



INSTITUTE OF
PUBLIC
ACCOUNTANTS®

INSTITUTE OF PUBLIC ACCOUNTANTS

Annual Report



2019-2020

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 38,000 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.

2019-20 Theme Resilience & Stability



The theme of this year's annual report reflects the strengths of the organisation; of our members; and, of the accounting profession at large.

The year has seen the global COVID-19 pandemic causing havoc to local and global economies. It has affected every individual in one form or another.

In Australia, the pandemic was preceded by widespread bushfires which devastated larger areas of eastern and southern States.

Throughout these adverse circumstances, accountants have given hope to thousands of small business clients, helping them to survive through one of the hardest years thought possible. It is the resilience of our members and the global accounting profession that we pay tribute to.

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JOINT REPORT FROM IPA GROUP PRESIDENT AND IPA GROUP CEO

2019-20 – a year to remember and one we will never forget

As the financial year closed on 30 June 2020, many parts of the world were very much still in the midst of the COVID-19 pandemic.



Global economies have experienced extreme losses. Many small businesses and larger entities have closed their doors. The mental health and wellbeing of individuals, families and communities has suffered greatly.

The pandemic has impacted our members globally and the small business communities they serve.

In Australia, the virus outbreak was preceded by widespread bushfires from the Spring of 2019 through to early Autumn. Australia is very familiar with bushfires, but the magnitude of these particular fires covered an area equivalent to the total land mass of Syria; or by comparison, the total land mass of Denmark, Switzerland, the Netherlands, and Croatia combined.

As is often the case in Australia, some of these bushfire ravaged areas were then confronted with wide-spread floods.

COVID-19 quickly followed and at the time of preparing this report, the pandemic is placing extreme pressure on economies around the world. However, it is against this dire background that we reflect on the triumphs of the past year.

The Institute achieved many goals throughout the year including a nine per cent increase in member admissions. This is a remarkable and record rate of recruitment given the pandemic and natural disasters that have taken place.

Considering this environment, we are very grateful for our members who have remained loyal through these tough times and helping us to achieve our retention targets and maintaining incredibly high rates of member satisfaction.

COVID-19 has also caused significant changes to the way we deliver CPD which is an essential ingredient to not only keep members up to date but to maintain the professionalism and ethical status required for trusted advisers. Hence, our efforts moved to increased online delivery.

A critical component of this was to provide members with the necessary knowledge around the various stimulus initiatives introduced by Federal, State and Territory Governments. We are cognisant of the fact that our general manager technical policy, Tony Greco and the Advocacy and Policy team led by Vicki Stylianou were pivotal in responding to member needs in this area, particularly with major schemes such as JobKeeper and JobSeeker, where client demand was increasing.

The advocacy effort of the organisation again, has been one of the major strengths as the IPA continued to work with CAANZ and CPA Australia and other professional bodies. This collaborative work was the key to many achievements including concessions, deferments of lodgements without penalties and ASIC regulatory relief to enable limited financial advice related to early access to superannuation.

The real winners: resilience & stability



While we can continue to celebrate the growth of the Institute and the many successes that 2019-20 has achieved (a number of which are contained in the Year that Was section of this annual report), the true celebration is not in the numbers; it is in the human factor that drives and continues to deliver regardless of the adversity we find ourselves facing.

The natural disasters we have experienced in Australia and the pandemic crisis that has impacted all of us, has seen a surge in the resilience within our members, our organisation and our profession. This demonstration of resilience in the most adverse of times is the true highlight of the year and continues to be so.

Our members continued to support their clients; particularly small businesses that have been impacted the most. Their passion and drive to meet client and employer demand is to be commended, especially when their own businesses have also been under the duress of the pandemic and not to forget the significant number of members that reside in the bushfire impacted communities.

Similarly, our IPA Group team, who have had to work from home for a considerable amount of time due to COVID-19 imposed restrictions, have continued to deliver the services to support our members.

All in all, we would see this as the light at the end of the tunnel; perhaps a phoenix rising from the ashes after so many personal and economic struggles. Despite many small businesses being scorched, flooded and sadly, many now closed; this is the time for the strength of the profession to shine.

There will be brighter days ahead and small business, and the accountants advising them, will be essential to the recovery phase. We must hold on to the optimism borne from the survival period and help drive change for both recovery and resurgence.

We need to be leaders in this change process; to lead and create the environment for future growth. In the year ahead we will continue to advocate for major reform including fundamental tax reform; small business regulation reform through the establishment of a Small Business Administration; securing enduring and broader trade relationships with clearly defined opportunities for SMEs; and the encouragement of digitisation and innovative solutions to underpin business growth.

We look forward to what the 2020-2021 year brings



This is the time for the strength of the profession to shine

Closing remarks Damien Moore, IPA Board President



As I finish my tenure as Board President in November 2020, it would be remiss of me not to thank my fellow Board members who have been so supportive over the past four years. As a Board, we have great passion in ensuring the IPA Group becomes the best member association.

This past 12 months has been particularly challenging. Large areas of the eastern part of Australia were drastically affected by ravaging bushfires, followed by flooding in some of those affected areas. We were not to know that these tragic times were to continue with the COVID-19 widespread pandemic.

Yet, the IPA team continued to represent members where it counted most and that was evident with the Government and the ATO. We worked with the other professional bodies to ensure our voice was heard and this included deferrals of lodgement dates and many other achievements.

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 on 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 despite the challenges we as a nation, and more so globally, continue to face. I also thank Andrew for all the support he has offered me in my role as President. My congratulations also go to the entire IPA Group team.

I have personally grown through the experiences afforded to me in the role and have enjoyed the many interactions with the IPA Group team and our many members throughout the course of the past four years.

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.

DAMIEN MOORE FIPA FFA

Closing remarks - Andrew Conway, IPA Group CEO



The IPA Group continues to grow regardless of the global pandemic and impacted global economies. It demonstrates the fortitude of our members and the accounting profession at large. However, we must seize opportunities to enhance our position in the global profession and to forge our pathway of leadership based on our ethical and professional standards.

At the same time, we must also strategically grow our organisation and for this reason we were pleased to welcome the AAT into the IPA Group family at the start of the new financial year.

While it has been a difficult year for all concerned, it is pleasing to acknowledge that as individuals we are not alone. The IPA will continue to research and develop mechanisms to support the mental wellbeing of members and staff. I am very pleased to be well supported by the IPA Board in this endeavour as I am for their ongoing support and guidance.

As a membership body, we remain a people-focused organisation, well supported by a dedicated team. We will continue to invest in our people to provide individuals with the opportunity to be the best they can be, both professionally and personally.

It is therefore a given, that the IPA will continue to focus on providing members with the best service, benefits, and Continuing Professional Development with a clear objective of supporting member success and prosperity.

Finally, I want to thank Board President and Chair, Damien Moore, for his ongoing support and guidance over the past four years. I look forward to Damien's continued support of the Institute as his presidency tenure concludes in November 2020. On a personal note, I wish to thank Damien for the massive support he has provided to me.

The 2019-20 year has been more than challenging and my best wishes go to you all as we continue to work in adverse conditions. Yes, it has been a year we may never forget but as an organisation and as a profession, I am very confident we will emerge and grow from the experience.

ANDREW CONWAY FIPA FFA



The Year That Was



2019-2020

Advocacy and Reputation



The IPA maintained a 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. With the advent of the global COVID-19 pandemic, the IPA worked in collaboration with other professional bodies to carry the voice of members' concerns in relation to government initiatives and stimulus packages at local, state and federal levels.

Considering that many of the Government's initiatives and schemes relied heavily on the tax system, our members carried the extra load to help their clients navigate through many of the schemes such as JobKeeper and JobSeeker. From a technical resource perspective, the IPA delivered up to date information to members constantly, initiating a COVID-19 hub on the IPA website, electronic mail, and numerous live webinars.

With respect to COVID-19 our activities included attendance at over 85 meetings (over 50 on tax) with government and regulators, presenting/ hosting 13 webinars, drafting and collating guidance material including dozens of FAQs, responding to literally hundreds of member queries, countless media outputs including podcasts, interviews, articles, blogs, tweets and more. We have worked with Government Ministers and their advisers, the ATO, ASIC, ACCC, FRC, TPB, APESB, Treasury, PM&C, National COVID-19 Coordination Commission, a Senate inquiry, the other accounting bodies, and various other stakeholders. There was confidential consultation with Treasury on JobKeeper and with the Board of Tax on Division 7A.

Other COVID-19 work related to the impact on audit and assurance services, economic policies for recovery and so on. We have had major successes on various tax issues; and ASIC issuing temporary relief allowing registered tax agents to provide unlicensed financial advice on the early release of superannuation.

Some noticeable tax related submissions included on the CDDA scheme, tax debt disclosure, employee share scheme review, IGT reviews into tax debts and deceased estates to name a few. Another significant event for our members was the demise of AUSkey and the transition to myGovID. Members were assisted through this process with dedicated FAQs, helpline support and webinars.

