



Every member counts

Table of Contents

President's Message	1
Chief Executive Officer's Message	4
Internal Appointments	9
Key Business Objectives 2008-2012	11
NIA Strategic Blueprint 2008-2012	12
NIA Submissions 2007/08	13
Directors' Corporate Governance Statement	17
Directors' Report	19
Auditor's Independence Declaration	23
Financial Reports	24
Directors' Declaration	44
Independent Auditor's Report	45
Glossary	46

Formed 85 years ago, the National Institute of Accountants (NIA) is one of Australia's largest and oldest professional accounting bodies. We have a diverse membership base in a wide range of industries from graduate accountants to chief executive officers. Our members work in over 50 countries around the world.

We offer the complete professional development pathway from accounting student to the full Professional National Accountant (PNA) qualification. As a member of the International Federation of Accountants (IFAC), our qualifications have been assessed as equivalent to other IFAC professional bodies globally. The NIA Program, our professional pathway culminates in a masters degree (MComm). We are committed to developing the business leaders of tomorrow and to help shape the accounting future.

NIA Annual Report 2008

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the National Institute of Accountants (NIA) will be held at the NIA national office, level 6, 555 Lonsdale Street, Melbourne, Victoria, 3000 on 31st October 2008 commencing 5:30pm.

National Office

Level 6, 555 Lonsdale Street

Melbourne, Victoria 3000



*We're prepared for
the change ahead*

This is my second letter to you as President of the National Institute of Accountants and since writing last year the industry has seen significant change.

I am not only talking about the big changes such as the unstable global economy and the impact that this is having locally but changes closer to home such as superannuation laws, accounting standards and of course, a change in government.



We knew that change was on the way; and I am happy to head up an organisation that is well positioned to respond to these changes and our nimble-nature helps you as a member adapt and respond to this ongoing state of flux.

Internationally

The rapid pace of globalisation continues to provide opportunities for the Australian economy. We can, in particular, find opportunities in our neighbouring economies of the Asia-Pacific region that have strong underlying trends, despite recent volatility.

The NIA has taken these opportunities to explore and develop international partnerships. In April this year the NIA partnered with the China Enterprise Confederation – China Enterprise Directors Association (CEC-CEDA), to provide training for accountants in China. The CEC-CEDA is a non-government institution representing employers in China with over 436,000 members across 34 industrial sectors in 30 provinces and 260 cities. The NIA has set up an office in China during the last twelve months and this is an area where I would expect to see significant growth in the future.

Over the last twelve months the NIA has worked with the Securities and Investment Institute (SII) in the UK. Members can now be formally recognised in the United Kingdom, a great opportunity for accountants looking to travel and broaden their experience.

Although the increasing internationalisation of our industry brings opportunities, it brings with it challenges. The accounting profession will continue to face tax challenges in our globalised market. We recognise and will continue to help members address these challenges as we provide ongoing advice on international standards.

It would be remiss of me not to mention the volatility and continued uncertainty on the global capital markets. The sub-prime crisis that began in the US in August 2007 has spread into the equity markets and caused substantial disruption in the economy. The property market has seen some volatility over the last 12 months. Although not as badly shaken as the US, it is difficult to predict what the next year will bring and how our economy will respond to this.

▼ Sustainability and the environment will continue to be an evolving discipline for the financial industries and I look forward to the challenges and changes it will bring. ▼

Locally

There is no uncertainty however, that the environment is now firmly placed on the business agenda and water accounting, carbon reduction schemes and financial advice to drought stricken farmers are seeing accountants being drawn into the environmental fray. Sustainability and the environment will continue to be an evolving discipline for the financial industries and I look forward to the challenges and changes it will bring.

One of the big changes within the industry over the last twelve months has been the introduction of the new superannuation laws that came into play on 1 July 2007. Self managed super funds (SMSF) continue to grow in popularity due in part to the rising stock market and softening property markets in most states. As the population ages and is more concerned with securing their financial future superannuation will continue to be a critical element of the accounting profession. Even with the current and ongoing market volatility, the greater control by investors and greater flexibility has significantly increased the appeal of SMSF. As a result we have seen and will continue to see more financial planning groups and larger financial management businesses creating their own SMSF options.

