call	1,566,692	1,098,336	1,566,692	1,098,336
Short term deposits	500,000	502,380	500,000	502,380
Total cash and cash equivalents	3,052,880	2,194,363	2,070,793	1,603,166

**NOTE 7:
TRADE AND OTHER RECEIVABLES**

	GROUP		PARENT	
	2017	2016	2017	2016
	\$	\$	\$	\$
CURRENT				
Trade receivables	375,725	399,344	328,229	302,285
Provision for impairment of receivables	(19,730)	(16,019)	(709)	(6,290)
Trade receivables, net	355,995	383,325	327,520	295,995
Loan to Association of Accounting Technicians (Australia) Ltd	-	80,000	-	80,000
Other receivables	97,784	161,112	-	-
Total current trade and other receivables	453,779	624,437	327,520	375,995
NON-CURRENT				
Loan to Association of Accounting Technicians (Australia) Ltd	320,000	270,000	320,000	270,000
Loan to The Institute of Financial Accountants	-	-	619,833	655,105
Total non-current trade and other receivables	320,000	270,000	939,833	925,105
PROVISION FOR IMPAIRMENT OF RECEIVABLES				
Movement in the provision for impairment of receivables between the beginning and the end of the current financial year is as follows:			GROUP	PARENT
			\$	\$
Balance at beginning of the year			16,019	6,290
- Charge for the year			10,791	709
- Written back			(650)	(45)
- Written off			(6,430)	(6,245)
Balance at end of the year			19,730	709

**LOAN TO ASSOCIATION OF ACCOUNTING TECHNICIANS
(AUSTRALIA) LTD**

The directors have assessed the carrying amount at balance date and have determined that the recoverable amount is the carrying amount. The principal sum repayment was deferred by a Deed of Variation of Loan Agreement dated 30 June 2017 with repayments to commence from 7 July 2019. The Association of Accounting Technicians (Australia) Ltd has the option to repay the amounts earlier. An additional principal amount of \$299,998 was made to AAT on 7 July 2017. The loan is subject to interest at a rate of 0.5% above the 90 day bank bill rate per annum.

LOAN TO THE INSTITUTE OF FINANCIAL ACCOUNTANTS

The directors have assessed the carrying amount at balance date and have determined that the recoverable amount is the carrying amount. The terms to inter-entity principal sum repayment is not considered until after 31 December 2017. The Institute of Financial Accountants has the option to repay the amount earlier, subject to 28 days of notice. The loan is subject to interest at a rate of 1.5% above the 90 day bank bill rate per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 8: FINANCIAL ASSETS

	GROUP		PARENT	
	2017	2016	2017	2016
	\$	\$	\$	\$
CURRENT				
Bank term deposits	6,822,808	5,819,662	6,822,808	5,819,662

NOTE 9: OTHER ASSETS

Deposits	111,769	49,174	102,576	49,174
Prepayments	701,077	748,539	503,401	503,504
Accrued income	108,246	111,239	100,145	85,493
Total current other assets	921,092	908,952	706,122	638,171
NON-CURRENT				
Rental deposit	38,623	39,629	-	-
Other asset	16,247	32,494	16,247	32,494
Total non-current other assets	54,870	72,123	16,247	32,494

**NOTE 10:
PLANT AND EQUIPMENT**

	GROUP		PARENT	
	2017	2016	2017	2016
	\$	\$	\$	\$
Plant and equipment – at cost	2,068,570	1,954,327	1,986,399	1,880,845
Accumulated depreciation	(1,617,847)	(1,417,452)	(1,562,464)	(1,376,652)
Total plant and equipment	450,723	536,875	423,935	504,193
Leasehold improvements – at cost	1,735,890	1,678,603	1,735,890	1,678,603
Accumulated depreciation	(1,259,136)	(1,155,173)	(1,259,136)	(1,155,173)
Total leasehold improvements	476,754	523,430	476,754	523,430
TOTAL PLANT AND EQUIPMENT	927,477	1,060,305	900,689	1,027,623

Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year are as follows:

	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
	\$	\$	\$
GROUP			
Carrying amount as at 30 June 2016	536,875	523,430	1,060,305
Additions	217,397	170,570	387,967
Disposals	(5,595)	(913)	(6,508)
Depreciation expense	(297,955)	(216,333)	(514,288)
Carrying amount as at 30 June 2017	450,723	476,754	927,477
PARENT			
Carrying amount as at 1 July 2016	504,193	523,430	1,027,623
Additions	206,323	170,570	376,893
Disposals	(5,594)	(913)	(6,507)
Depreciation expense	(280,987)	(216,333)	(497,320)
Carrying amount as at 30 June 2017	423,935	476,754	900,689

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11: INTANGIBLE ASSETS

	GROUP		PARENT	
	2017	2016	2017	2016
	\$	\$	\$	\$
Patents – at cost	105,257	92,994	105,257	92,994
Accumulated amortisation	(86,282)	(82,431)	(86,282)	(82,431)
Total patents	18,975	10,563	18,975	10,563
Goodwill – at cost	381,723	381,723	-	-
Development costs of training materials – at cost	91,475	91,475	-	-
Accumulated amortisation	(72,961)	(48,765)	-	-
Total development costs	18,514	42,710	-	-
Total intangible assets	419,212	434,996	18,975	10,563