As always, the IPA represents members at various ATO forums, Tax Practitioner Board, Inspector General of Taxation and Treasury meetings. These regulator meetings are an important part of advocating matters that are in the best interest of our members and small business. The IPA also has a direct role in some of the Board of Tax reviews and confidential consultations during the year providing further avenues to advocate on behalf of members.

On a final note, we are still adamant that Australia's tax system is not fit for purpose and will hold back the economy in a post COVID-19 recovery and therefore, it is important that the Government undertake significant reforms which must include amongst others, the wholesale review of the tax system.

Media Coverage



The IPA's media relations remained strong during the adverse times of bushfires, floods, and virus pandemic. 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. Media releases, alerts, columns, and opinion pieces produced 511 mentions of the IPA.

Our One Voice podcasts delivered through our digital platform has extended both voice and engagement. In addition to this work, we have forged new relationships such as Inside Small Business and Kochie's Business Builders.

Professional Standards Scheme



Work on a new Professional Standards Scheme application for 2022-2025 commenced with an extensive amount of work being required, including a complete review of the IPA's member regulatory compliance risk framework. In addition, the IPA lodged the annual Professional Standards Improvement Plan; and members completed a declaration in February and March 2020 which has provided the IPA with data about the size and activities of member practices, as well as professional indemnity insurance claims for the relevant period.

The member response rate to the declaration was an impressive 92.9 per cent, providing us with reliable data.

Member Services



COVID-19 IMPACT ON MEMBER SERVICES

The impact of the global pandemic was immediate for our member services team, having to immediately move to from face-to-face interactions to online and digital communications. Divisional Advisory Committees held virtual meetings in each State.

Discussion Groups also continued to function with many going virtual while some continued on a hybrid model of in person and online. The pandemic environment also witnessed the emergence of new discussion groups.

TAFE, STUDENT AND ACADEMIC ENGAGEMENT

Increased engagement remained a focus for the IPA team, delivering CPD and webinars. These included no-charge events with access to the IPA President and CEO, along with participation of key IPA partners.

These activities were well supported by IPA's advocacy team and other key stakeholders including senior representatives from the ATO and the Australian Small Business and Family Enterprise Ombudsman.

TECHNICAL RESOURCES

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

CONTINUING PROFESSIONAL DEVELOPMENT

Immediate transition to online delivery from March 2020 with a centralised national approach to content and delivery. All major events and international delegations were postponed.

TAG roadshow and PPC events were all delivered online with significant take-up and highly positive feedback from members; to the point that these events were all sold out and exceeded projected capacity.

Whilst there was significant impact on projected revenue from these activities, this was countered by improved margins due to online delivery.

Other necessary changes included seeking new online platforms for delivery, working with presenters to ensure content and presentation online was reviewed and enhanced as needed. Training of IPA PD teams was needed to enable them to host online via new platforms such as zoom.

Considering the environment low cost CPD sessions were delivered focusing on mental health and wellbeing for members and their clients.

Group Member Growth

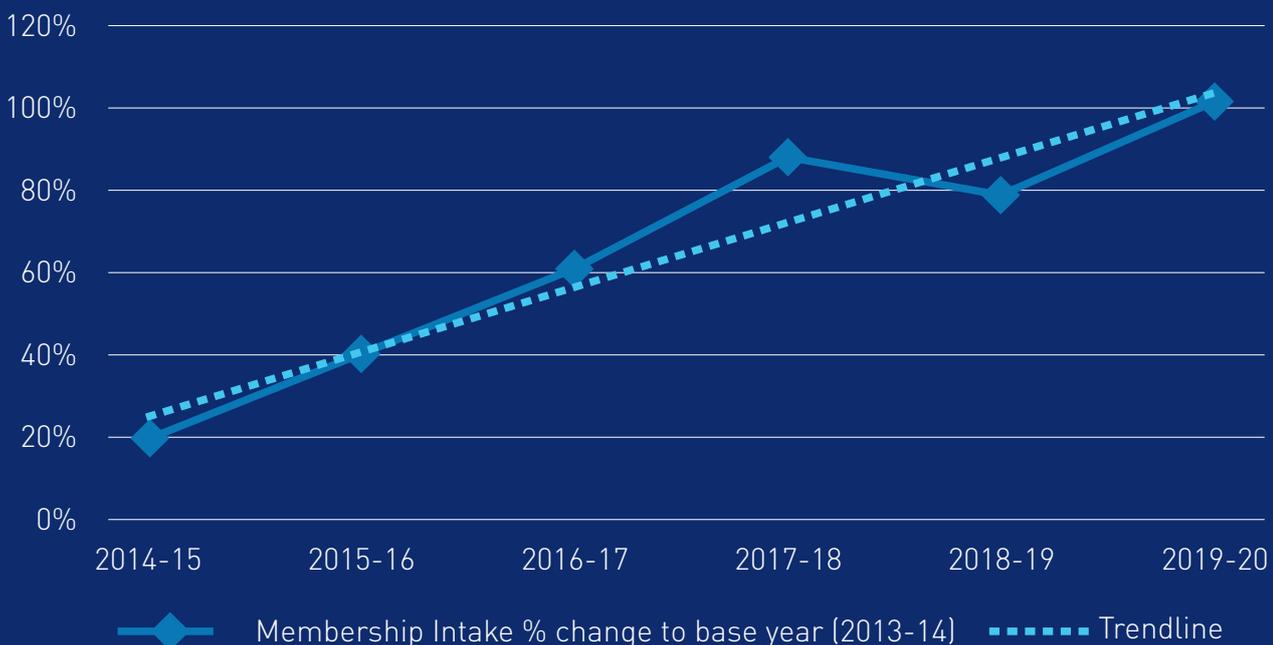


Despite the natural disasters in Australia and the global pandemic, the IPA admitted almost 2,400 new members in the last financial year. This saw a nine per cent increase on 2019 admissions. Most pleasing was the fact we reached our retention target, a fantastic achievement considering the traumatic environment under which we have all been operating.

These results reflect the 153 per cent increase in business development activities since January 2020, as we transitioned to a new way of working under the COVID-19 environment. We were also very conscious of the pressures that the pandemic has placed on our members and have made 1,000 welfare calls to members since March 2020.

Our UK operations experienced membership increase by 464 new members – almost 13 per cent. When combined with retention of 88.8 per cent this resulted in a net growth of 1.5 per cent.

Group Member Intake % Change To Base Year (2013 -14)



Marketing



The COVID-19 pandemic placed significant workload on the Marketing team as we adapted to new ways of working. Together, with Member Services, we successfully moved all CPD activity online.

Working closely with the Advocacy team, we focused on keeping members up to date daily, creating the COVID-19 News Hub on the IPA website. This resulted in an increasing website traffic, with over 60,000 visits during the peak of COVID.

To ensure the IPA is marketing to meet the needs of its member, we commenced the segmentation with the first phase now completed. This included the development of member personas that have been used to tailor our marketing campaigns to appeal to these segments.

We worked with AccountantsDaily and Reckon to craft e-communications to reach their audience. Promoting the benefits of the IPA Membership and offering support to Accountants who have been impacted by the pandemic. These campaigns will continue through to the next financial year.

Sponsorship



Gold sponsorship of Accounttech.live in Melbourne with an IPA stand themed around our passion for small business, which attracted significant crowds each day of the event.

Gold sponsors of the Australian Accounting Awards; this year held virtually due to the pandemic.

Sponsors of the Reckon Partner Conference.

Heavy promotion of our Find an Accountant service in the lead up to the busy tax season.

Launching the IPA Books+ exclusive membership offers of five free books to all members in practice.

Working closely with the AAT team for a smooth and successful transition into the IPA family.

Record Partnership Revenue



Partnerships continue to provide us with excellent member benefits which have included new partners this year such as NobleOak and Bill Butler. Long standing partners such as Qantas and Officeworks have re-signed. Despite the issues associated with the global pandemic and the need to move some of our key events and subsequent partnership revenue, the IPA secured record levels of partnership/sponsorships.

IPAInsure: continues to provide IPA members with competitive product offerings such as PI insurance, with a growth in demand for other business insurances such as cyber products.

Books+: is providing members with not only a software solution, but and enhanced member offering - 5 free books, cloud accreditation for members.

COVID-19 Engagement



36

Webinars run on COVID-19 and JobKeeper specific changes

4,291

Total attendees at these 36 webinars



Average Open Rate on COVID-19 EDMs

38.9%

Average Click through rate on COVID-19 EDMs

16.7%



23,445

Total page views for our COVID-19 News Hub

Business Operations



This year, more than ever, the investments that the IPA has made in Business Operations over the past 3 years in technology, data management, and communication platforms has enabled business stability during a time of great uncertainty. Importantly this has allowed our staff globally to support members through impacted by fire, floods or the ongoing pandemic response. The digitisation of knowledge management sits at the heart of the IPA Group Strategic Plan.

OTHER HIGHLIGHTS

Enhancement to our Enterprise Risk Management program and systems to support operations in a very dynamic risk environment.