The NIA continues to work to help its members with some of the key challenges of the industry. Some of these

challenges include; understanding the new financial reporting requirements, reducing red tape, addressing the ongoing shortage of accountants, recruiting and retaining staff and a lack of definition around the term 'accountant'. Many of these will continue to be challenges in the future.

The dynamic accounting industry is faced with an ongoing range of issues. Changes in corporate law, financial accounts and the audit environment have continued to change over the last 12 months and the NIA has sought to stay abreast of these issues on behalf of its members. I look forward to the coming year and the issues that we will continue to face as an industry and the NIA remaining a key player in this.



Greg Dennis, FPNA

President

29 August 2008



A bright horizon

We have a new look and a new location. The NIA has continued its transformation over the last 12 months. All of this change is just the beginning as our membership continues to grow we continue to find ways to meet the needs of our members.



The focus

New branding can now be seen across the full suite of our publications. Our positioning statement 'every member counts' emphasises the NIA's key focus: our members and creating opportunities for individuals. This has ensured the NIA continues to grow with over 20,000 members and students across 50 countries. We are now widely recognised in federal and state legislation and I believe that the NIA provides support for our members far in excess of our size.

The member needs and satisfaction survey conducted in 2007 has helped us to identify and concentrate on what you, as our members want. The survey confirmed that the NIA continues to head in the right direction and guides our ongoing activities.

In particular the survey identified that our flagship publications, *National Accountant* and *Technical Advantage* continue to be valuable tools for the members.

The NIA continues to canvas the concerns of our membership and raise these with the relevant authorities. Over the last twelve months the NIA has completed around 100 submissions on behalf of our members. This included a pre-budget submission to the Federal Government that proposed a number of changes in the areas of tax and superannuation. You can find some highlights of these submissions and a list of submissions that the NIA took the lead on in this annual report.

The Joint Accounting Bodies

As well as lodging submissions on behalf of members the NIA has committed to engaging with the other two accounting bodies for joint submissions to government, standard setters and regulators. The cooperation between the ICAA, CPA Australia and the NIA has been formed under the banner of the Joint Accounting Bodies. This provides a forum enabling issues faced by the profession to be discussed and coordinated, enabling the profession to speak with a unified voice. The NIA looks forward to continuing to support the good work of this body.

Working with recruiters

The NIA is working to ensure its members are recognised in the employment recruitment field and are listed alongside the ICAA and CPA Australia in job advertisements. This is an ongoing process and each week we contact employers and recruitment companies to educate them to ensure that the NIA is recognised as one of the peak industry bodies. This extends to ensuring that the programs and courses that members undertake are recognised.

Promoting the NIA

This is an area where I would ask all members for their help. Ensuring your NIA member status is prominent in your workplace and your post-nominal is included on your business cards and in your correspondence are simple things all NIA members can

and should do. Ensuring that you are recognised as an NIA member will assure greater recognition of the organisation as a whole.

Associations

The NIA is a full member of the International Federation of Accountants (IFAC) and jointly assists in funding the Accounting Professional and Ethical Standards Board (APESB) and the Financial Reporting Council (FRC).

The APESB has been established as an independent body to set a common code of ethics and professional standards which will be shared by the members of the three Australian professional accounting bodies. Our increased recognition has come as a direct result of the high standards we expect of ourselves and our members. Those high standards are reflected in our qualification requirements for entry into the NIA and the requirements to maintain membership, for example compulsory continuing professional education and adherence to professional standards.

The NIA continues to work closely at all levels with other peak bodies including: the Financial Reporting Council (FRC); the Australian Taxation Office (ATO); Australian Securities and Investments Commission (ASIC); Australian Prudential Regulation Authority (APRA); National Tax Liaison Group; Superannuation Consultative Committee; Australian Accounting Standards Board Consultative Group; Council of Small Business Organisations of Australia (COSBOA) and many others.

Funding research

As well as working directly for our members the NIA have been undertaking projects to assist the profession as a whole. During the reporting period the NIA awarded more than \$30,000 in grants to university research teams to carry out significant research projects on issues affecting the accounting profession in Australia.

The NIA Competitive Research Grants 2008 consisted of one grant of \$16,000 and two grants of \$8000 for projects to be undertaken by academic accounting researchers during 2008.

While the NIA's primary aim is to promote high quality research by Australian accounting academics, we are mindful of the need to develop the next generation of accounting researchers.

