IPA
INSTITUTE OF
PUBLIC
ACCOUNTANTS®

ANNUAL REPORT
2018 - 2019

2018-2019 THEME:

Advocacy & Influence

The theme for this year's annual report is based on the extensive advocacy work conducted by the Institute. This effort strives to influence key stakeholders in the best interests of our members, small business and the public at large. Our members also play a role in echoing these efforts as together, we deliver a credible voice for the accounting profession.

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 37,000 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.

On 1 January 2015, the IPA acquired the Institute of Financial Accountants in the United Kingdom 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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Contents

A Year of Voice, Influence and Leadership

REPORT FROM IPA BOARD PRESIDENT & IPA GROUP CHIEF EXECUTIVE OFFICER

While we reflect on the past year; another of continued record growth, it is also important to note the significant activity to extend the Institute's voice on behalf of members, small business and the economy.

The IPA's advocacy effort has amplified the organisation's voice on a range of issues facing the profession and the Australian economy.

In September 2018, we released the second edition of the Australian Small Business White Paper, three years after the landmark production of the first edition; the first industry led white paper purely focused on Australia's economic plight against a backdrop of declining productivity.

The first edition hit many targets, particularly in government acceptance of recommendations such as loan guarantee schemes and the development of a securitization fund. The formation of both editions was evidence based, not just with the preceding nation-wide roadshows where we spoke directly with our members and small businesses, but also the extensive work conducted through the IPA Deakin SME Research Centre.

There were many commonalities between the 2014 and 2017 roadshows that led to the production of the white papers: issues such as regulatory burden, taxes (particularly payroll tax), workplace relations and Fair Work legislation. However, two key issues emerged in our research in 2017 that had not previously been raised: cybersecurity and mental health.

As a result, we are continuing to invest in solutions on both matters, including renewed continuing professional development (CPD) offerings for our members. This is pivotal to the Why factor of the organisation: to enhance the quality of life of small business.

With respect to mental health, we have also invested in our senior management team with mental health first aid training through Mental Health First Aid Australia and have planned workshop sessions for members early in the new financial year.

When we spoke to small businesses around Australia, we asked one fundamental question:

What is keeping you awake at night?

> We recognise that our members, in many cases, are the first to see the warning signs that some of their clients may require professional help. This also extends to our members who may also be either experiencing personal health issues or the stressors of work.

As IPA Group CEO, Andrew Conway sat at a roundtable convened by the Prime Minister, the Hon Scott Morrison, to discuss small business mental health. The result was the establishment of four government led working groups which the IPA participated in, with a report to be delivered to the Prime Minister.

Andrew Conway has continued to represent the profession at the highest level including the International Federation of Accountants (IFAC) and chairing the Professional Accountancy Organisation Development Committee (PAODC) of the Confederation of Asian and Pacific Accountants (CAPA).

Other IPA staff represent us at numerous forums, taskforces and committees, including the Black Economy Taskforce, in the halls of Parliament and internationally with the International Council for Small Business.

Our advocacy and lobbying activities are a key focus for the organisation as we endeavour to influence better outcomes for the Australian and global economies. We believe our effort in this area within the accounting profession is second to none.

This is just the tip of the proverbial iceberg when it comes to IPA's advocacy activity. We continue to be represented on countless government and regulatory forums.

> Simply put, clients want to be able to turn to their accountant as trusted adviser for accessible and affordable financial advice.

> We have continued to put forward the argument for holistic tax reform that should include all facets of the taxation regime including GST and the removal of inefficient and onerous taxes such as payroll tax, which is detrimental to small business and a deterrent to employment.

We have also kept a critical eye on regulator fees and operations including auditor registration fees; the impact of FASEA education standards; and the technological system failures experienced by the ATO which has caused much hardship to many of our members. We have argued that the Scheme for Detriment caused by Defective Administration which at the time of writing this report is currently under review by the Government, should come into play when system outages bring the work of our members to a halt.

The existing framework provides little scope for intermediaries such as tax agents to make a claim. It is not fit for purpose, especially considering accountants face rising costs from increased regulation and compliance requirements.

We are also of the opinion that the governance structure of the ATO needs to be reviewed. We believe the time is right to have a conversation about the suitability of the governance arrangements of the ATO. Recommendations such as this were made during the Henry Tax Review, about a decade ago.

An area of great concern for many of our members was the removal of the Accountants' Exemption as part of the Future of Financial Advice (FoFA) reforms. The Hayne Royal Commission found countless faults with the banking sector and financial planners with very little mention or concern regarding accountants or the self-managed superannuation fund (SMSF) sector.

For this reason, and because of market failure of the FoFA reforms, we are continuing to have dialogue with the Government to look at the possibility of a new Qualified Accountants Financial Services Licence. Simply put, clients want to be able to turn to their accountant as trusted adviser for accessible and affordable financial advice.

While SMSFs are not ideal for every client, accountants should not be restrained from having the discussion. This is having an impact as $5 billion has transferred from retail and SMSFs to industry funds in the last 12 to 18 months.

> We believe the time is right to have a conversation...

Leading the way

The IPA has continued to engage with the other two professional accounting bodies in an endeavour to reignite the Joint Accounting Bodies (JAB) to provide the profession with a clear voice of unity, essential to cement the accounting profession as one which instils trust with all stakeholders.

Globally, trust is in devastating decline. We owe it to our members and the profession to continue to strive for excellence in all we do to maintain, if not enhance, the trust factor. For this reason, we continue to provide excellent CPD opportunities tor members that ensures they are up to date with all facets of the profession.

In the past few years, our CPD delivery has included offshore experiences which have gained great support from members. In addition, the last 12 months have included a very successful delegation to China and the UK. This helps to reinforce to our members that we are indeed a global organisation, contributing to a world-wide profession and a global economy. We should never lose sight of the importance of accountants and their contribution to local and global economies.

Underpinning our global presence is our One Voice program, reflecting that we are one profession, regardless of jurisdictions. The One Voice program has been bolstered with the development of a multi-jurisdictional content platform, where based on one's geographic location, they will receive the Institute's magazine feature articles, local curated content and shared global content. Initially focused on Australia and the UK, the platform will have the capacity for other jurisdictions to be added as the IPA Group continues to grow.

Leadership comes in many different forms and it was most pleasing to be runner-up in the Association Awards for member services and satisfaction. It gives credence to, and appreciation of, our effort. We will strive to top the list next year.

Our leadership philosophy is a key driver in enabling individuals to be the best they can be for the organisation and for themselves. All staff have undertaken a nine-month development program through Potentialife which provides clear evidence of the level of investment we are making in our people.

The IPA Group has continued to grow with record member intake, revenue growth and member satisfaction. Member and student numbers have passed 37,000 which is pleasing as we strive to a target of 45,000 by 2025.

None of this is possible without the ongoing loyalty and support of our members.

CLOSING REMARKS FROM

Damien Moore, IPA Board President

> As Board President, I am very proud of the IPA's achievements over the past 12 months. I wish to thank my fellow Board members who have been so very supportive. As a Board, we have great passion in ensuring the IPA Group becomes the best member association.

It has been a remarkable year of growth and as our headline reads: a year of voice, influence and leadership. The IPA's advocacy has been a shining light for the profession, not only representing the best interests of our members but that of the public. It gives me an extraordinary level of pride that whenever the IPA has a conviction of policy reform, it is never shy of making a statement. To know that we are collectively making a difference for better economic outcomes for Australia is both pleasing and exciting.

Congratulations must go to Group Chief Executive, Andrew Conway for an outstanding and successful year, along with my special thanks for all the support he has offered me in my role as President. My congratulations also to the entire IPA Group team.

The future looks bright for our organisation with a very clear direction set by the Board through to 2025. I am looking forward to its continued success.

I have personally grown through the experiences afforded to me in the role of President to date and have enjoyed the many interactions with the IPA Group team and our many members throughout the year.

To close, and on behalf of the Board, I want to thank our loyal members for their ongoing support of the organisation and wish you all continued success and prosperity.

CLOSING REMARKS FROM

Andrew Conway, IPA Group CEO

> The IPA Group continues to flourish with record results, both in terms of member growth and revenues; critical to reinvestment into enhanced member services.

I am extremely grateful for the ongoing commitment and support of the IPA Board. It makes the job that much easier when you are working with professionals with a shared strategic outlook.

I also want to thank my executive team and all IPA Group staff for the results delivered this past year. We are a membership body supported by a people-focused organisation and we continue to invest in individuals' development, both from a professional and personal perspective.

We do not exist without our loyal members, so my deepest gratitude goes to all members within the IPA Group. It is my pledge to ensure we continue to provide the best service possible to our members, help them in their business endeavours and celebrate their successes.

Finally, on behalf of our members and staff, I want to acknowledge the massive contribution our President and Chair, Damien Moore has made to the IPA Group and the countless hours of time and guidance offered. Damien is a classic example of the IPA member journey, having commenced his studies at TAFE and culminating in achieving the Masters Degree offered through the IPA and achieving a great deal in his professional career and his Board involvement. Damien has and continues to provide excellent guidance and leadership to the Institute and we thank him most sincerely.

Our year can be summarised as 'more members, more growth, more member services, more policy credibility and importantly, more to do'.

The Year That Was

2018 - 2019

We are pleased to share some of the highlights of the 2018 – 2019 financial year.

Advocacy & Influence

The IPA maintained strong advocacy effort throughout the year, building on the organisation's reputation of representing the best interests of members, small business, the public and the broader economy.

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. In this financial year we released the second Small Business White Paper which contains numerous recommendations on boosting productivity, for the sake of Australian living standards.