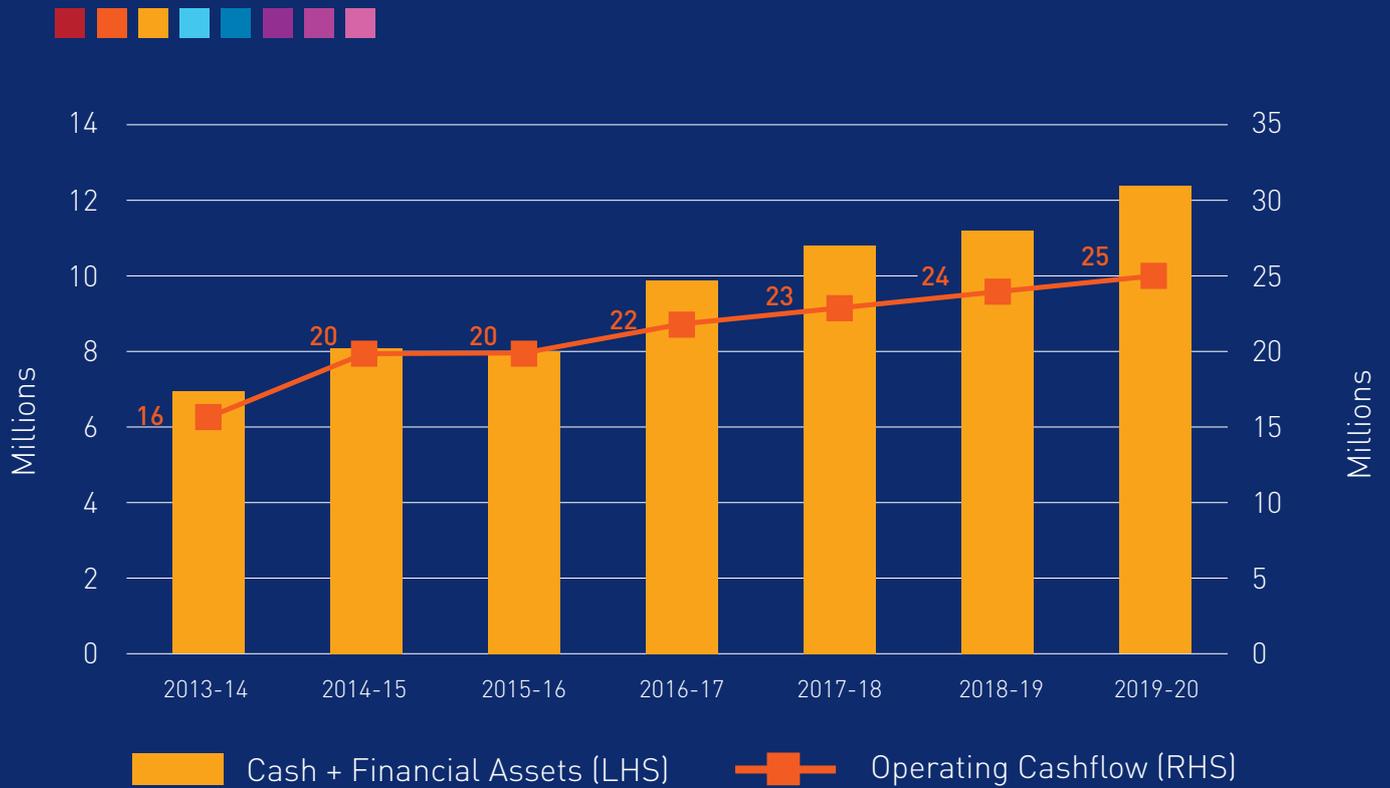
Execution of our Business Continuity Plan to support remote working globally for staff during extended and varied periods of pandemic lockdown, supported by our cloud computing and mobile workforce strategy.

Keeping staff connected securely via collaboration tools such as Microsoft Teams conferencing, and a focus on internal support and business improvement being encouraged from all levels.

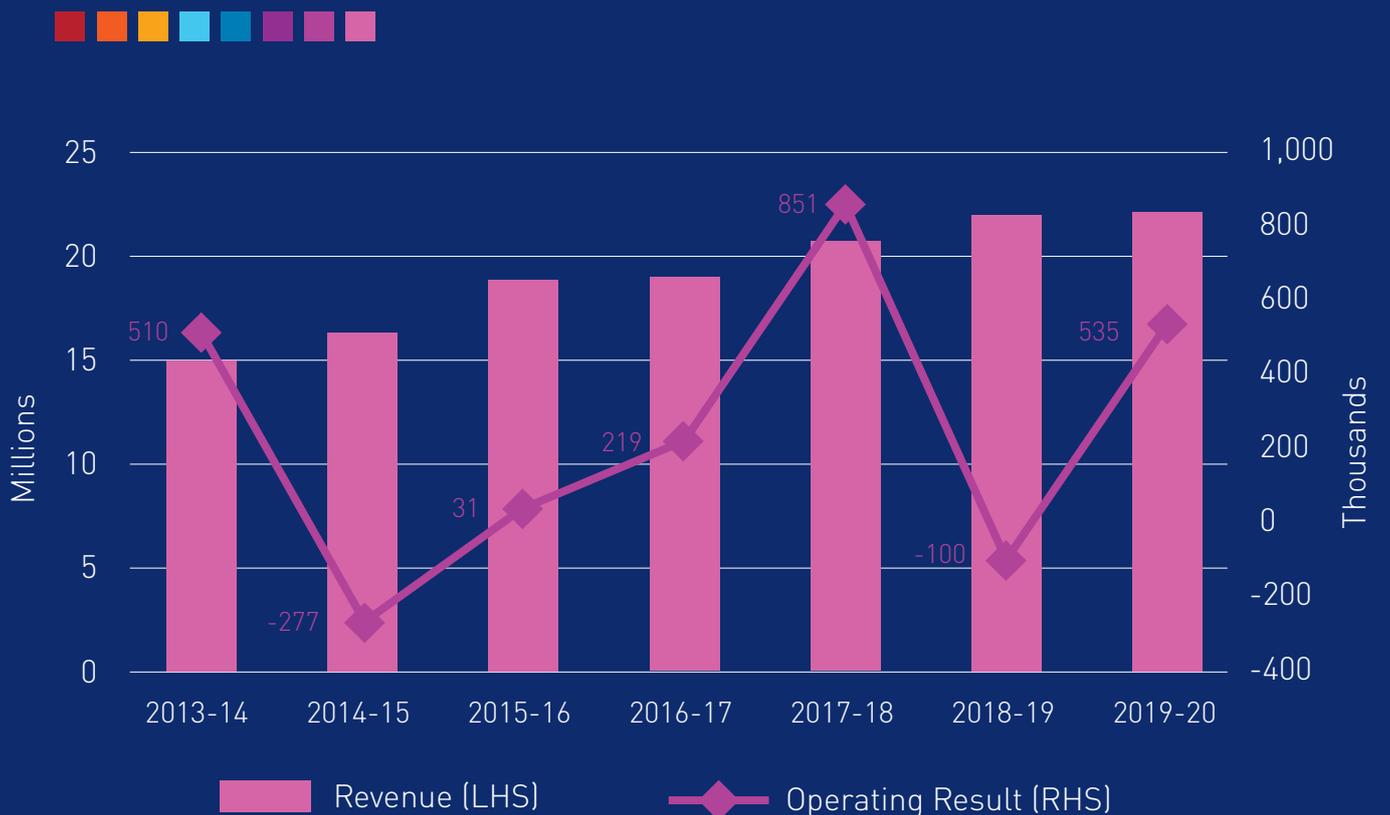
Further investment in systems to enhance member compliance support and regulatory responsibilities by enhancing data driven analysis tools.

Despite significant challenges faced by all businesses the Institute has achieved strong underlying business performance with a pivot in the final quarter to CPD online delivery being a key pillar of this result. It was very encouraging that initial pandemic forecasts were exceeded.