Movements in Carrying Amounts

Movement in the carrying amounts between the beginning and the end of the current financial year are as follows:

	PATENTS	GOODWILL	DEVELOPMENT COSTS	TOTAL
	\$	\$	\$	\$
GROUP				
Balance at beginning of the year	10,563	381,723	42,710	434,996
Additions	12,263	-	-	12,263
Amortisation expense	(3,851)	-	(24,196)	(28,047)
Balance at end of the year	18,975	381,723	18,514	419,212
PARENT				
Balance at beginning of the year	10,563	-	-	10,563
Additions	12,263	-	-	12,263
Amortisation expense	(3,851)	-	-	(3,851)
Balance at end of the year	18,975	-	-	18,975

The recoverable amount of each cash generating unit is determined based on value in use calculations. Value in use is calculated based on the present value of cash flow projections over a five year period.

The following assumptions were used in the value in use calculations:

Growth rate: 2% to 4%

Discount Rate: 15%

**NOTE 12:
TRADE AND OTHER PAYABLES**

	GROUP		PARENT	
	2017	2016	2017	2016
	\$	\$	\$	\$
Trade payables	360,386	456,317	207,509	270,240
Accrued expenses	564,911	581,184	495,128	507,955
GST payable	397,872	353,649	397,872	353,649
Total trade and other payables	1,323,169	1,391,150	1,100,509	1,131,844

**NOTE 13:
INCOME RECEIVED IN ADVANCE**

Members subscriptions in advance	8,013,155	7,006,694	6,887,591	5,961,091
Other income in advance	964,718	666,613	926,052	663,514
Total income received in advance	8,977,873	7,673,307	7,813,643	6,624,605

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 14: PROVISIONS

	GROUP		PARENT	
	2017	2016	2017	2016
	\$	\$	\$	\$
CURRENT				
Employee entitlements	1,192,440	1,014,691	1,192,440	1,014,691
NON-CURRENT				
Employee entitlements	67,057	121,355	67,057	121,355
Lease restoration	137,637	134,412	137,637	134,412
Total non-current provisions	204,694	255,767	204,694	255,767

Movements in Provisions

	EMPLOYEE ENTITLEMENTS	LEASE RESTORATION	TOTAL
	\$	\$	\$
GROUP			
Balance at 1 July 2016	1,136,048	134,410	1,270,458
Additional provisions	578,146	3,227	581,373
Amounts used	(454,697)	-	(454,697)
Balance at 30 June 2017	1,259,497	137,637	1,397,134
PARENT			
Balance at 1 July 2016	1,136,048	134,410	1,270,458
Additional provisions	578,146	3,227	581,373
Amounts used	(454,697)	-	(454,697)
Balance at 30 June 2017	1,259,497	137,637	1,397,134

PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

PROVISION FOR LEASE RESTORATION

A provision has been recognised for the restoration of leased property to the condition to that when leases were commenced where the lease document provides. A liability exists on the Melbourne property. A discount rate adjusted to reflect the changing values over time has been considered and applied.

**NOTE 15:
RESERVE**

	GROUP		PARENT	
	2017	2016	2017	2016
	\$	\$	\$	\$
Foreign currency translation reserve	(66,193)	(71,559)	-	-

The foreign currency translation reserve records exchange differences arising on translation of a foreign owned subsidiary.

**NOTE 16:
COMMITMENTS**

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments				
– not later than 1 year	1,415,390	1,346,988	1,347,870	1,261,235
– between 1 year and 5 years	4,438,824	1,790,551	4,438,824	1,719,090
– later than 5 years	4,180,968	164,666	4,180,968	164,666
Total operating lease commitments	10,035,182	3,302,205	9,967,663	3,144,991

IPA leases office equipment and office premises throughout Australia's capital cities. The equipment leases are all for fixed rentals. Increases in lease commitments may occur in line with annual review based on either changes in the rental market or the Consumer Price Index. IPA holds lease renewal options which are not judged to have any material value that can be reliably valued and so are not recognised.

The Institute of Financial Accountants has leased office premise at The Podium, 1 Eversholt Street, Euston, London NW1 2DN, United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17: INFORMATION ABOUT PRINCIPAL SUBSIDIARIES

The subsidiary listed below is controlled by the parent entity. The assets, liabilities, income and expenses of the subsidiary has been consolidated on a line-by-line basis in the consolidated financial statements of the Group.