Tax

In the lead up to the Federal election in May, our members were facing a tsunami of tax changes. Some of the proposed changes were directed at our profession, such as a limit of $3,000 for the cost of managing tax affairs. The IPA strongly opposed this proposed measure, including the rhetoric that our profession was a subsidised industry of rorters. We also strongly opposed piecemeal changes to the refunding of imputation credits, taxing trust distributions at 30 per cent and many of the proposed superannuation changes. Whilst the Government was returned to power and many of the proposed changes are off the agenda, we still maintain that Australia's tax system is not fit for purpose and that a root and branch review is warranted to align our tax system to better equip the economy to meet looming challenges such as flagging productivity and an aging population.

Tax practitioners need good IT systems to support their vital role in the tax system. Therefore, the quality and efficiency with which these services are provided have a significant bearing on our members. The IPA continued its lead role for yet another year, in making the ATO accountable for IT systems reliability. It was an election year, so we used the White Paper to promote the policy proposals which we believe both major political parties should adopt.

Media Coverage

We have been very active in initiation and coverage of breaking tax related stories and extending our voice on behalf of our members and small business across media platforms which enhances IPA's reputation and influence.

We have also provided numerous interviews and articles on a wide range of subjects which have been used in non-IPA publications. Some 53 media releases, alerts, columns and opinion pieces reaped 622 mentions of the IPA.

Professional Standards Scheme

Work on a new Professional Standards Scheme application for 2021-2025 commenced in January 2019.

Members completed a declaration in February and March 2019 which has provided the IPA with data about the size and activities of member practices as well as professional indemnity insurance claims for the period 2008-2018.

The member response rate to the declaration was an impressive 91.30 per cent, providing us with reliable data.

Technical Resources

The IPA continued its investment in member technical resources with various templates and checklists being developed and made available to members.

Marketing, Partnerships and New Relationships

The marketing and partnerships function has focused on growing the member base through the provision of new and enhanced member benefits supported by an array of strategic relationships with providers.

There were some new additions to the marketing team, including a dedicated Digital Marketing Specialist and our digital marketing strategy was strengthened and refocussed to emphasise our passion for small business.

Marketing managed IPA's gold sponsorship of the World Congress of Accountants (WCOA) in Sydney with our stand attracting significant crowds each day of the event.

Practice in a Box was launched with very positive results and will continue to gain momentum as we work with our partners and internal stakeholders to further enhance our offering.

IPA Books+ and IPA Insure continue to provide responsive and adaptive software and insurance solutions for our members.

The IPA Program, which culiminates in an MBA from Deakin University, continues to be a strong focus for the marketing team as we look for new ways to promote our flagship product.

Partnerships continue to provide us with excellent member benefits, and we welcomed a new partnership this year in – Neptune Cyber Security.

New IPA offices were opened in NSW in early 2019, allowing for increased member facilities and a member lounge area.

The IPA entered a Mutual Recognition Agreement (MRA) with the Institute of Certified Management Accountants of Sri Lanka (CMA Sri Lanka is a full IFAC member body) in May 2019.

Continuing Professional Development

CPD activities have enabled members to choose from a range of training activities such as divisional & national congresses, TAG roadshows which attracted record attendances, and the inaugural cruise from Brisbane to Hamilton Island.

We continued our international CPD activities with events in Bali and our successful UK and China delegations.

Group Performance

Key activities for the 2018/19 financial year have focused on staff development to ensure the best outcomes for service delivery to our members. These include:

- A nine month Potentialife program, for all IPA Group staff, designed for them to become the best they can be for the organisation and themselves.
- A focus on the mental wellbeing of all team members. All managers completed the Mental First Aid Certification, and there was sessions for team members to help them identify the signs of mental ill health in others so they can ensure they get the support they need. Staff were also consistently reminded of the support offered through our Employee Assistance Program, Benestar.
- A continued focus on team engagement and motivation by working through the Action Plan developed as an outcome of feedback received from the AON Hewitt Survey in 2018. We have also decided that we need to delve deeper into understanding the staff drivers to improve engagement, and therefore, we have designed our own IPA Engagement Survey for 2019.
- Strengthening our approach to managing the performance of team members by helping managers set stretch KPIs and give constructive feedback.

Business Operations

Business Operations has been involved in the delivery of a range of projects as the Institute continues to invest in technologies to drive efficiencies in future ways of working.

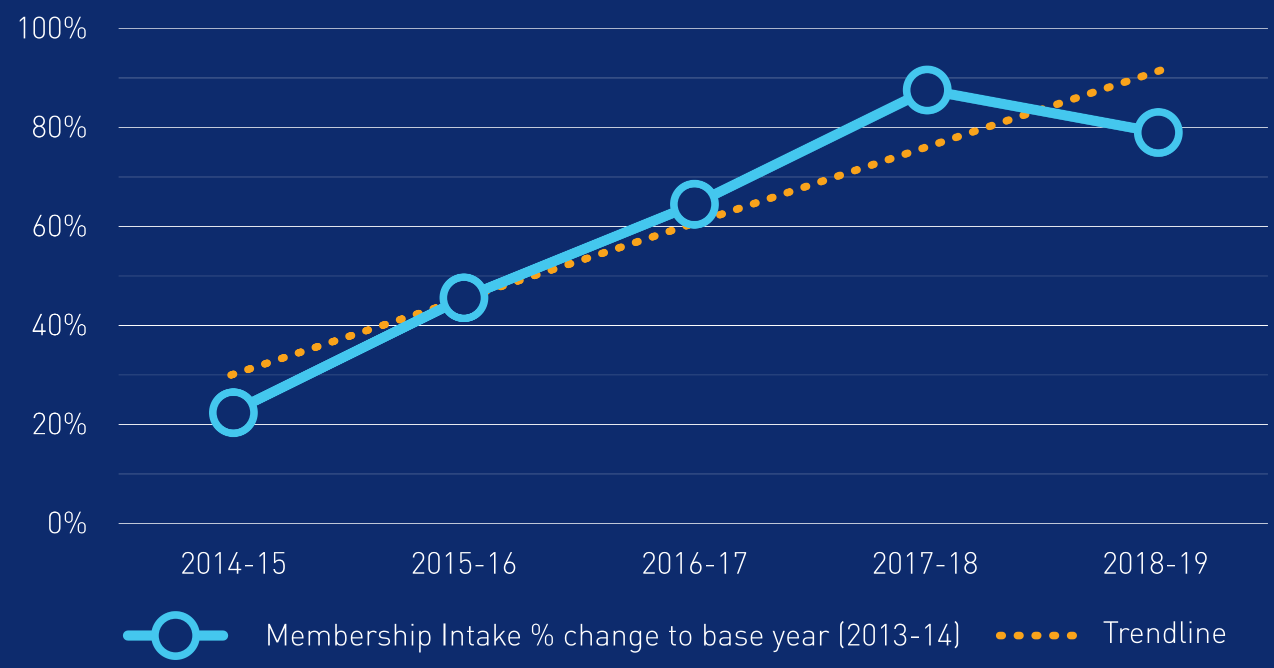
In addition we have responded to external requirements such as changes to AASB 15 & AASB 16 and made significant IT and process changes in response to regulatory changes, e.g. Anti-Money Laundering (AML) requirements in the UK market, and enhancements to support our Professional Standards Scheme in Australia.

Other highlights:

- The maintenance of a strong cash balance and operating cash flows has allowed for continued investment in core business operations.
- Significant progress in the global cloud based infrastructure rollout and mobile computing strategy in order to drive communication and collaboration.
- Further investment and maturity in cyber security and business continuity programs leveraging an enterprise grade product suite.
- A continued focus on digitising knowledge management and process automation to ensure continued improvements in internal business efficiencies.
- Enhancement of internal systems to support compliance with regulatory and risk management requirements and responsibilities.