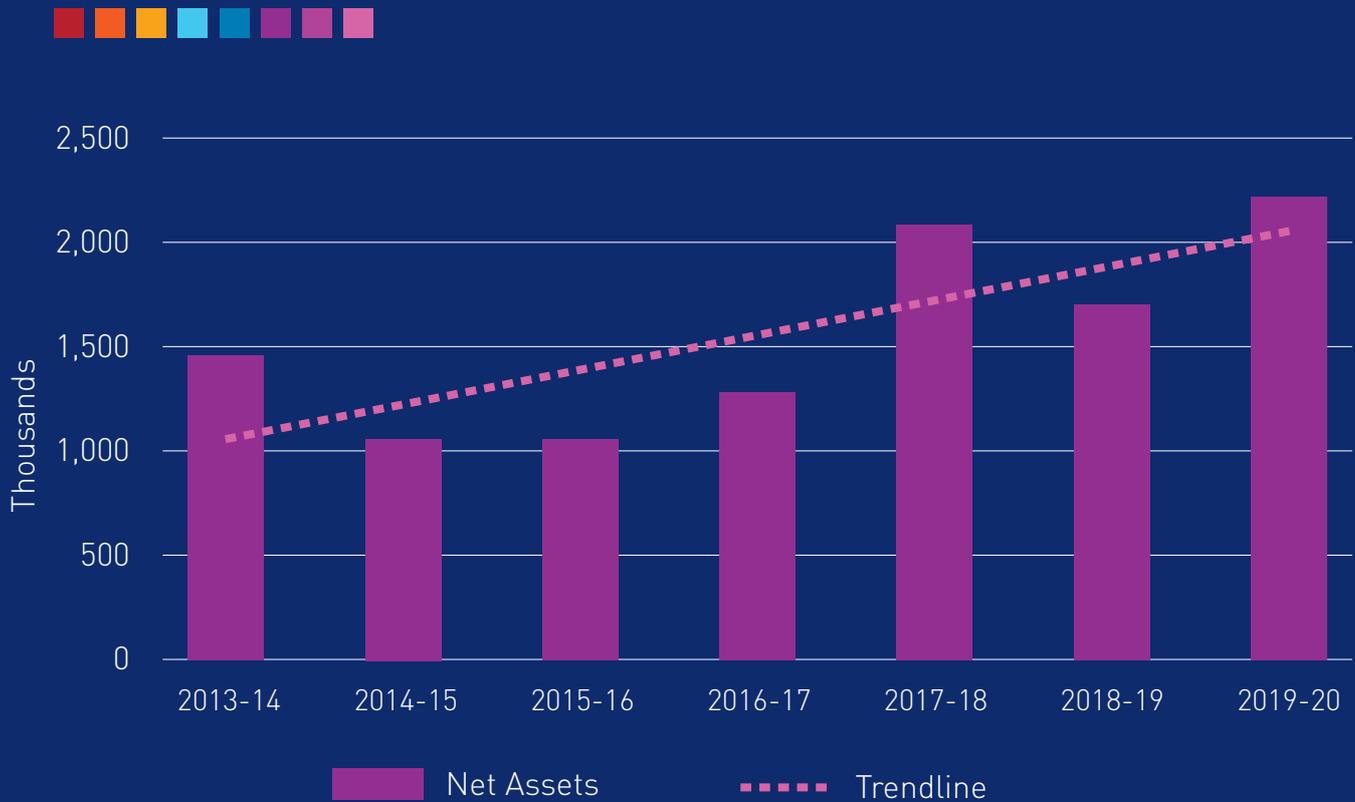
Group Cash Assets and Cashflow



Group Revenue & Operating Result



Group Net Assets



Parent IFA



Parent IFA

Directors' Report



DIRECTORS' REPORT

The directors present this report on Institute of Public Accountants Ltd (IPA) for the financial year ended 30 June 2020.

BOARD OF DIRECTORS

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

DIRECTORS	Board Of Directors		Board Executive Committee		Board Audit & Risk Committee		Board Remuneration Committee		Board Membership Committee		Board Disciplinary Tribunal Committee		Board Technology Working Group	
	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
Jason Parker	4	4	5	5	-	-	4	4	-	-	1	1	-	-
Damien Moore	4	4	9	9	-	-	4	4	-	-	2	2	-	-
Linda Bernard	4	4	2	2	-	-	2	2	-	-	-	-	2	2
Nordin Zain	4	4	-	-	-	-	-	-	3	3	-	-	-	-
Wendy Leegel ¹	2	2	1	2	2	2	-	-	-	-	-	-	-	-
Tony McCartin ²	2	2	2	2	-	-	-	-	-	-	-	-	-	-
Michael Colin	4	4	-	-	5	5	-	-	-	-	-	-	-	-
Julie Ann Williams	4	4	7	7	-	-	4	4	-	-	1	1	-	-
Mike Mooney	4	4	-	-	-	-	-	-	3	3	-	-	-	-
Michael Schaper ³	2	2	-	-	-	-	2	2	-	-	-	-	-	-
Timothy Munro	4	4	-	-	-	-	-	-	3	3	-	-	2	2
Cheryl Mallett	4	4	7	7	5	5	-	-	-	-	-	-	-	-
Alexandra Korfiatis ⁴	2	2	-	-	3	3	-	-	-	-	-	-	-	-
Luckmika Perera ⁵	2	2	-	-	3	3	-	-	-	-	-	-	-	-

NOTES:

¹ Cessation Date: 27 November 2019

⁴ Appointment Date: 27 November 2019

² Cessation Date: 27 November 2019

⁵ Appointment Date: 27 November 2019

³ Cessation Date: 27 November 2019

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 IPA has maintained its strategic focus while supporting our members and the public during an intense year of adverse conditions including wide-spread bushfires, floods and the global COVID-19 pandemic.

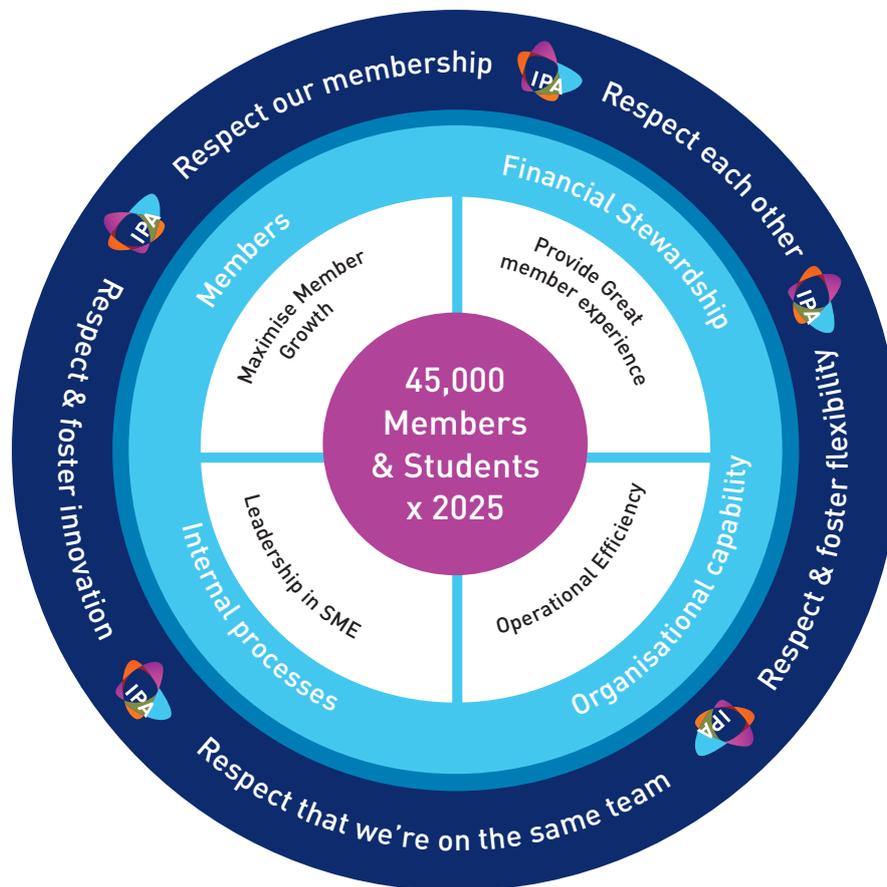
The Institute has identified a series of service areas required to execute the strategies. These service areas are not designed to reflect the organisational structure of the Institute, rather the broad functional areas within the Institute:

- IPA Group culture
- Brand Awareness and alignment with culture
- Advocacy and Influence
- Member knowledge
- Member support and value
- Business Operations

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

The IPA's strategic plan which extends to 2025 has been ratified by the IPA Board and remains as the core focus of the organisation. This reinforces our reason for being: to improve the quality of life of small business.

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



SHORT-TERM AND LONGER-TERM OBJECTIVES

- Leverage the shared infrastructure and shared services platform to drive business efficiency.
- Implement the growth strategy through the implementation of the integrated marketing communications plan.
- Continue to integrate the international operations to optimise efficiency, create revenue streams and enhance the member experience to help deliver a return on investment to the IPA Group.
- Integrate the Association of Accounting Technicians (Australia) operations to the Group to build a greater level of support and career pathways for members
- Provide educational pathways, products and services, CPD and communications that deliver tangible benefits to members and support their growth and prosperity.
- Support members' growth and diversity as they move into the financial services regulatory regime or broader areas of holistic business advice.
- Expand the integrated marketing communications plan by tailoring to meet the needs of the International 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 to optimise efficiencies and to enhance member knowledge and growth.
- Build the IPA brand by focussing 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



DAMIEN MOORE FIPA FFA
 PRESIDENT AND CHAIRMAN OF
 THE BOARD

Damien has been the South Australian/Northern Territory Director since 2010 and Board Chair since November 2016, having also held the positions of Vice President and Deputy President. He has served as the South Australian/Northern Territory Divisional President along with other positions within the Divisional Council. A Graduate Member of the Australian Institute of Company Directors and Registered Tax Agent, Damien has worked in the accounting and finance industries for over 25 years and operated his own accounting firm along with working for ASX listed companies. He holds a Master of Commerce (Professional Accounting) through the University of New England.