NAME OF SUBSIDIARY	Proportion of Ownership Interest Held by the Group	
	2017	2016
The Institute of Financial Accountants	100%	100%

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

The entities listed below are subsidiary undertakings of The Institute of Financial Accountants Limited, which have not been consolidated into the group financial:

NAME	STATUS	COUNTRY OF INCORPORATION
Institute of Financial Accountants in Hong Kong Ltd	Active	Hong Kong
Institute of Financial Accountants in China Ltd	Active	Hong Kong
Association of Financial Managers Limited	Dormant	United Kingdom
Federation of Tax Advisers Limited	Dormant	United Kingdom
IFA Institute of Business Management Limited	Dormant	United Kingdom
IFA Institute of Business Managers Limited	Dormant	United Kingdom
IFA Institute of Financial Management Limited	Dormant	United Kingdom
IFA Institute of Financial Managers Limited	Dormant	United Kingdom
IFA Institute of Public Accountants Limited	Dormant	United Kingdom
The Association of Administrative Accountants Ltd	Dormant	United Kingdom
The Association of Book-keepers	Dormant	United Kingdom

The operations of the two active entities, stated above, are not material to the group and therefore have not been consolidated in the current year.

**NOTE 18:
RELATED PARTY TRANSACTIONS**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties are as follows:

Directors employer reimbursement:

DIRECTOR	DIRECTORS EMPLOYER	PARENT	
		2017 \$	2016 \$
Gregory Robert Parr	Scales & Partners Lawyers	-	3,300
Kevin Brian Dawes	Strategic Plus Pty Ltd	6,600	6,600
Nordin Zain	Prospect Alliance Consulting & Training	6,600	6,600
Damien Scott Moore	Carrington Accounting Services	9,900	6,600
Russell Alan Hillard	R & J Financial Services	6,600	6,600
Jason Richard Parker	Parker Accounting & Financial Services	6,600	6,600
Anthony Gerard McCartin	McCartin & Associates	6,600	6,600
David Anthony Lever	David Lever	1,650	6,600
Wendy Leegel	Leegel Consulting Pty Ltd	9,900	13,200
Linda Bernard	Grange Professional Services	6,600	6,600
Michael Colin	Make It Happen in Sierra Leone	4,950	1,650
Christine Leetham	TAFE NSW	6,600	-
Barbara Maguire	Defence Force Commissions of Inquiry	6,600	-

Transactions with Related Parties

Representatives of IPA are on the Board of Association of Accounting Technicians (Australia) Ltd.

IPA leases the Tasmania office premises from Denis Laing – State president (NDC)	10,299	20,228
IPA provided rental accommodation and services to Association of Accounting Technicians (Australia) Ltd during the financial year, which is paid to 30 June 2017	67,000	67,000
Loan receivable from Association of Accounting Technicians (Australia) Ltd (Note 7)	320,000	350,000

**NOTE 19:
CONTINGENT LIABILITIES**

	GROUP		PARENT	
	2017 \$	2016 \$	2017 \$	2016 \$
Bank guarantees for the term of the operating leases for periods up to 7 years	586,519	563,720	586,519	563,720

Indemnities for bank guarantees to the lessors' of properties occupied under operating leases at 555 Lonsdale Street, Melbourne; 210 George Street, Sydney; 422 King William Street, Adelaide; 1008 Hay Street, Perth and 300 Queen Street, Brisbane.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 20: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases. The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	GROUP		PARENT		
	2017	2016	2017	2016	
	\$	\$	\$	\$	
FINANCIAL ASSETS					
Cash and cash equivalents	6	3,052,880	2,194,363	2,070,793	1,603,166
Loans and receivables	7	773,779	894,437	1,267,353	1,301,100
Financial assets and deposits	8	6,822,808	5,819,662	6,822,808	5,819,662
Total financial assets		10,649,467	8,908,462	10,160,954	8,723,928
FINANCIAL LIABILITIES					
Financial liabilities at amortised cost:					
- Trade and other payables	12	1,323,169	1,391,150	1,100,509	1,131,844
Total financial liabilities		1,323,169	1,391,150	1,100,509	1,131,844

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

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

DIRECTORS' DECLARATION

IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS OF INSTITUTE OF PUBLIC ACCOUNTANTS LTD, THE DIRECTORS OF INSTITUTE OF PUBLIC ACCOUNTANTS LTD DECLARE THAT:

1. The financial statements and notes, as set out on pages 33 to 54, are in accordance with the Corporations Act 2001 and:
 - i comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - ii give a true and fair view of the financial position as at 30 June 2017 of the group and the company and of their performance for the financial year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Institute of Public Accountants Ltd will be able to pay its debts as and when they become due and payable.



ANTHONY GERARD MCCARTIN FIPA
DEPUTY PRESIDENT



JASON RICHARD PARKER FIPA
DEPUTY PRESIDENT

SIGNED IN ADELAIDE, THIS 1ST DAY OF SEPTEMBER 2017.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INSTITUTE OF PUBLIC ACCOUNTANTS LTD (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



McLean Delmo Bentleys Audit Pty Ltd



**Martin Fensome
Partner**

Hawthorn
6 September 2017



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Adelaide | Hobart | Perth | Kuala Lumpur
Beijing | London

For enquiries within Australia call
1800 625 625. International enquiries
can be directed to IPA Head Office.

DIGITAL HUB: pubacct.org.au