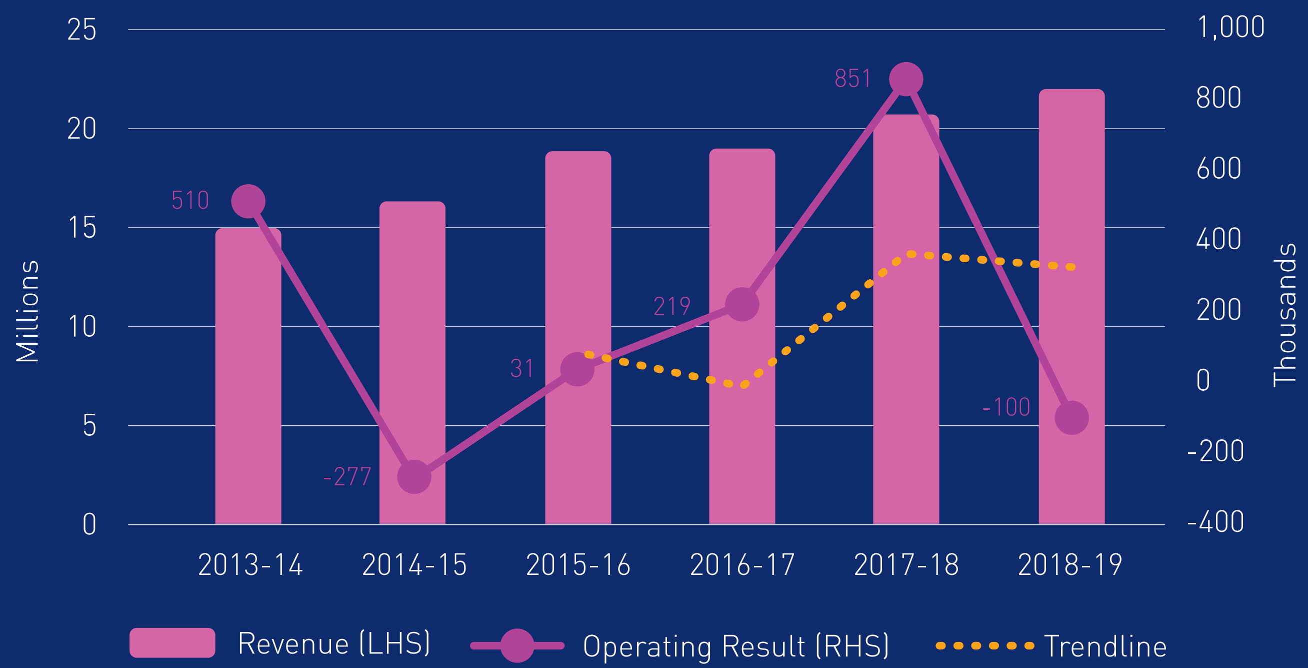
Growth

Member Intake % change to base year

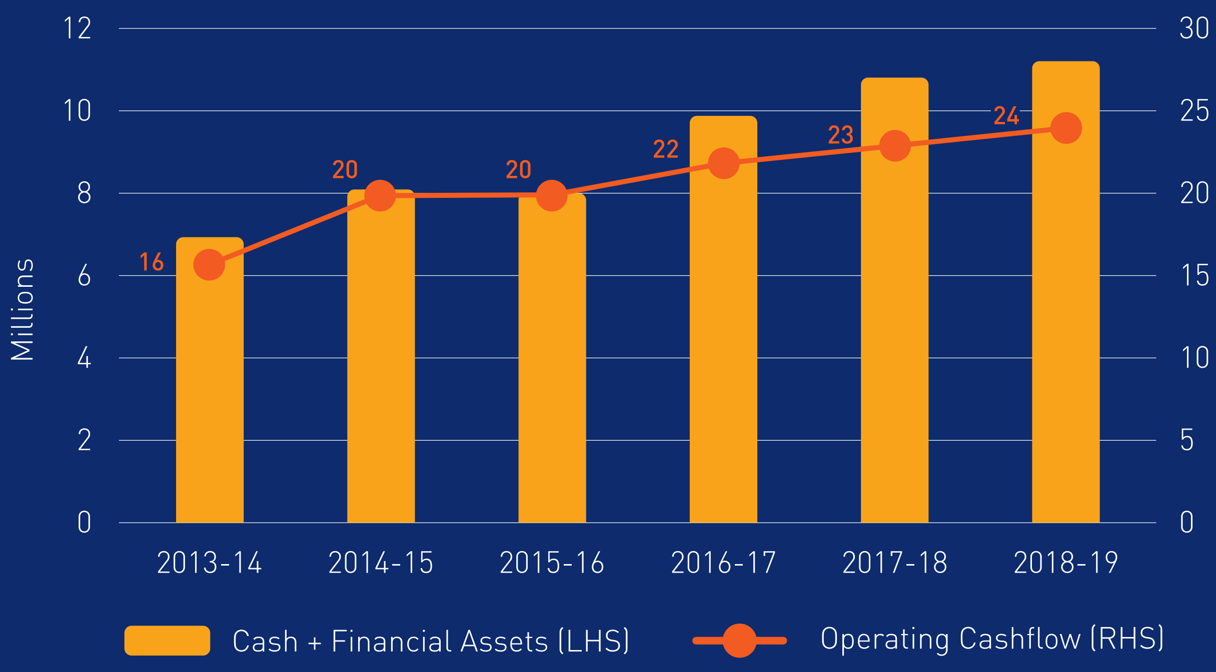


Fiscal Position

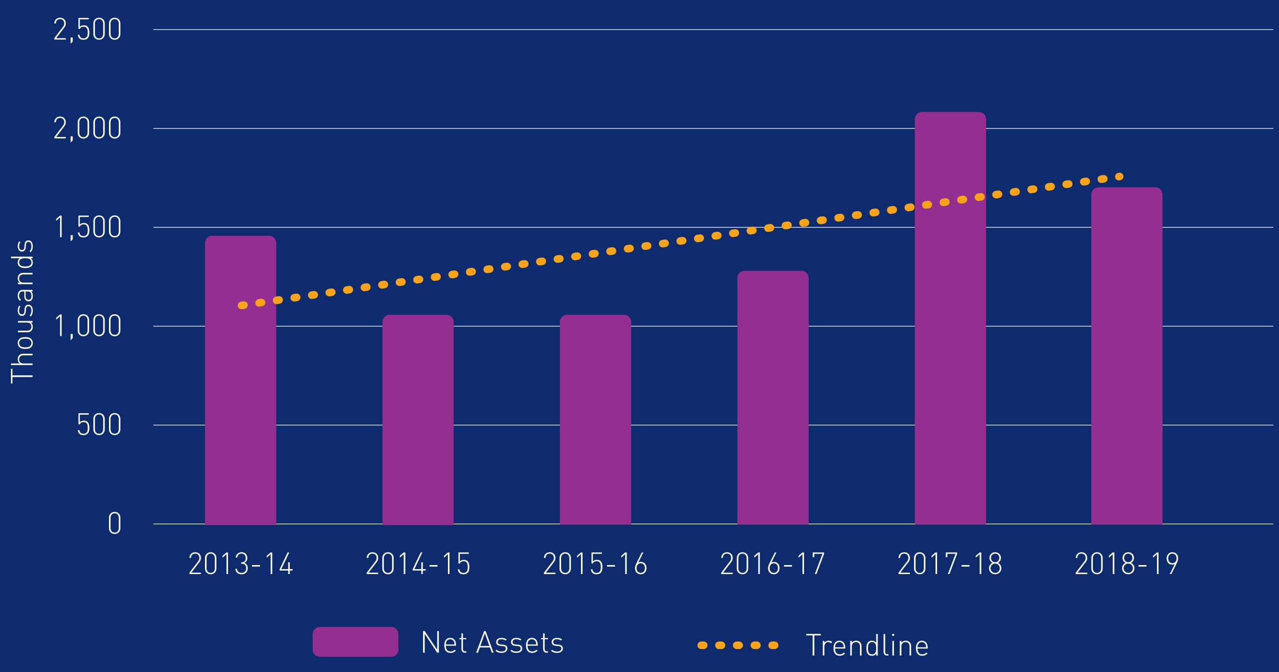
Revenue and Operating Result



Cash Assets and Cashflow



Net Assets



Directors' Report

DIRECTORS' REPORT

The directors present this report on Institute of Public Accountants Ltd (IPA) for the financial year ended 30 June 2019.

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:

		NATIONAL BOARD MEETINGS	
DIRECTORS	POSITION	NO. ELIGIBLE TO ATTEND	NO. ATTENDED
Damien Moore	President	4	4
Linda Bernard	Deputy President	4	4
Tony McCartin	Deputy President	4	4
Wendy Leegel	Immediate Past President	4	3
Russell Hillard	(Ceased 31 October 2018)	2	2
Christine Leetham	(Ceased 31 October 2018)	2	2
Mike Mooney		4	4
Jason Parker		4	4
Michael Schaper		4	4
Julie Williams		4	4
Michael Colin		4	4
Nordin Zain		4	4
Timothy Munro	(Appointed 30 October 2018)	2	2
Cheryl Mallett	(Appointed 30 October 2018)	2	2

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.

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. The IPA Board and Executive have reviewed the organisation's strategic direction, having exceeded its targets for the 2020 year and has now recalibrated its strategic plan up to 2025.

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 focused 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 focused business development staff across the organisation.

In 2017, the IPA reviewed its 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.

Internally, the IPA has continued its Fit for the Future program aimed to ensure our team is appropriately skilled and focused 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.

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, CPE 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 or broader areas of holistic business advice
- 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
- Build on the 2017 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 to optimise conversion opportunities

PERFORMANCE MONITORING 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: CEO, Schulz Hobbs Pty Ltd

Damien has been the SA/NT Director since 2010 and Board Chair since November 2016, having also held the positions of Vice President and Deputy President. He served as the SA/NT Divisional President along with other roles on the Divisional Council and is a Graduate Member of the Australian Institute of Company Directors (AICD) and registered Tax Agent. He has worked in the Accounting & Finances Industries for over 25 years and operated his own Accounting firm along with working for ASX listed companies. Originally joining the IPA as a student member, he completed the Master of Commerce (Professional Accounting) through the University of New England as part of the IPA Education program.

MRS LINDA BERNARD FIPA FFA GAICD

DEPUTY PRESIDENT

Occupation: Director / Senior Accountant, Grange Professional Services

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 Master of Commerce in Professional Accounting from UNE.

Linda is also a graduate member of the Australian Institute of Company Directors, registered tax agent, registered SMSF auditor, and holder of a limited AFSL license.

More than 20 years in public practice and 15 years as Managing Director of own small public practice, focusing on supporting small business, digitisation and self-managed superannuation funds.

MR TONY MCCARTIN FIPA FFA

DEPUTY PRESIDENT

Occupation: Principal / Director – McCartin & Associates, Taxation Consultants and Business Services in Parramatta

IPA member since 1984, NSW Divisional Councillor circa 2006, joined the Board in 2009. In Public Practice, as registered Tax Agent and Public Accountant, since 1984, antecedent, the Australian Taxation Office in Sydney, and Parramatta, 1972 - 1984, Teaching part time at TAFE NSW 1995 - 2006. Local agent / public officer of several diverse registered foreign companies, local director / public officer of a broad range of subsidiaries of foreign corporations registered in Australia. Member, Board Membership Committee 2011 -2012, member, then Chair, Board Audit Committee 2012 - 2016, Treasurer - 2016, joined Board Executive Committee as a Deputy President 2017. Fellow of The Tax Institute & CTA, Fellow of Governance Institute of Australia, Member of AICD, JP for NSW.