CHERYL MALLET FIPA FFA
 CTA SSA GAICD
 DEPUTY PRESIDENT

Cheryl has been an IPA member since 1996 and a Board member since November 2018. As a graduate of the Australian Institute of Company Directors, Cheryl has over 30 years' experience as an income tax specialist/advisor. She is also an Accredited Specialist SMSF Advisor and SMSF Auditor. Winner of the 2016 IPA Northern Territory and National Practice of the Year and 2019 AMP Women in Finance – Regional Professional of the Year. Cheryl is a Deputy President and sits on the Board Audit and Risk Committee, Board Executive Committee and the Association of Accounting Technicians (AAT) Steering Committee. She has recently been appointed as a Director of AAT.



JULIE WILLIAMS FIPA FFA
 DEPUTY PRESIDENT

Julie has been an IPA member since 2003, having served as Queensland Divisional Councillor since 2008. Julie was the Chair of the National Divisional Council from 2010 until her election to the Board in 2017. She is a Deputy President of the IPA, Chair of the IPA Disciplinary Committee and a member of the Board Executive and Board Remuneration committees. Julie was a partner in PPB before moving to public practice as a Registered Liquidator in 2006. She is a Fellow of the IPA, a Fellow of the CPA, holds an MBA and an MPA. She is a member of the Association of Certified Fraud Examiners, the Australian Institute of Company Directors, Australian Restructuring Insolvency and Turnaround Association, and the Association of Independent Insolvency Practitioners.



**JASON PARKER FIPA FFA
GAICD**

DIRECTOR

Jason served on the Tasmanian Division of the IPA as President from 2005 to 2007. Jason was elected to the IPA Board in November 2008. He currently sits on the Board Executive Committee and is Chair of the Board Remuneration Committee. Jason is a graduate of the Australian Institute of Company Directors, a Registered Tax Agent, SMSF Auditor and Registered Migration Agent. He holds a Bachelor of Commerce, a Diploma in Financial Services, Graduate Certificate in Applied Finance, a Graduate Certificate in Australian Migration Law and Practice and an MBA. He is currently studying a Bachelor of Laws. Jason is a Director and Chairman of five unlisted public companies in sectors including roadside maintenance, recreational aviation, food recycling, aquaculture and land-based drones.



**DR NORDIN ZAIN FIPA FFA
DIRECTOR**

Dr Nordin is a Chartered Accountant, an ex- partner of Deloitte South East Asia who now serves on the boards of several public companies in Malaysia, including Zurich General Takaful Malaysia (insurance) where he is also the Risk Committee Chairman, Ambank Islamic (banking), as a Board member and the Audit Committee Chairman, UDA Property Development (property), as a Board member and the Audit and Risk Committee Chairman and AIA subsidiary (asset management). Nordin was the CEO of the Malaysian Accounting Standards Board for 10 years and a lecturer of Accounting and Strategic Management. Nordin is a member of the Malaysian Institute of Accountants and the Institute of Directors New Zealand. He is currently a member of the IPA Board Membership Committee; and actively involved in SMEs in Malaysia.



**LINDA BERNARD FIPA FFA
DIRECTOR**

Linda joined the IPA Western Australia Divisional Council in 2007, then became the President for four years, before being nominated and elected as a Director. Linda currently sits on the Board Remuneration Committee and the Board Technology Working Group. She has been a public practitioner since 2000, and is a Registered Tax Agent, holds a 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 of the Australian Institute of Company Directors.

INFORMATION ON DIRECTORS



TIMOTHY MUNRO B.BUS FIPA FFA JP(QUAL)
DIRECTOR

Timothy has been an IPA member since 1995, President of the Queensland Divisional Council in 2017/2018, appointed to the IPA Board in 2018. He is Chair of the Board Membership Committee and Chair of the Board Technology Work Group. Timothy has been in public practice as CEO of his own firms since 1990, and is a Registered Tax Agent, a Licenced Financial Advisor, JP (Qual), and has a Bachelor of Business in Accounting. He has led Change Accountants which was one of the first 100% cloud only accounting businesses in Australia. 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 ChangeGPS which provides software, templates and practical knowledge to over 450 accounting firms in its network.



MICHAEL COLIN FIPA FFA
DIRECTOR

MA Chartered Accountant led a traditional UK regional accounting firm for over 30 years. His passion throughout his professional career has been the micro and small enterprise sector. He is currently Chief Executive of Make It Happen in Sierra Leone, an educationally focussed charity in one of the poorest countries in the world. Michael joined the IPA Board following the merger between IPA and IFA. He has served on the Board Membership Committee and currently chairs the Board Audit and Risk Committee.



MIKE MOONEY FIPA FFA
DIRECTOR

Mike has been an IPA member since 1996. He studied a Bachelor of Commerce at the University of NSW. He moved from Sydney to Canberra to take up a role in business services and tax with Price Waterhouse Coopers. He completed a Business (Accounting) degree and then worked as a corporate financial accountant for 10 years before establishing his own public accounting practice in 1996, specialising in tax and small business services in the ACT. He was appointed to the IPA Board in November 2017 and currently sits on the Board Membership Committee.



DR LUCKMIKA PERERA FIPA FFA
DIRECTOR

Assoc. Professor Luckmika Perera is an experienced accountant and business consultant, specialising in the areas of Integrated Reporting, cloud and mobile learning and educational program design and development. He has worked in a number of senior roles in industry and academia. He was one of the key architects of the IPA Program. Luckmika is a foundation member of the Integrated Reporting Consortium in Australia set up by Deakin University, KPMG and University of NSW and the Deakin Integrated Reporting Centre, where he also serves as a director. He has a Non-Profit Board Leadership Certificate from Harvard University, a Strategic Leadership Certificate from University of Michigan, PhD in Environmental Accounting, three masters degrees (Accounting Global Business and Educational Leadership & Administration) and an honours degree in Information Systems (specialising in Artificial Intelligence & Cloud Security). Luckmika has been a Director since November 2019 and currently sits on the Board Audit and Risk Committee.



ALEXANDRA KORFIATIS FIPA FFA
CTA
DIRECTOR

Alex has been an IPA member for 15 years and a Director since November 2019. Alex serves as a member of the Board Audit and Risk Committee and the Board Disciplinary Tribunal. Alex holds a Bachelor of Business majoring in Accounting and Business Law, and is a member of CPA Australia, a Chartered Tax Advisor with the Taxation Institute of Australia, an affiliate member with Chartered Accountants Australia and New Zealand, a member of National Tax Accountants Australia and a Registered Tax Agent. Alex is a public accounting practitioner with over 30 years' experience in the accounting, tax and business advisory sectors. She is currently a director and partner of Forrester Korfiatis Chartered Accountants, a well-established public accounting practice located in Sydney, which was founded in 1970.

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 2020, the total amount that members of the IPA are liable to contribute if IPA is wound up is \$118,782 (2019: \$109,308).

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 27 of the financial report.

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



Cheryl Mallett FIPA FFA CTA SSA GAICD
Deputy President



Julie Williams FIPA FFA FCPA
Deputy President

Signed in Melbourne, This 4th day of September 2020.



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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 2020 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.

McLean Delmo Bentleys Audit Pty Ltd

Rod Hutton
Partner

Hawthorn
 4 September 2020



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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	GROUP		PARENT	
		2020	2019	2020	2019
		\$	\$	\$	\$
REVENUE					
Revenue	2	22,404,734	21,813,989	18,415,587	18,535,182
EXPENSES					
Marketing and publications expenses		(2,358,538)	(2,375,859)	(1,492,434)	(1,633,770)
Corporate services expenses		(3,557,106)	(3,425,117)	(3,134,534)	(3,048,461)
Corporate governance expenses		(2,761,498)	(3,044,946)	(2,436,344)	(2,714,132)
Member services and advocacy expenses		(12,484,657)	(12,360,606)	(10,310,432)	(10,556,407)
Interest expense		(353,216)	(404,441)	(336,053)	(367,818)
Other expenses		(354,245)	(303,187)	(354,244)	(303,180)
TOTAL EXPENSES		(21,869,260)	(21,914,156)	(18,064,041)	(18,623,768)
SURPLUS/(LOSS) FOR THE YEAR	3	535,474	(100,167)	351,546	(88,586)
OTHER COMPREHENSIVE INCOME/(LOSS)					
Exchange differences on translating foreign owned subsidiary		(15,284)	(5,977)	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		520,190	(106,144)	351,546	(88,586)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS		520,190	(106,144)	351,546	(88,586)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	NOTE	GROUP		PARENT	
		2020	2019	2020	2019
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	6	5,172,576	3,078,090	3,672,440	1,444,291
Trade and other receivables	7	405,485	282,500	264,328	302,655
Financial assets	8	7,689,901	8,122,615	7,689,901	8,122,615
Other assets	9	1,734,412	1,213,128	1,496,944	1,021,927
TOTAL CURRENT ASSETS		15,002,374	12,696,333	13,123,613	10,891,488
NON-CURRENT ASSETS					
Trade and other receivables	7	-	619,998	-	814,735
Other assets	9	-	71,480	-	-
Plant and equipment	10	6,143,293	7,720,210	5,993,568	7,283,013
Intangible assets	11	937,247	399,756	572,246	18,033
TOTAL NON-CURRENT ASSETS		7,080,540	8,811,444	6,565,814	8,115,781
TOTAL ASSETS		22,082,914	21,507,777	19,689,427	19,007,269
CURRENT LIABILITIES					
Trade and other payables	12	2,463,786	3,020,037	2,001,523	2,189,329
Subscriptions and other amounts received in advance	13	10,714,800	9,520,883	8,938,733	7,925,128
Deferred member application fees	14	61,015	49,274	36,851	32,626
Provisions	15	1,563,567	1,279,657	1,536,703	1,257,610
TOTAL CURRENT LIABILITIES		14,803,168	13,869,851	12,513,810	11,404,693
NON-CURRENT LIABILITIES					
Trade and other payables	12	4,637,893	5,527,502	4,637,893	5,427,637
Deferred member application fees	14	204,844	182,926	204,844	182,926
Provisions	15	207,699	218,378	207,699	218,378
TOTAL NON-CURRENT LIABILITIES		5,050,436	5,928,806	5,050,436	5,828,941
TOTAL LIABILITIES		19,853,604	19,798,657	17,654,246	17,233,634
NET ASSETS		2,229,310	1,709,120	2,125,181	1,773,635
EQUITY					
Retained earnings		2,349,512	1,814,038	2,125,181	1,773,635
Reserve	16	(120,202)	(104,918)	-	-
TOTAL EQUITY		2,229,310	1,709,120	2,125,181	1,773,635

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Retained Earnings \$	Reserves \$	Total \$
GROUP			
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
Profit for the year	535,474	-	535,474
Exchange differences on translating foreign owned subsidiary	-	(15,284)	(15,284)
BALANCE AS AT 30 JUNE 2020	2,349,512	(120,202)	2,229,310
	\$	\$	\$
PARENT			
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 2019	1,773,635	-	1,773,635
Profit for the year	351,546	-	351,546
BALANCE AS AT 30 JUNE 2020	2,125,181	-	2,125,181

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

	NOTE	GROUP		PARENT	
		2020	2019	2020	2019
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from members and customers		25,315,980	23,756,909	20,785,194	20,041,010
Payments to suppliers and employees		(22,350,448)	(20,164,963)	(18,323,372)	(17,386,396)
Interest received		137,918	178,485	140,096	191,065
Interest on lease payments		(353,216)	(404,441)	(336,052)	(367,818)
NET CASH PROVIDED BY OPERATING ACTIVITIES		2,750,234	3,365,990	2,265,866	2,477,861
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of equipment		5,972	3,898	5,972	3,898
Purchase of intangible assets		-	(15,629)	-	(8,182)
Purchase of plant and equipment		(199,128)	(1,877,908)	(176,807)	(1,815,545)
Net transfers to/ (from) bank term deposits		432,714	(752,916)	432,714	(752,916)
Acquisition of Association of Accounting Technicians (Australia) Limited, net cash acquired		287,557	-	287,557	-
Loan proceeds/(advances)		-	-	294,737	151,938
NET CASH USED IN INVESTING ACTIVITIES		527,115	(2,642,555)	844,173	(2,420,807)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of lease principal		(1,167,579)	(1,084,880)	(881,890)	(834,145)
NET CASH USED IN FINANCING ACTIVITIES		(1,167,579)	(1,084,880)	(881,890)	(834,145)
Effects of exchange rate changes on cash and cash equivalents		(15,284)	(5,977)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		2,094,486	(367,422)	2,228,149	(777,091)
Cash and cash equivalents at beginning of the financial year		3,078,090	3,445,512	1,444,291	2,221,382
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6	5,172,576	3,078,090	3,672,440	1,444,291

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.

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. Material accounting policies have been consistently applied unless stated otherwise.

The financial statements were authorised for issue on 4th September 2020 by the directors of the company.

ACCOUNTING POLICIES

A. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the parent entity (“the parent”), Institute of Public Accountants Ltd, and the subsidiaries it 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.

Consolidation begins from the date control is obtained by the Group and discontinues when control ceases. All intercompany transactions, balances, income and expenses are fully eliminated on consolidation. Where necessary, accounting policies of the subsidiaries have adjusted to ensure uniformity to those 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.

C. 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 classified as operating cash flows.

D. FOREIGN CURRENCY

The consolidated financial statements are presented in Australian dollars.

TRANSACTIONS AND BALANCES

Foreign currencies are initially recorded in the functional currency at the prevailing exchange rates at the date of the transaction. 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 carried at fair value are translated at the rates prevailing at the date the fair value was determined. Exchange differences are recognised in profit or loss in the period they occur.

GROUP COMPANIES

The assets and liabilities of the Group's overseas operations are translated at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rate for the period. Retained earnings are translated at the exchange rates prevailing at the date of the transaction. Exchange differences arising are transferred to other comprehensive income and recognised in the foreign currency translation reserve in equity. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

E. COMPARATIVE FIGURES

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: REVENUE

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
OPERATING REVENUE				
Members subscriptions	15,291,015	14,298,591	11,802,761	11,361,355
Professional development	2,553,169	3,283,576	2,488,299	3,186,097
Education	858,129	897,673	649,638	734,035
Interest income	131,753	171,293	133,931	183,874
Management fees	66,000	216,000	66,000	216,000
Other revenue	3,504,668	2,946,856	3,274,958	2,853,821
TOTAL OPERATING REVENUE	22,404,734	21,813,989	18,415,587	18,535,182

REVENUE

AASB 15 Revenue from Contracts with Customers replaced AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations.

The Group has early adopted AASB 15 on 1 July 2018 using the cumulative effect method, under which the cumulative effect of initial application was recognised in retained earnings at 1 July 2018.

The adoption of AASB 15 has primarily affected the timing of revenue recognition. Determining the timing, at a point in time or over time, requires judgement.

MEMBER FEES AND SUBSCRIPTIONS

Revenue from member fees and subscriptions attributable to the current financial year are recognised as revenue over time. Fees receipts beyond the current financial year are shown in the statement of financial position as subscriptions in advance under the heading of payables - current liabilities.

APPLICATION FEES

Application fees are deferred and recognised over the average duration of membership. Under AASB15, the application fee, as currently defined, is not considered a distinct service but rather it is an advance payment

for right to receive future services. Previously deferred revenue is amortised and the Group also recognises the residual deferred revenue relating to a member that exits during the period.

Application fees beyond the current financial year are shown in the statement of financial position, under the headings of current liabilities and non-current liabilities as deferred member application fees.

OTHER REVENUE GENERATING ACTIVITIES

Revenue from the rendering of a service is recognised at a point in time upon the delivery of service and the associated performance obligations are satisfied.

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

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.

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

NOTE 3: SURPLUS FOR THE YEAR

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

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
Interest expense on premise leases	353,216	404,441	336,053	367,818
Depreciation of right-of-use assets	1,211,465	1,170,056	940,779	909,067
Depreciation of plant and equipment	576,641	497,687	537,533	477,897
Amortisation of intangible assets	26,622	10,461	9,901	10,461
Loss on disposal of plant and equipment	-	96,678	-	96,678
Employee benefits expense	9,897,584	8,896,051	8,035,387	7,457,888
Advertising and promotions	421,287	737,514	342,847	634,445

PROFESSIONAL RELATED COSTS

Australian Professional Ethical Standards Board contribution	498,000	492,050	498,000	492,050
International Federation of Accountants contribution	245,841	223,375	192,139	172,578
Confederation of Asian and Pacific Accountants (CAPA)	36,589	36,012	36,589	36,012

NOTE 4: INCOME TAX EXPENSE

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 27.5% and IFA is subject to income tax at 19%.

PARENT

The prima facie income tax expense/(benefit) attributable to the members of IPA of \$105,464 (2019: income tax benefit of \$26,756) 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 \$8,026,269 (2019: accumulated tax losses of \$8,131,733) 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 \$140,433 (2019: income tax expense of \$28,786). At financial year end, unconfirmed accumulated tax losses of \$7,991,300 existed, giving rise to a potential future tax benefit. The potential future tax benefit attributable to the tax losses is not recognised, as realisation is not probable.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

DIRECTORS

Directors of the Institute (and its subsidiaries) do not receive a director fee, rather an amount is paid to the director's employer per annum as shown below. These are GST exclusive (where applicable).