MS WENDY LEEGEL FIPA FFA

IMMEDIATE PAST PRESIDENT

Occupation: Management Consultant Executive, Director, Leegel Consulting Group

Ambassador BreastScreen Victoria, Accredited Human Synergistics Practitioner Culture Specialist, Wendy has been the VIC Director since 2010 and has served as a Victoria Divisional representative. A Graduate of the Australian Institute of Company Directors (GAICD) with over 20 years IPA membership. Currently a member of the IPA Board Executive, Disciplinary, Risk & Audit committees, and Finance Ministers Representative - Senate committee for Insolvency Practitioners. Completed a Master of Leadership at University of New England. Is a leadership, risk and governance cultural change executive consultant with over 30 experience in finance, ASX1-5 corporates and Federal and State Government specialising in design and delivery of culture, HR, M&A strategy and delivery, ICT, Risk and Governance and transformational change.

JASON PARKER FIPA FFA

Occupation: Principal – Parker Accounting & Financial Services

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, a Graduate Certificate in Applied Finance, a Graduate Certificate in Australian Migration Law and Practice and a Master of Business Administration (MBA) degree. He is currently studying for a Bachelor of Laws 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.

DR NORDIN ZAIN FIPA FFA

Occupation: Director, Zurich General Takaful Malaysia; retired Partner, Deloitte South East Asia

Dr Nordin is a Chartered Accountant, an ex- Partner of Deloitte South East Asia who now serves on several public companies in Malaysia such as Zurich General Takaful Malaysia (insurance) as a Board member and Risk Committee Chairman, Ambank Islamic (banking) as a Board member and Audit Committee Chairman, UDA Property Development (property) as a Board member and Audit & Risk Committee Chairman, and AIA subsidiary (asset management) as a member.

He was the CEO of the Malaysian Accounting Standards Board (MASB) for 10 years; a lecturer of Accounting as well as Strategic Management for 10 years and a corporate banker for 6 years. He is a member of the Malaysian Institute of Accountants (MIA) in Kuala Lumpur and recently became an associate member of The Institute of Directors New Zealand (IoDNZ). He used to serve as a Board member of various international bodies such as Public Accounts Oversight board in Brunei, Asia Pacific Financial Reporting group of CPA Australia in Melbourne and an Accounting Standards Setting body (AAOIFI) in Bahrain. He is currently a member of IPA Board membership committee and actively involved in SMEs in Malaysia.

He completed his doctorate degree in Strategic Management from Strathclyde University, UK in 1995 and obtained Master and Bachelor degrees in Accounting from the USA in the 1980s.

INFORMATION ON DIRECTORS

MRS CHERYL MALLETT FIPA, CTA, SSA, GAICD.

Occupation: Managing Director of Vita Gustafson and Associates (VGA) – Public Accountants and Registered Tax Agents.

An IPA member since 1996 and Board member since November 2018. Along with her other professional recognitions, Cheryl graduated from the Australian Institute of Company Directors course in preparation for her Directorship at IPA. Cheryl has over 30 years' experience as an income tax specialist/advisor. She is also an accredited Specialist SMSF Advisor and accredited SMSF Auditor.

VGA was the inaugural winner of 2016 IPA Northern Territory and National Practice of the Year award. Cheryl has also been recognised for her professional abilities by being awarded the 2019 AMP Women in Finance – Regional Professional of the Year and was also a finalist for the 2019 Overall Top Achiever - Women in Finance Excellence Award.

MS JULIE WILLIAMS FIPA FFA

Occupation: Registered Liquidator / Director ISSP Pty Ltd

An IPA member since 2003, having served as QLD Divisional Councillor since 2008, she was the Chair of the National Divisional Council from 2010 until her election to the board in 2017. She is the chair of the IPA Disciplinary Committee and a member of the board remuneration committee.

Ms Williams was a partner in PPB before moving to Public practice as a Liquidator in 2006, she is a fellow of the IPA and CPA, holds an MBA, MPA , a member of the Association of Certified Fraud Examiners, Australian institute of Company Directors, Australian Restructuring Insolvency and Turnaround Association, and the Association of Independent Insolvency Practitioners.

MR MIKE MOONEY FIPA FFA

Completed Higher School Certificate 1970; 1971 moved to Sydney worked in accounting enrolled part time in Bachelor of Commerce NSW University 1973 – 1978 moved to Canberra started at Price Waterhouse Coopers Canberra Office Business Services and Tax Section 1978 finished Commerce Accounting Certificate 1980 at Canberra Institute of Technology Reid – enrolled graduated Bachelor of Business (Accounting) Charles Sturt graduated 1986 – began working as corporate Financial Accountant for 10 years – and part time financial accountant capacity. 1996 started his own – public accounting practice specializing in tax and small business services focused (joined the NIA same year) - have since worked/ advised with a variety of Canberra & regional businesses – Mike's practice is merging with a local small business specialist firm Mainsail Accounting of which Mike is a director.

DR MICHAEL SCHAPER M.COMM, PH.D. FAICD FIPA FFA

Occupation: CEO, Canberra Business Chamber

Dr Schaper was elected a director in November 2017. From July 2008 to May 2018 he served as the Deputy Chair of the ACCC, and prior to that held a variety of roles in the private sector, senior levels of government and academia. He was previously Small Business Commissioner for the ACT government, foundation Professor of Small Business & Entrepreneurship at the University of Newcastle, and Dean of the Murdoch University Business School. Dr Schaper has held a number of other governance roles, including that of director of the International Council for Small Business, president of the Small Enterprise Association of Australia and New Zealand, and as a member of the governing body (Senate) of the University of Western Australia. He is a Fellow of, and Divisional Councillor for, the Australian Institute of Company Directors (ACT Division). Dr Schaper is also currently a member of the University of Canberra governing council, and of the AICD's corporate governance and national education advisory committees.

TIMOTHY MUNRO B.BUS FIPA JP(QUAL)

Occupation: Director & Founder – Change Accountants & Advisors Pty Ltd, Change GPS Pty Ltd

An IPA member since 1995, President of QLD Divisional Council in 2017 and 2018, elected to the Board in 2018.

Timothy has been in Public Practice since 1990, and is a registered Tax Agent, a Licenced Financial Advisor, a JP (Qual), and has a Bachelor of Business in Accounting.

Change Accountants was one of the first 100% cloud only accounting businesses in Australia, embracing new tech to help their clients achieve amazing results. Change Accountants has won many awards, including being the 2015 Xero Australian Partner of the Year, the IPA 2016 Qld Practice and member of the Year, the IPA 2016 National Member of the Year, and in the Australian Financial Review 2017 Top 100 Accounting Firms.

Timothy is a founder of the company "Change GPS Pty Ltd", which provides Apps and training to over 200 Accounting firms throughout Australia to help them make it faster + easier to offer better advice + more services to their clients.

Timothy is passionate about Change's purpose: "We help our clients make smart financial decisions NOW so they can have a BEAUTIFUL FUTURE!"

MR MICHAEL COLIN FCA FFA FIPA

Michael is a Chartered Accountant who headed a traditional UK regional accounting firm for over 30 years. His professional passion throughout his professional career has been the micro and small enterprise sector (MSE). He is currently Chief Executive of Make It Happen in Sierra Leone, an educationally focused charity in one of the poorest counties in the world.

Formerly a member of the council of the IFA, Michael was co-opted to the IPA Board following the merger with IPA and has subsequently been re-elected. He has served on the Board Membership Committee and Board Audit Committee which he currently chairs.

As an accredited civil mediator, he has focused on dispute resolution in the MSE and social sectors mediating commercial and matrimonial disputes as well as professional partnerships matters such as retirement, expansion, dissolution etc. As a trustee of local, national and international charities, as well as through his professional work, Michael has had wide experience in that sector where he has assisted in negotiations of mergers and collaborative working arrangements.

Michael served for 8 years as an elected member of the Council of the Institute of Chartered Accountants in England and Wales Council, serving for five years on its Members Services Board and latterly on its Ethics Standards committee. He is a Past President of the Manchester Society of Chartered Accountants and remains on its committee.

A Committed Chartered Accountant with experience of both executive and non-executive management in the MSE sector. Non-executive duties have included chairmanship of audit committees, membership of appointments and remuneration committees and a special interest in appropriate Corporate Governance.

AUTHOR’S INDEPENDENCE DECLARATION

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 2019, the total amount that members of the IPA are liable to contribute if IPA is wound up is $109,308 (2018: $105,990).

AUDITOR’S INDEPENDENCE DECLARATION

The lead auditor’s independence declaration for the year ended 30 June 2019 has been received and can be found on page 29 of the financial report.

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

Anthony McCartin FIPA
Deputy President

Linda Bernard

Linda Bernard FIPA
Deputy President

Signed in Melbourne, This 17th day of October 2019.

McLean Delmo Bentleys
THINKING AHEAD

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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 2019 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
17 October 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	GROUP 2019 $	GROUP 2018 $	PARENT 2019 $	PARENT 2018 $
REVENUE					
Revenue	2	21,813,989	20,549,356	18,535,182	17,732,265
EXPENSES					
Marketing and publications expenses		(2,375,859)	(1,993,686)	(1,633,770)	(1,471,202)
Corporate services expenses		(3,425,117)	(3,528,224)	(3,048,461)	(3,146,494)
Corporate governance expenses		(3,044,946)	(2,490,802)	(2,714,132)	(2,213,635)
Member services expenses		(12,360,606)	(11,506,053)	(10,556,407)	(10,126,779)
Interest expense		(404,441)	-	(367,818)	-
Other expenses		(303,187)	(179,535)	(303,180)	(167,657)
TOTAL EXPENSES		**(21,914,156)**	**(19,698,300)**	**(18,623,768)**	**(17,125,767)**
SURPLUS/(LOSS) FOR THE YEAR	3	**(100,167)**	**851,056**	**(88,586)**	**606,498**
OTHER COMPREHENSIVE INCOME/(LOSS)					
Exchange differences on translating foreign owned subsidiary		(5,977)	(32,748)	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(106,144)**	**818,308**	**(88,586)**	**606,498**
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS		**(106,144)**	**818,308**	**(88,586)**	**606,498**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	NOTE	GROUP 2019 $	GROUP 2018 $	PARENT 2019 $	PARENT 2018 $
CURRENT ASSETS					
Cash and cash equivalents	6	3,078,090	3,445,512	1,444,291	2,221,382
Trade and other receivables	7	282,500	1,534,450	302,655	1,542,551
Financial assets	8	8,122,615	7,369,699	8,122,615	7,369,699
Other assets	9	1,213,128	1,486,415	1,021,927	1,223,690
TOTAL CURRENT ASSETS		**12,696,333**	**13,836,076**	**10,891,488**	**12,357,322**
NON-CURRENT ASSETS					
Trade and other receivables	7	619,998	619,998	814,735	966,673
Other assets	9	71,480	70,224	-	-
Plant and equipment	10	7,720,210	1,107,717	7,283,013	1,051,903
Intangible assets	11	399,756	394,588	18,033	12,865
TOTAL NON-CURRENT ASSETS		**8,811,444**	**2,192,527**	**8,115,781**	**2,031,441**
TOTAL ASSETS		**21,507,777**	**16,028,603**	**19,007,269**	**14,388,763**
CURRENT LIABILITIES					
Trade and other payables	12	3,020,037	1,948,750	2,189,329	1,614,473
Subscriptions and other amounts received in advance	13	9,520,883	9,677,670	7,925,128	8,366,158
Deferred member application fees	14	49,274	-	32,626	-
Provisions	15	1,279,657	1,186,314	1,257,610	1,186,314
TOTAL CURRENT LIABILITIES		**13,869,851**	**12,812,734**	**11,404,693**	**11,166,945**
NON-CURRENT LIABILITIES					
Trade and other payables	12	5,527,502	-	5,427,637	-
Subscriptions and other amounts received in advance	13	-	881,280	-	881,280
Deferred member application fees	14	182,926	-	182,926	-
Provisions	15	218,378	242,339	218,378	242,339
TOTAL NON-CURRENT LIABILITIES		**5,928,806**	**1,123,619**	**5,828,941**	**1,123,619**
TOTAL LIABILITIES		**19,798,657**	**13,936,353**	**17,233,634**	**12,290,564**
NET ASSETS		**1,709,120**	**2,092,250**	**1,773,635**	**2,098,199**
EQUITY					
Retained earnings		1,814,038	2,191,191	1,773,635	2,098,199
Reserve	16	(104,918)	(98,941)	-	-
TOTAL EQUITY		**1,709,120**	**2,092,250**	**1,773,635**	**2,098,199**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Retained Earnings $	Reserves $	Total $
GROUP			
Balance as at 30 June 2017	1,340,135	(66,193)	1,273,942
Surplus for the year	851,056	-	851,056
Exchange differences on translating foreign owned subsidiary	-	(32,748)	(32,748)
Balance as at 30 June 2018	2,191,191	(98,941)	2,092,250
Impact of change in accounting policy – AASB 15	(182,464)	-	(182,464)
Impact of change in accounting policy – AASB 16	(94,522)		(94,522)
Loss for the year	(100,167)	-	(100,167)
Exchange differences on translating foreign owned subsidiary	-	(5,977)	(5,977)
BALANCE AS AT 30 JUNE 2019	**1,814,038**	**(104,918)**	**1,709,120**

	$	$	$
PARENT			
Balance as at 30 June 2017	1,491,701	-	1,491,701
Surplus for the year	606,498	-	606,498
Balance as at 30 June 2018	2,098,199	-	2,098,199
Impact of change in accounting policy – AASB 15	(165,638)	-	(165,638)
Impact of change in accounting policy – AASB 16	(70,340)		(70,340)
Loss for the year	(88,586)	-	(88,586)
BALANCE AS AT 30 JUNE 2018	**1,773,635**	**-**	**1,773,635**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

	NOTE	GROUP 2019 $	GROUP 2018 $	PARENT 2019 $	PARENT 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from members and customers		23,756,909	22,636,990	20,041,010	19,434,247
Payments to suppliers and employees		(20,164,963)	(20,915,900)	(17,386,396)	(18,234,224)
Interest received		178,485	167,073	191,065	187,305
Interest on lease payments		(404,441)	-	(367,818)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES		**3,365,990**	**1,888,163**	**2,477,861**	**1,387,328**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of equipment		3,898	1,657	3,898	1,648
Purchase of intangible assets		(15,629)	(1,790)	(8,182)	(1,790)
Purchase of plant and equipment		(1,877,908)	(615,761)	(1,815,545)	(562,866)
Net transfer to/ (from) bank term deposits		(752,916)	(546,891)	(752,916)	(546,891)
Loan proceeds/(advances)		-	(299,998)	151,938	(126,840)
NET CASH USED IN INVESTING ACTIVITIES		**(2,642,555)**	**(1,462,783)**	**(2,420,807)**	**(1,236,739)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of lease principal		(1,084,880)	-	(834,145)	-
NET CASH USED IN FINANCING ACTIVITIES		**(1,084,880)**	**-**	**(834,145)**	**-**
Effects of exchange rate changes on cash and cash equivalents		(5,977)	(32,748)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		**(367,422)**	**392,632**	**(777,091)**	**150,589**
Cash and cash equivalents at beginning of the financial year		3,445,512	3,052,880	2,221,382	2,070,793
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6	**3,078,090**	**3,445,512**	**1,444,291**	**2,221,382**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 17 October 2019 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 18.

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.

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.

C. CASH AND CASH EQUIVALENTS

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

D. 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.

E. 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 RATES
Leasehold Improvements	10 - 12.5%
Plant and Equipment	10 - 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

F. LEASE ASSETS AND LIABILITIES

LEASED ASSETS

Leased assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received.

On initial adoption of AASB 16 the Group has adjusted the right-of-use assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease assets that is impaired.

LEASED LIABILITIES

The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for buildings exclude service fees for cleaning and other costs.

Lease modifications are accounted for as a new lease with an effective date of the modification.

G. FINANCIAL INSTRUMENTS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

FINANCIAL LIABILITIES

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship)

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

FINANCIAL GUARANTEE CONTRACTS

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance to AASB 9.3.25.3; and
- the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

FINANCIAL ASSETS

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost, and the fair value through other comprehensive income's measurement condition, are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so as the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

G. FINANCIAL INSTRUMENTS cont'd

EQUITY INSTRUMENTS

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

DERECOGNITION

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

DERECOGNITION OF FINANCIAL LIABILITIES

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

IMPAIRMENT

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from members and customers under contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group use the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

GENERAL APPROACH

Under the general approach, at each reporting period, the Group assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the Group measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the Group measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

SIMPLIFIED APPROACH

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that results from transactions that are within the scope of AASB 15 Revenue from Contracts with Customers, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its member and customer base, appropriate groupings of its historical loss experience, etc).

PURCHASED OR ORIGINATED CREDIT IMPAIRED APPROACH

For a financial asset that is considered to be credit impaired (not on acquisition or originations), the Group measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- it is probable the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

G. FINANCIAL INSTRUMENTS cont'd

LOW CREDIT RISK OPERATIONAL SIMPLIFICATION APPROACH

If a financial asset is determined to have low credit risk at the initial reporting date, the Group assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the Group applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

RECOGNITION OF EXPECTED CREDIT LOSSES IN FINANCIAL STATEMENTS

At each reporting date, the Group recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. 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 of disposal 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 (eg in accordance with the revaluation model in AASB 116 Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

H. 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.

I. 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.

J. 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.

K. 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.

L. 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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

L. EMPLOYEE BENEFITS cont'd

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.

M. REVENUE

Revenue from membership subscriptions and receipts attributable to the current financial year are recognised as revenue over time. 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 at a point in time.

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

N. 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.

O. 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 members and customers or payable to suppliers.

P. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

GROUP COMPANIES

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position via other comprehensive income. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

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 19 per cent.

S. INITIAL APPLICATION OF AASB 16: LEASES

The Group has also early adopted AASB 16 Leases with a date of initial application of 1 July 2018. As a result, the Group's policies were amended to comply with AASB 16 as issued in this Financial Report. AASB 16 replaces AASB 117 Leases and results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The lease liability is measured at the present value of the lease payments that are not paid at the balance date and is unwound over time using the interest rate implicit in the lease repayments. The right-of-use asset comprises the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. The asset is depreciated over the term of the lease. The new standard replaces the Group's operating lease expense with an interest and depreciation expense.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

S. INITIAL APPLICATION OF AASB 16: LEASES cont'd

The weighted average incremental borrowing rate at the date of initial application was 5.65%. This has been applied to the liabilities recognised at transition date.