Director – \$10,000 per annum

Deputy President/Immediate Past President– \$15,000 per annum

President - \$30,000 per annum

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
Key management personnel compensation	2,239,636	2,191,175	1,931,454	1,886,974

The total number of key management personnel for the year ended 30 June 2020 for the parent and group is 7 and 8 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 2020 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	1,788,383	1,634,538	288,247	739
Deposits at call	2,884,193	943,552	2,884,193	943,552
Short term deposits	500,000	500,000	500,000	500,000

TOTAL CASH AND CASH EQUIVALENTS	5,172,576	3,078,090	3,672,440	1,444,291
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Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

NOTE 7: TRADE AND OTHER RECEIVABLES

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
CURRENT				
Trade receivables	314,659	217,215	255,349	207,655
Provision for impairment of receivables	(7,531)	(9,531)	-	(5,000)
Trade receivables, net	307,128	207,684	255,349	202,655
Loan to The Institute of Financial Accountants	-	-	-	100,000
Other receivables	98,357	74,816	8,979	-
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	405,485	282,500	264,328	302,655
NON-CURRENT				
Loan to Association of Accounting Technicians (Australia) Ltd	-	619,998	-	619,998
Loan to The Institute of Financial Accountants	-	-	-	194,737
TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES	-	619,998	-	814,735

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.

	GROUP	PARENT
	\$	\$
PROVISION FOR IMPAIRMENT OF RECEIVABLES	9,531	5,000
BALANCE AT BEGINNING OF THE YEAR	9,531	5,000
Movement in the provision for impairment of receivables between the beginning and the end of the current financial year is as follows:		
- Charge for the year	7,895	-
- Written back	-	-
- Written off	(9,895)	(5,000)
BALANCE AT END OF THE YEAR	7,531	-

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 met the minimum repayment amount of \$100,000 per financial year and continued this arrangement in 2020 where the loan is fully paid 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	
	2020	2019	2020	2019
	\$	\$	\$	\$
CURRENT				
Bank term deposits	7,689,901	8,122,615	7,689,901	8,122,615

NOTE 9: OTHER ASSETS

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
Deposits	124,003	139,301	80,813	111,026
Prepayments	907,214	694,172	729,588	534,950
Accrued income	292,139	230,370	275,488	226,666
Other asset	411,056	149,285	411,055	149,285
TOTAL CURRENT OTHER ASSETS	1,734,412	1,213,128	1,496,944	1,021,927
NON-CURRENT				
Rental deposit	-	71,480	-	-
TOTAL NON-CURRENT OTHER ASSETS	-	71,480	-	-

NOTE 10: PLANT AND EQUIPMENT

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
Plant and equipment - at cost	2,646,713	2,637,924	2,462,808	2,461,153
Accumulated depreciation	(1,888,119)	(1,768,515)	(1,784,392)	(1,684,360)
TOTAL PLANT AND EQUIPMENT	758,594	869,409	678,416	776,793
Leasehold improvements - at cost	1,784,086	1,772,906	1,771,777	1,760,597
Accumulated depreciation	(550,071)	(297,133)	(539,185)	(290,595)
TOTAL LEASEHOLD IMPROVEMENTS	1,234,015	1,475,773	1,232,592	1,470,002
WORK IN PROGRESS	10,440	34,733	10,440	34,733
Right-of-Use (ROU) Asset - at cost	6,269,339	6,453,612	5,669,539	5,853,813
Accumulated depreciation	(2,129,095)	(1,113,317)	(1,597,419)	(852,328)
TOTAL ROU ASSET	4,140,244	5,340,295	4,072,120	5,001,485
TOTAL PLANT AND EQUIPMENT	6,143,293	7,720,210	5,993,568	7,283,013

PLANT AND EQUIPMENT

Plant and equipment stated as cost less accumulated depreciation and impairment. When impairment indicators are present, a formal assessment of recoverable amount is made. If the carrying values exceed the recoverable amount, the asset is written down immediately to the recoverable amount. Impairment losses are recognised either in profit or loss.

DEPRECIATION

Depreciation is calculated on a straight-line basis over the asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the remainder of the lease term or the estimated useful lives whichever is shorter.

Estimated useful lives are:

Leasehold improvements	2-10 years
Plant and equipment	2.5-13 years

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 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:

GROUP	PLANT AND EQUIPMENT \$	LEASEHOLD IMPROVEMENTS \$	WORK IN PROGRESS \$	ROU ASSET \$	TOTAL \$
Carrying amount as at 30 June 2019	869,409	1,475,773	34,733	5,340,295	7,720,210
Additions	180,050	11,180	10,440	11,414	213,084
Transfers	34,733	-	(34,733)	-	-
Disposals	(1,895)	-	-	-	(1,895)
Depreciation expense	(323,703)	(252,938)	-	(1,211,465)	(1,788,106)

CARRYING AMOUNT AS AT 30 JUNE 2020	758,594	1,234,015	10,440	4,140,244	6,143,293
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PARENT	PLANT AND EQUIPMENT \$	LEASEHOLD IMPROVEMENTS \$	WORK IN PROGRESS \$	ROU ASSET \$	TOTAL \$
Carrying amount as at 1 July 2019	776,793	1,470,002	34,733	5,001,485	7,283,013
Additions	157,728	11,180	10,440	11,414	190,762
Transfers	34,733	-	(34,733)	-	-
Disposals	(1,895)	-	-	-	(1,895)
Depreciation expense	(288,943)	(248,590)	-	(940,779)	(1,478,312)

CARRYING AMOUNT AS AT 30 JUNE 2020	678,416	1,232,592	10,440	4,072,120	5,993,568
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LEASED ASSETS

AASB 16 replaced AASB 117 Leases and results in most leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

The Group has early adopted AASB 16 on 1 July 2018 using the modified retrospective approach method, under which the cumulative effect of initial application was recognised in retained earnings at 1 July 2018.

The Group leases office premises in Melbourne, Sydney, Brisbane, Adelaide, Perth, Hobart, and London, as well as office equipment. At lease commencement date, a right-of-use asset and a lease liability is recognised for all leases (except for low value assets and those with duration of 12 months or less).

Right-of-use are initially measured at cost comprising of

- initial lease liability amount,
- initial direct costs incurred,
- lease payments made at or before commencement of the lease reduced by any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis to the earlier of the remaining term of the lease or in some rare cases over the remaining economic life of the asset.

An impairment review is undertaken for any right of use lease asset that shows indicators of impairment at reporting date. Impairment losses are recognised either in profit or loss.

NOTE 11: INTANGIBLE ASSETS

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
Patents - at cost	122,677	122,677	122,677	122,677
Accumulated amortisation	(114,545)	(104,644)	(114,545)	(104,644)
TOTAL PATENTS	8,132	18,033	8,132	18,033
MEMBERSHIP DATABASE	564,114	-	564,114	-
Goodwill - at cost	381,723	381,723	-	-
Accumulated amortisation	(16,722)	-	-	-
TOTAL GOODWILL	365,001	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	937,247	399,756	572,246	18,033

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: INTANGIBLE ASSETS cont'd

MOVEMENTS IN CARRYING AMOUNTS

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

	PATENTS	MEMBERSHIP DATABASE	GOODWILL	DEVELOPMENT COSTS	TOTAL
	\$	\$	\$	\$	\$
GROUP					
Balance at beginning of the year	18,033	-	381,723	-	399,756
Additions	-	564,114	-	-	564,114
Amortisation expense	(9,901)	-	(16,722)	-	(26,623)
BALANCE AT END OF THE YEAR	8,132	564,114	365,001	-	937,247

PARENT					
Balance at beginning of the year	18,033	-	-	-	18,033
Additions	-	564,114	-	-	564,114
Amortisation expense	(9,901)	-	-	-	(9,901)
BALANCE AT END OF THE YEAR	8,132	564,114	-	-	572,246

GOODWILL

Goodwill on acquisition of subsidiaries is included in intangible assets.

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.

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.

The recoverable amount of each cash generating unit is determined based on value in use calculations. In assessing the value in use, the cash flow projections over a five year period is discounted to present value using:

Growth rate: 2% to 4%

Discount Rate: 15%

INTANGIBLE ASSETS OTHER THAN GOODWILL

PATENTS

The legal and patent costs incurred to change the business name to Institute of Public Accountants Ltd are capitalised and amortised over three years. (Refer Note 11).

Development cost of training materials are capitalised and amortised over its useful life of three years.

MEMBERSHIP DATABASE

Membership database acquired from AAT acquisition is capitalised and amortised over the average life of a member.

NOTE 12: TRADE AND OTHER PAYABLES

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
CURRENT				
Trade payables	363,234	647,750	214,806	406,847
Accrued expenses and other payables	635,486	805,937	495,953	501,017
GST payable	591,027	405,799	503,843	405,799
Lease liability	874,039	1,160,551	786,921	875,666
TOTAL CURRENT TRADE AND OTHER PAYABLES	2,463,786	3,020,037	2,001,523	2,189,329

Trade payables and other payables represent liabilities for goods and services received by the Group during the financial year that remain unpaid as at reporting date. The balance is recognised as a current liability with settlement normally occur within a 30-day term.

NON-CURRENT				
Deferred tax liability	-	11,944	-	-
Lease liability	4,637,893	5,515,558	4,637,893	5,427,637
TOTAL NON-CURRENT TRADE AND OTHER PAYABLES	4,637,893	5,527,502	4,637,893	5,427,637

LEASED LIABILITIES

The lease liability is measured at the present value of the fixed and variable lease payments due to the lessor at reporting date. Lease payments are discounted at the incremental borrowing rate obtained from banking partners, where the rate inherent in the lease is not readily available. The average IBR used is 5.65% at 1st July 2018.

Interest is calculated at a constant incremental borrowing rate on the remaining liability. Lease payments made are apportioned between the interest charges and reduction of the lease liability. Service fees such as property management and cleaning are fully expensed hence are excluded from the calculation of lease liability.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: SUBSCRIPTIONS AND OTHER AMOUNTS RECEIVED IN ADVANCE

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
CURRENT				
Members subscriptions in advance	9,963,925	8,667,175	8,313,551	7,154,202
Other income in advance	750,875	853,708	625,182	770,926
TOTAL CURRENT INCOME RECEIVED IN ADVANCE	10,714,800	9,520,883	8,938,733	7,925,128

NOTE 14: DEFERRED MEMBER APPLICATION FEES

CURRENT				
Deferred member applications fees	61,015	49,274	36,851	32,626
NON-CURRENT				
Deferred member applications fees	204,844	182,926	204,844	182,926

MOVEMENT IN DEFERRED MEMBER APPLICATION FEES

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	232,200	215,552
- Revenue deferred during the year	122,341	98,177
- Revenue recognised during the year	(88,682)	(72,034)
BALANCE AT THE END OF THE YEAR	265,859	241,695

NOTE 15: PROVISIONS

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
CURRENT				
Employee entitlements	1,563,567	1,279,657	1,536,703	1,257,610
NON-CURRENT				
Employee entitlements	61,506	80,197	61,506	80,197
Lease restoration	146,193	138,181	146,193	138,181
TOTAL NON-CURRENT PROVISIONS	207,699	218,378	207,699	218,378

MOVEMENT IN PROVISIONS

	EMPLOYMENT	LEASE	TOTAL
	ENTITLEMENTS	RESTORATION	
	\$	\$	\$
GROUP			
Balance at 1 July 2019	1,359,854	138,181	1,498,035
Additional provisions	695,418	8,012	703,430
Amounts used	(430,199)	-	(430,199)
BALANCE AT 30 JUNE 2020	1,625,073	146,193	1,771,266
PARENT			
Balance at 1 July 2019	1,337,807	138,181	1,475,988
Additional provisions	690,601	8,012	698,613
Amounts used	(430,199)	-	(430,199)
BALANCE AT 30 JUNE 2020	1,598,209	146,193	1,744,402

PROVISIONS

Provisions are recognised when:

- the Group has a legal or constructive obligation, as a result of past events,
- it is probable that an outflow of economic benefits will result,
- and that outflow can be reliably measured.

Provisional amounts represent the net estimate amounts required to settle the obligation as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: PROVISIONS cont'd

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Wages, Salaries and Annual Leave

Liabilities for wages and salaries expected to be settled wholly within 12 months after the reporting period in which the employees render the related service, are recognised in the statement of financial position under the heading current trade and other payables.

Provision for annual leave entitlements are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

LONG-TERM EMPLOYEE BENEFITS

Long Service Leave

Leave entitlements not expected to be settled wholly within 12 months after the reporting period in which the

employees render the related service, are recognised as non-current provisions. These are measured at the present value of the expected future payments to be made to employees. Consideration is given to expected future wage and salary levels, durations of service and employee departures. Discounted rates are referenced against market yields at reporting date of government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of long term obligations, the net movement is recognised in profit or loss under employee benefits expense.

PROVISION FOR LEASE RESTORATION

Leases for Melbourne, Sydney and Perth premises require restoration of the property to the condition to that when leases were commenced. This is recognised as a non-current provision discounted for the time value of money. The provision is reviewed annually and remeasured if required.

NOTE 16: RESERVE

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
Foreign currency translation reserve	(120,202)	(104,918)	-	-

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 2020.

All commitments at 30 June 2020 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.

NAME OF SUBSIDIARY	PROPORTION OF OWNERSHIP INTEREST HELD BY THE GROUP	
	2020	2019
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 statements:

NAME	STATUS	COUNTRY OF INCORPORATION
Institute of Financial Accountants in China Ltd	Dormant	Hong Kong
Federation of Tax Advisers Limited	Dormant	United Kingdom
IFA Institute of Public Accountants Limited	Dormant	United Kingdom

The above dormant entities have no material assets or liabilities.

BUSINESS COMBINATION

On 30 June 2020, the Institute of Public Accountants Limited (IPA) acquired the business, assets and liabilities of the Association of Accounting Technicians (Australia) Limited (AAT) following a resolution by the members of IPA and AAT.

The financial effect of this transaction is as follows:

FAIR VALUE

\$

PURCHASE CONSIDERATION	-
LESS	
ASSETS	
Cash and cash equivalents	287,557
Other assets	36,113
Membership Database	564,114
TOTAL ASSETS	887,784
LIABILITIES	
Income in advance	(298,369)
Loan from IPA	(619,998)
Other liabilities	(59,265)
TOTAL LIABILITIES	(977,632)
LOAN FORGIVEN	89,848

The consideration paid to acquire the business and net liabilities of AAT was \$nil. The debt owed by AAT of \$619,998 was forgiven.

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:

DIRECTOR	DIRECTORS EMPLOYER	PARENT	
		2020	2019
Nordin Zain	Prospect Alliance Consulting & Training	10,000	9,000
Damien Moore	Carrington Accounting Services	30,000	23,000
Russell Hillard	R & J Financial Services	-	4,000
Jason Parker	Parker Accounting & Financial Services	10,000	9,000
Anthony McCartin	McCartin & Associates	7,500	11,500
Timothy Munro	Change Accountants & Advisors	10,000	5,000
Wendy Leegel	Leegel Consulting Group	7,500	7,750
Linda Bernard	Grange Professional Services	12,500	11,500
Michael Colin	Michael Colin Associates	10,000	9,000
Cheryl Mallett	Vita Gustafson & Associates	12,500	5,000
Julie Williams	Insolvency & Turnaround Solutions	12,500	9,000
Mike Mooney	Mike Mooney Accountant	10,000	9,000
Alexandra Korfiatis	Forrester Korfiatis Chartered Accountants	5,000	-
Luckmika Perera	Deakin University	5,000	-
Michael Schaper	Michael Schaper	4,500	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	867	1,224
IPA provided rental accommodation and services to AAT during the financial year, which was paid to 30 June 2020	66,000	216,000
Loan receivable from AAT (Note 7)	-	619,998

NOTE 20: CONTINGENT LIABILITIES

	GROUP		PARENT	
	2020	2019	2020	2019
	\$	\$	\$	\$
Bank guarantees for the term of the operating leases for periods up to 10 years	689,971	689,971	689,971	689,971

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:

	NOTE	GROUP		PARENT	
		2020	2019	2020	2019
FINANCIAL ASSETS					
FINANCIAL ASSETS AT AMORTISED COST:					
Cash and cash equivalents	6	5,172,576	3,078,090	3,672,440	1,444,291
Loans and receivables	7	405,485	902,498	264,328	1,117,390
Financial assets and deposits	8	7,689,901	8,122,615	7,689,901	8,122,615
TOTAL FINANCIAL ASSETS		13,267,962	12,103,203	11,626,669	10,684,296
FINANCIAL LIABILITIES					
FINANCIAL LIABILITIES AT AMORTISED COST:					
- Trade and other payables	12	7,101,679	8,547,539	6,639,416	7,616,966
TOTAL FINANCIAL LIABILITIES		7,101,679	8,547,539	6,639,416	7,616,966

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21: FINANCIAL RISK MANAGEMENT cont'd

FINANCIAL INSTRUMENTS

INITIAL RECOGNITION AND MEASUREMENT

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

Trade receivables are initially measured at the transaction price if the trade receivables do not contain 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 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.

Financial assets

A financial asset is subsequently measured at amortised cost when 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.

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.

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 of the following criteria need to be satisfied for 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 entity 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.

IMPAIRMENT

The entity 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 customers under construction 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.

NOTE 21: FINANCIAL RISK MANAGEMENT cont'd

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 entity used the simplified approaches to impairment, as applicable under AASB 9:

SIMPLIFIED APPROACH

The simplified approach does not require tracking of changes in credit risk in 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 result from transactions that are within the scope of AASB 15, 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 customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the entity 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.

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by IPA at the reporting date. As responses from government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on IPA, its operations, future results and financial position.

There are no other matters or circumstances which 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 23: 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 2020, the total amount that members of the IPA are liable to contribute if IPA is wound up is \$118,782 (2019: \$109,308).

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 28 to 51, 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 2020 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.



Cheryl Mallett FIPA FFA CTA SSA GAICD

Deputy President



Julie Williams FIPA FFA FCPA

Deputy President

Signed in Melbourne, this 4th day of September 2020.



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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, which comprises the consolidated and parent entity's statement of financial position as at 30 June 2020, 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 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 2020 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 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 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.



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**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.

McLean Delmo Bentleys Audit Pty Ltd

**Rod Hutton
Partner**

Hawthorn
4 September 2020



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