The Group has elected to apply the "Modified Retrospective Approach" when transitioning to the new standard. Under this approach, the Group will not be required to restate the comparative information for its operating leases and the cumulative effect of the initial application is adjusted against opening retained earnings. The Group has elected to measure the carrying amounts of the right of use assets as though the standard had applied from the commencement date of the leases. The opening balance adjustment to retained earnings was a reduction of $94,522 for the Group and a reduction of $70,340 for the Parent entity.

	GROUP $	PARENT $
OPERATING LEASE COMMITMENTS DISCLOSED AS AT 30 JUNE 2018	**9,351,403**	**9,156,805**
Contracts reassessed as service agreements	(56,100)	(56,100)
	9,295,303	9,100,705
Discounted using incremental borrowing rate at 1 July 2018	(2,251,047)	(2,679,990)
LEASE LIABILITY RECOGNISED AT 1 JULY 2018	**7,044,256**	**6,420,715**

The Group leases office premises and office equipment in Melbourne, Sydney, Brisbane, Adelaide, Perth, Hobart, China, and England.

T. INITIAL APPLICATION OF AASB 9 : FINANCIAL INSTRUMENTS

The entity has adopted AASB 9 with a date of initial application of 1 July 2018. As a result the entity has changed its financial instruments accounting policies as detailed in this note.

AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and liabilities,
- Impairment of financial assets; and
- General hedge accounting

The board reviewed and assessed these new requirements and determined that the initial and subsequent application of AASB 9 had no impact on the measurement of the Group.

CLASSIFICATION OF FINANCIAL LIABILITIES

The following table explains the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of financial asset and financial liabilities as at 1 July 2018:

FINANCIAL INSTRUMENT CATEGORY

	AASB 139 ORIGINAL	AASB 9 NEW
FINANCIAL ASSETS: CURRENT AND NON-CURRENT		
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost
Loans and receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost
Financial assets and deposits	Loans and receivables (amortised cost)	Financial assets at amortised cost
FINANCIAL LIABILITIES: CURRENT AND NON-CURRENT		
Trade and other payables	Amortised Cost	Financial liabilities at amorised cost

The application of these changes in accounting policies had no impact on the consolidated cash flows of the entity.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

U. INITIAL APPLICATION OF AASB 15: REVENUE FROM CONTRACTS WITH CUSTOMERS

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related interpretations. It establishes a new revenue recognition model, changes the basis for deciding whether revenue is to be recognised over time or at a point in time and improves revenue disclosures. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement.

The Group has applied AASB 15 as at 1 July 2018 using the cumulative effect method (without practical expedients). Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.

The adoption of AASB 15 has primarily affected the timing of recognition of the membership application fee.

Under AASB 118, the membership application fee revenue was recognised at the time of application, provided that revenue could be reliably measured.

Under AASB 15, the group assessed whether the membership application fee relates to the transfer of a promised good or service. The group came to the conclusion that the membership application fee does not result in the transfer of a promised good or service to the member. Instead, the upfront fee is an advance payment for the right to purchase future goods or services and, therefore, would be recognised as revenue over the average life of a member. These amounts represent services not yet performed as distinct from a liability for unpaid amounts.

The impact of these changes on items other than revenue is a movement in deferred revenue as disclosed in Note 14.

AASB 15 did not have a significant impact on the Group's accounting policies with respect to other revenue streams.

The group is satisfied that adoption of AASB 15 does not impact the group's liquidity, operational or financial risk.

The following tables summarises the impact of transition to AASB 15 on Group's retained earnings at 1 July 2018 and the impact of adopting AASB 15 on the Group's Statement of Financial Position as at 30 June 2019 and its Statement of Profit or Loss and Other Comprehensive Income for the year then ended for each of the line items affected :

STATEMENT OF CHANGES IN EQUITY (EXTRACT) AS AT 30 JUNE 2019 - GROUP	AS REPORTED AT 30 JUNE 2018	IMPACT OF ADOPTING AASB 15	AMOUNT UNDER AASB 15 AT 1 JULY 2018
	$	$	$
Retained surplus	2,191,191		
Deferred member application fees		(182,464)	
RETAINED SURPLUS UNDER AASB 15 AT 1 JULY 2018	**2,191,191**	**(182,464)**	**2,008,727**

STATEMENT OF CHANGES IN FINANCIAL POSITION (EXTRACT) AS AT 30 JUNE 2019 - GROUP	AS REPORTED 2019	ADJUSTMENTS 2019	BALANCES WITHOUT ADOPTION OF AASB 15
	$	$	$
CURRENT LIABILITIES			
Deferred member application fees	49,274	(49,274)	-
TOTAL CURRENT LIABILITIES	**49,274**	**(49,274)**	**-**
NON-CURRENT LIABILITIES			
Deferred member application fees	182,926	(182,926)	-
TOTAL NON-CURRENT LIABILITIES	**182,926**	**(182,926)**	**-**
NET ASSETS	**1,709,120**	**232,200**	**1,941,320**
EQUITY			
Retained earnings	1,814,038	232,200	2,046,238
Reserves	(104,918)	-	(104,918)
TOTAL EQUITY	**1,709,120**	**232,200**	**1,941,320**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

U. INITIAL APPLICATION OF AASB 15: REVENUE FROM CONTRACTS WITH CUSTOMERS cont'd

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT) FOR THE YEAR ENDED 30 JUNE 2019 - GROUP

	AS REPORTED 2019 $	ADJUSTMENTS 2019 $	BALANCES WITHOUT ADOPTION OF AASB 15 $
Revenue	21,813,989	49,736	21,863,725
Surplus/(loss) for the year	(100,167)	49,736	(50,431)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(106,144)**	**49,736**	**(56,408)**

The following tables summarises the impact of transition to AASB 15 on Parent's retained earnings at 1 July 2018 and the impact of adopting AASB 15 on the Parent's Statement of Financial Position as at 30 June 2019 and its Statement of Profit or Loss and Other Comprehensive Income for the year then ended for each of the line items affected :

STATEMENT OF CHANGES IN EQUITY (EXTRACT) AS AT 30 JUNE 2019 - PARENT

	AS REPORTED AT 30 JUNE 2018 $	IMPACT OF ADOPTING AASB 15 $	AMOUNT UNDER AASB 15 AT 1 JULY 2018 $
Retained surplus	2,089,199		
Deferred member application fees		(165,638)	
RETAINED SURPLUS UNDER AASB 15 AT 1 JULY 2018	**2,089,199**	**(165,638)**	**1,923,561**

STATEMENT OF FINANCIAL POSITION (EXTRACT) AS AT 30 JUNE 2019 - PARENT	AS REPORTED AT 2019	ADJUSTMENTS 2019	BALANCES WITHOUT ADOPTION OF AASB 15
	$	$	$
CURRENT LIABILITIES			
Deferred member application fees	32,626	(32,626)	-
TOTAL CURRENT LIABILITIES	**32,626**	**(32,626)**	**-**
NON-CURRENT LIABILITIES			
Deferred member application fees	182,926	(182,926)	-
TOTAL NON-CURRENT LIABILITIES	**182,926**	**(182,926)**	**-**
NET ASSETS	**1,773,635**	**215,552**	**1,989,187**
EQUITY			
Retained earnings	1,773,635	215,552	1,989,187
TOTAL EQUITY	**1,773,635**	**215,552**	**1,989,187**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT) FOR THE YEAR ENDED 30 JUNE 2019 - PARENT	AS REPORTED AT 2019	ADJUSTMENTS 2019	BALANCES WITHOUT ADOPTION OF AASB 15
	$	$	$
Revenue	18,535,182	49,914	18,585,096
Surplus/(loss) for the year	(88,586)	49,914	(38,672)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(88,586)**	**49,914**	**(38,672)**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

V. IMPACT OF ADOPTING AASB 15 AND AASB 16

The following tables summarise the impact of adopting AASB 15 and AASB 16 on the Group and Parent's current ratio.

GROUP

	AS REPORTED 2019 $	BALANCES WITHOUT ADOPTION OF AASB 16 $	BALANCES WITHOUT ADOPTION OF AASB 15 AND AASB 16 $
Total operating revenue	21,813,989	21,832,648	21,882,385
Surplus/(loss) for the year	(100,167)	(18,127)	31,610
Total comprehensive income/(loss) for the year	(106,144)	(24,182)	25,553
Total Equity	1,709,120	1,885,604	2,117,803
Current Assets	12,696,333	12,696,333	12,696,333
Current Liabilities	13,869,851	12,969,894	12,920,621

PARENT

	AS REPORTED 2019 $	BALANCES WITHOUT ADOPTION OF AASB 16 $	BALANCES WITHOUT ADOPTION OF AASB 15 AND AASB 16 $
Total operating revenue	18,535,182	18,553,841	18,603,756
Surplus/(loss) for the year	(88,586)	(16,437)	33,478
Total comprehensive income/(loss) for the year	(88,586)	(16,437)	33,478
Total Equity	1,773,635	1,916,124	2,131,676
Current Assets	10,891,488	10,891,488	10,891,488
Current Liabilities	11,404,693	10,789,621	10,756,995

As a result of the initial application of AASB 15 and AASB 16 the Board notes that the current ratio for both the group and parent is reduced. The board is however satisfied that the reduction resulting from adoption of AASB 15 does not have an impact on our operating liquidity as these amounts represent services not yet performed as distinct from a liability for unpaid amounts. The Board also notes the impact of both the initial cost and increased (calendar year in advance) members fees associated with the implementation of the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) requirements on the current ratio at the subsidiary level. It is anticipated that the level of costs required to maintain the operational changes required under OPBAS will be reduced in the year ahead as a significant proportion of these costs were incurred in the initial development phase in late 2018. More information about OPBAS can be found at fca.org.uk/opbas.

NOTE 2: REVENUE

	GROUP 2019 $	GROUP 2018 $	PARENT 2019 $	PARENT 2018 $
OPERATING REVENUE				
Members subscriptions	14,298,591	13,394,715	11,361,355	10,883,583
Members activities	3,584,505	3,265,549	3,498,676	3,202,137
NOOSR assessments	1,099,414	1,144,250	1,099,414	1,144,250
Non-member activities	1,806,026	1,694,304	1,391,219	1,478,430
Interest income	171,293	173,185	183,874	193,417
Other revenue	638,160	674,553	784,644	627,648
Management fees	216,000	202,800	216,000	202,800
TOTAL OPERATING REVENUE	**21,813,989**	**20,549,356**	**18,535,182**	**17,732,265**

NOTE 3: SURPLUS FOR THE YEAR

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

	GROUP 2019 $	GROUP 2018 $	PARENT 2019 $	PARENT 2018 $
Rental expense on premises	-	1,415,053		1,125,843
Interest expense on premise leases	404,441	-	367,818	-
Depreciation of right-of-use assets	1,170,056	-	909,067	-
Depreciation of plant and equipment	497,687	416,814	477,897	393,367
Amortisation of intangible assets	10,461	26,414	10,461	7,900
Loss on disposal of plant and equipment	96,678	17,050	96,678	16,637
Employee benefits expense	8,896,051	8,253,191	7,457,888	7,159,483
Advertising and promotions	737,514	446,449	634,445	384,526
PROFESSION RELATED COSTS				
Australian Professional Ethical Standards Board contribution	492,050	483,333	492,050	483,333
International Federation of Accountants contribution	223,375	230,840	172,578	179,813
Confederation of Asian and Pacific Accountants (CAPA)	36,012	30,925	36,012	30,925

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: INCOME TAX EXPENSE

PARENT

The prima facie income tax expense/(benefit) attributable to the members of IPA of ($26,756) (2018: income tax expense of $181,949) 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 $8,131,733 (2018: accumulated tax losses of $8,158,309) 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/(benefit) attributable to the members of the group is ($28,786) (2018: income tax expense of $230,684). At financial year end, unconfirmed accumulated tax losses of $8,129,523 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.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

DIRECTORS

Directors of the Institute (and its subsidiaries) do not receive director's fees, rather an amount of $2,000 – $2,500 is payable to the director's employer per Board meeting attended. The maximum amount payable for attendance at 4 board meetings is $9,000 per annum. For the President, the amount is $4,000 – $7,500 per board meeting or $23,000 per annum. For the Deputy President, the amount is $3,750 per board meeting. These amounts exclude GST (if applicable).

	GROUP		PARENT	
	2019	2018	2019	2018
	$	$	$	$
Key management personnel compensation	2,191,175	2,214,158	1,886,974	1,955,837

The total number of key management personnel for the year ended 30 June 2019 for the parent and group is 8 and 9 respectively.

INFORMATION RELATED TO THE CONTRACT OF THE GROUP CHIEF EXECUTIVE OFFICER

The fixed contract of the Group Chief Executive Officer for the year ended 30 June 2019 was $600,000 with a capacity to earn a performance bonus of up to 5%.

NOTE 6: CASH AND CASH EQUIVALENT

Cash at bank and on hand	1,634,538	1,225,047	739	917
Deposits at call	943,552	1,720,465	943,552	1,720,465
Short term deposits	500,000	500,000	500,000	500,000
TOTAL CASH AND CASH EQUIVALENTS	**3,078,090**	**3,445,512**	**1,444,291**	**2,221,382**

NOTE 7: TRADE AND OTHER RECEIVABLES

	GROUP 2019 $	GROUP 2018 $	PARENT 2019 $	PARENT 2018 $
CURRENT				
Trade receivables	217,215	465,095	207,655	406,751
Provision for impairment of receivables	(9,531)	(20,329)	(5,000)	(1,000)
Trade receivables, net	207,684	444,766	202,655	405,751
Loan to The Institute of Financial Accountants	-	-	100,000	100,000
Other receivables	74,816	1,089,684		1,036,800
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	**282,500**	**1,534,450**	**302,655**	**1,542,551**
NON-CURRENT				
Loan to Association of Accounting Technicians (Australia) Ltd	619,998	619,998	619,998	619,998
Loan to The Institute of Financial Accountants	-	-		346,675
TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES	619,998	619,998	814,735	966,673

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	**20,329**	**1,000**
- Charge for the year	9,538	5,000
- Written back	(4,926)	(1,000)
- Written off	(15,410)	-
BALANCE AT END OF THE YEAR	**9,531**	**5,000**

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 directors of IPA have subsequently issued a letter to extend the right to recall the loan to 7 July 2024. This extension was granted to allow AAT to benefit from the embedded structural changes achieved in the past 2 years. The Association of Accounting Technicians (Australia) Ltd has the option to repay the amounts earlier. 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. In 2019, The Institute of Financial Accountants has met the minimum repayment amount of $100,000 per financial year and will continue this arrangement in 2020. 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

NOTE 8 : FINANCIAL ASSETS

	GROUP		PARENT	
	2019	2018	2019	2018
	$	$	$	$
CURRENT				
Bank term deposits	8,122,615	7,369,699	8,122,615	7,369,699

NOTE 9: OTHER ASSETS

	GROUP		PARENT	
	2019	2018	2019	2018
	$	$	$	$
Deposits	139,301	166,645	111,026	156,352
Prepayments	694,172	1,203,612	534,950	951,180
Accrued income	230,370	116,158	226,666	116,158
Other asset	149,285	-	149,285	-
TOTAL CURRENT OTHER ASSETS	**1,213,128**	**1,486,415**	**1,021,927**	**1,223,690**
NON-CURRENT				
Rental deposit	71,480	70,224	-	-
TOTAL NON-CURRENT OTHER ASSETS	**71,480**	**70,224**	**-**	**-**

NOTE 10: PLANT AND EQUIPMENT

	GROUP		PARENT	
	2019	2018	2019	2018
	$	$	$	$
Plant and equipment - at cost	2,637,924	2,218,600	2,461,153	2,096,382
Accumulated depreciation	(1,768,515)	(1,729,477)	(1,684,360)	(1,653,123)
TOTAL PLANT AND EQUIPMENT	**869,409**	**489,123**	**776,793**	**443,259**
Leasehold improvements - at cost	1,772,906	1,704,385	1,760,597	1,692,076
Accumulated depreciation	(297,133)	(1,395,238)	(290,595)	(1,392,879)
TOTAL LEASEHOLD IMPROVEMENTS	**1,475,773**	**309,147**	**1,470,002**	**299,197**
WORK IN PROGRESS	**34,733**	**309,447**	**34,733**	**309,447**
ROU Asset - at cost	6,453,612	-	5,853,813	-
Accumulated depreciation	(1,113,317)	-	(852,328)	-
TOTAL ROU ASSET	**5,340,295**	**-**	**5,001,485**	**-**
TOTAL PLANT AND EQUIPMENT	**7,720,210**	**1,107,717**	**7,283,013**	**1,051,903**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: PLANT AND EQUIPMENT (cont'd)

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 $	WORK IN PROGRESS $	ROU ASSET $	TOTAL $
GROUP					
Carrying amount as at 30 June 2018	489,123	309,147	309,447	-	1,107,717
Adoption of AASB 16 Leases	-	-	-	5,603,153	5,603,153
Additions	662,313	1,180,862	34,733	1,049,045	2,926,953
Transfers	-	302,000	(302,000)	-	-
Transfers to intangible assets	-	-	(7,447)	-	(7,447)
Disposals	(10,457)	(90,119)	-	(141,847)	(242,423)
Depreciation expense	(271,570)	(226,117)	-	(1,170,056)	(1,667,743)
CARRYING AMOUNT AS AT 30 JUNE 2019	**869,409**	**1,475,773**	**34,733**	**5,340,295**	**7,720,210**
PARENT					
Carrying amount as at 1 July 2018	443,259	299,197	309,447	-	1,051,903
Adoption of AASB 16 Leases	-	-	-	5,003,354	5,003,354
Additions	599,950	1,180,862	34,733	1,049,045	2,864,590
Transfers	-	302,000	(302,000)	-	-
Transfers to intangible assets	-	-	(7,447)	-	(7,447)
Disposals	(10,457)	(90,119)	-	(141,847)	(242,423)
Depreciation expense	(255,959)	(221,938)	-	(909,067)	(1,386,964)
CARRYING AMOUNT AS AT 30 JUNE 2019	**776,793**	**1,470,002**	**34,733**	**5,001,485**	**7,283,013**

NOTE 11: INTANGIBLE ASSETS

	GROUP		PARENT	
	2019	2018	2019	2018
	$	$	$	$
Patents - at cost	122,677	107,048	122,677	107,048
Accumulated amortisation	(104,644)	(94,183)	(104,644)	(94,183)
TOTAL PATENTS	**18,033**	**12,865**	**18,033**	**12,865**
GOODWILL - AT COST	**381,723**	**381,723**	**-**	**-**
Development costs of training materials - at cost	91,475	91,475	-	-
Accumulated amortisation	(91,475)	(91,475)	-	-
TOTAL DEVELOPMENT COSTS	**-**	**-**	**-**	**-**
TOTAL INTANGIBLE ASSETS	**399,756**	**394,588**	**18,033**	**12,865**

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:	PATENTS	GOODWILL	DEVELOPMENT COSTS	TOTAL
	$	$	$	$
GROUP				
Balance at beginning of the year	12,865	381,723	-	394,588
Additions	8,182	-	-	8,182
Transfers from plant and equipment	7,447	-	-	7,447
Amortisation expense	(10,461)	-	-	(10,461)
BALANCE AT END OF THE YEAR	**18,033**	**381,723**	**-**	**399,756**
PARENT				
Balance at beginning of the year	12,865	-	-	12,865
Additions	8,182	-	-	8,182
Transfers from plant and equipment	7,447			7,447
Amortisation expense	(10,461)	-	-	(10,461)
BALANCE AT END OF THE YEAR	**18,033**	**-**	**-**	**18,033**

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%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: TRADE AND OTHER PAYABLES

	GROUP		PARENT	
	2019	2018	2019	2018
	$	$	$	$
CURRENT				
Trade payables	647,750	919,264	406,847	677,859
Accrued expenses and other payables	805,937	569,561	501,017	476,689
GST payable	405,799	408,085	405,799	408,085
Lease liability	1,160,551	-	875,666	-
Lease liability – straight line	-	51,840	-	51,840
TOTAL CURRENT TRADE AND OTHER PAYABLES	**3,020,037**	**1,948,750**	**2,189,329**	**1,614,473**
NON-CURRENT				
Deferred tax liability	11,944	-	-	-
Lease liability	5,515,558	-	5,427,637	-
TOTAL NON-CURRENT TRADE AND OTHER PAYABLES	**5,527,502**	**-**	**5,427,637**	**-**

NOTE 13: SUBSCRIPTIONS AND OTHER AMOUNTS RECEIVED IN ADVANCE

	GROUP		PARENT	
	2019	2018	2019	2018
	$	$	$	$
CURRENT				
Members subscriptions in advance	8,667,175	8,614,312	7,154,202	7,348,499
Other income in advance	853,708	1,063,358	770,926	1,017,659
TOTAL CURRENT INCOME RECEIVED IN ADVANCE	**9,520,883**	**9,677,670**	**7,925,128**	**8,366,158**
NON-CURRENT				
Other income in advance	-	881,280	-	881,280
TOTAL NON-CURRENT INCOME RECEIVED IN ADVANCE	**-**	**881,280**	**-**	**881,280**

NOTE 14: DEFERRED MEMBER APPLICATION FEES

	GROUP		PARENT	
	2019	2018	2019	2018
	$	$	$	$
CURRENT				
Deferred member applications fees	49,274	-	32,626	-
NON-CURRENT				
Deferred member applications fees	182,926	-	182,926	-

PROVISION FOR IMPAIRMENT OF RECEIVABLES

Movement in the deferred member application fees between the beginning and the end of the current financial year is as follows:

	GROUP	PARENT
	$	$
Balance at the beginning of the year	-	-
- Adoption of AASB 15	182,464	165,638
- Revenue deferred during the year	111,218	83,793
- Revenue recognised during the year	(61,482)	(33,879)
BALANCE AT THE END OF THE YEAR	**232,200**	**215,552**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: PROVISIONS

	GROUP		PARENT	
	2019	2018	2019	2018
	$	$	$	$
CURRENT				
Employee entitlements	1,279,657	1,186,314	1,257,610	1,186,314
NON-CURRENT				
Employee entitlements	80,197	96,702	80,197	96,702
Lease restoration	138,181	145,637	138,181	145,637
TOTAL NON-CURRENT PROVISIONS	**218,378**	**242,339**	**218,378**	**242,339**

MOVEMENT IN PROVISIONS

	EMPLOYMENT ENTITLEMENTS	LEASE RESTORATION	TOTAL
GROUP			
Balance at 1 July 2018	1,283,016	145,637	1,428,653
Additional provisions	624,255	138,181	762,436
Amounts used	(547,417)	(145,637)	(693,054)
BALANCE AT 30 JUNE 2018	**1,359,854**	**138,181**	**1,498,035**
PARENT			
Balance at 1 July 2018	1,283,016	145,637	1,428,653
Additional provisions	602,208	138,181	740,389
Amounts used	(547,417)	(145,637)	(693,054)
BALANCE AT 30 JUNE 2019	**1,337,807**	**138,181**	**1,475,988**

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, Sydney, and Perth properties. A discount rate adjusted to reflect the changing values over time has been considered and applied.

NOTE 16: RESERVE

	GROUP		PARENT	
	2019	2018	2019	2018
	$	$	$	$
Foreign currency translation reserve	(104,918)	(98,941)	-	-

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

NOTE 17: COMMITMENTS

During the year, the Group entered into property leases which are recognised as right-of-use assets and lease liabilities on the Group's Balance Sheet as at 30 June 2019.

All commitments at 30 June 2019 are for property and office equipment leases.

NOTE 18: 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.

	PROPORTION OF OWNERSHIP INTEREST HELD BY THE GROUP	
	2019	2018
NAME OF SUBSIDIARY		
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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: 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:

		PARENT	
DIRECTOR	DIRECTORS EMPLOYER	2019	2018
Kevin Dawes	Strategic Plus Pty Ltd	-	3,300
Nordin Zain	Prospect Alliance Consulting & Training	9,000	6,600
Damien Moore	Carrington Accounting Services	23,000	13,200
Russell Hillard	R & J Financial Services	4,000	6,600
Jason Parker	Parker Accounting & Financial Services	9,000	6,600
Anthony McCartin	McCartin & Associates	11,500	6,600
Timothy Munro	Change Accountants & Advsors	5,000	-
Wendy Leegel	Leegel Consulting Group	7,750	4,950
Linda Bernard	Grange Professional Services	11,500	6,600
Michael Colin	Michael Colin Associates	9,000	6,600
Cheryl Mallett	Vita Gustafson & Associates	5,000	-
Julie Williams	Insolvency & Turnaround Solutions	9,000	3,300
Mike Mooney	Mike Mooney Accountant	9,000	3,300
Michael Schaper	Michael Schaper	9,000	-

TRANSACTIONS WITH RELATED PARTIES

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

Referral fees paid to a company associated with a director	1,224	411
IPA provided rental accommodation and services to Association of Accounting Technicians (Australia) Ltd during the financial year, which is paid to 30 June 2019	216,000	202,800
Loan receivable from Association of Accounting Technicians (Australia) Ltd (Note 7)	619,998	619,998

NOTE 20: CONTINGENT LIABILITIES

	GROUP		PARENT	
	2019	2018	2019	2018
	$	$	$	$
Bank guarantees for the term of the operating leases for periods up to 10 years	689,971	618,661	689,971	618,661

Indemnities for bank guarantees to the lessors' of properties occupied under operating leases at 555 Lonsdale Street, Melbourne; 6 O'Connell Street, Sydney; 422 King William Street, Adelaide; 1008 Hay Street, Perth and 300 Queen Street, Brisbane.

NOTE 21: FINANCIAL RISK MANAGEMENT

The group'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 9 as detailed in the accounting policies to these financial statements, are as follows:

FINANCIAL ASSETS	NOTE				
FINANCIAL ASSETS AT AMORTISED COST:					
Cash and cash equivalents	6	3,078,090	3,445,512	1,444,291	2,221,382
Loans and receivables	7	902,498	2,154,448	1,117,390	2,509,224
Financial assets and deposits	8	8,122,615	7,369,699	8,122,615	7,369,699
TOTAL FINANCIAL ASSETS		**12,103,203**	**12,969,659**	**10,684,296**	**12,100,305**

FINANCIAL LIABILITIES					
FINANCIAL LIABILITIES AT AMORTISED COST:					
- Trade and other payables	12	8,547,539	1,948,750	7,616,966	1,614,473
TOTAL FINANCIAL LIABILITIES		**8,547,539**	**1,948,750**	**7,616,966**	**1,614,473**

NOTE 22: EVENTS AFTER THE REPORTING

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.

NOTE 22: EVENTS AFTER THE REPORTING

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 2019, the total amount that members of the IPA are liable to contribute if IPA is wound up is $109,308 (2018: $105,990).

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 30 to 63, are in accordance with the *Corporations Act 2001* and:

    1. Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
    2. give a true and fair view of the financial position as at 30 June 2019 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 Institute of Public Accountants Ltd will be able to pay its debts as and when they become due and payable.

Linda Bernard

Anthony McCartin FIPA
Deputy President

Linda Bernard FIPA
Deputy President

Signed in Melbourne, this 17th day of October 2019.

McLean Delmo Bentleys
THINKING AHEAD

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INSTITUTE OF PUBLIC ACCOUNTANTS LTD

Opinion

We have audited the financial report of Institute of Public Accountants Ltd and Controlled entities and Institute of Public Accountants Ltd, which comprises the consolidated and parent entity's statement of financial position as at 30 June 2019, the consolidated and parent entity's statement of profit or loss and other comprehensive income, the consolidated and parent entity's statement of changes in equity and the consolidated and parent entity's statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of Institute of Public Accountants Ltd and Controlled entities and Institute of Public Accountants Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated and parent's entity's financial position as at 30 June 2019 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Institute of Public Accountants Ltd would be in the same terms if provided to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

McLean Delmo Bentleys
THINKING AHEAD

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 the directors.
- Conclude on the appropriateness of the directors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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
18 October 2019

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