The larger grant was awarded to researchers from Bond and Griffith Universities for a study seeking to determine if particular types of non-audit services are associated with poorer quality financial reports, and if there is any variation in such effects based on the reporting firm's size.

A study into students' opinions and attitudes to ethics in the accounting profession also received funding. This research will identify students' opinions and attitudes toward ethics in the accounting profession prior to and at the end of the trimester long subject Business and Professional Ethics at the University of New England.

The third group to receive funding looked at the impact on local government as International Financial Reporting Standards (IFRS) is implemented in Australia. Australia is leading the world as the first to introduce IFRS into local government financial reporting. The study will determine the cost of compliance for local government and if compliance with accounting standards and various legislative requirements is dominating management decisions to the detriment of time spent managing council assets.

This research is paramount to maintaining an industry that is proactive and committed to best practice. The results are expected out within the next financial year and I have no doubt will be of great value to the industry.

■ Our increased recognition has come as a direct result of the high standards we expect of ourselves and our members. ■

Event highlights

One of the event highlights from the last twelve months has been the Federal Budget Breakfast. This was hosted by the NIA in conjunction with the Canberra Business Council, CPA Australia and the ICAA. It was again a success with more than 600 guests filling the Great Hall of Parliament House to hear guest speaker The Hon. Lindsay Tanner, Minister for Finance and Deregulation and the Shadow Minister for Finance, Competition Policy and Deregulation Peter Dutton MP.

The breakfast event, which sold out two weeks prior to the event, makes a significant contribution to ensuring the NIA's profile remains high among business leaders, the general public and within Federal Parliament.

Another significant event for the NIA was the Public Practice Symposium held in Western Australia.

The symposium heard some of Australia's leading figures in tax and accounting regulation including Commissioner of Taxation Michael D'Ascenzo, Senior Assistant Commissioner – GST,

Ultimately, the long-term recognition of the NIA designation hinges on the qualifications of our members, so this substantial growth in program enrolments is a great step towards increasing our members' collective recognition.

Brian Fitzgerald and Assistant Deputy Commissioner Ian Read. They were joined by the Acting Assistant Director of ASIC Juliet Low and Inspector-General of Taxation David Vos. They were joined by a host of other professional luminaries making it a great event and a fillip for the NIA's profile in the west.

During 2008 the NIA partnered with KPMG to host a visit by Bob Garnett, chairman of the International Financial Reporting Interpretations Committee (IFRIC). Bob Garnett presented in both Sydney and Melbourne and was a stimulating speaker. In the future the NIA will continue to provide members with opportunities to hear from international leaders in accounting.

In 2006 the NIA led an initiative hosting a government accounting roundtable, successfully bringing together government, academia, standard-setting and accounting practices for a critical discussion on the state of government accounting. During 2007 the NIA built on this by holding a Government Accounting Master Class that attracted participants from all over Australia to hear a high quality panel of speakers. This will continue in 2008 with a range of events being developed to

assist and train public sector accountants. Four master classes in the critical area of public sector financial reporting will be held in October of this year.

Industry challenges

The introduction of the GST, the recent introduction of International Financial Reporting Standards and the biggest number of small businesses in Australia ever have increased the demand for accountants. Matched with this is the ongoing challenge of how to make the profession attractive and challenging for university graduates initially and then how to encourage people to remain within the profession.

The NIA has been actively pursuing solutions to these problems. In our pre-budget submission to the Federal Government we proposed changes included establishing a voucher scheme for women in the accounting profession. This would provide those who had left the profession to raise children with \$2,500 to undertake professional re-skilling prior to re-entering the accounting profession. The submission

suggested that government could consider additional HECS positions for accounting with appropriate adjustments to its contribution banding.

Member services

The NIA has taken the opportunity over the last 12 months to revise the NIA Public Practice Manual on CD-Rom. This tool was provided free to members holding an NIA Public Practice Certificate. The new edition was fully revised and updated with a new, more user-friendly navigation structure allowing easy access to key information and quick downloading of checklists and templates.

The manual has been created as a resource tool for NIA public practitioners with information on all aspects of practice management for new public practitioners as well as a refresher course and useful reference tool for more experienced practitioners. It contains more than 50 downloadable sample letters, documents, checklists and templates for members to tailor and use in their own practice.

We are pleased to announce that the number of members enrolling in the first semester of the NIA Program in 2008 eclipsed the number of enrolments for all of 2007 and we expect this figure to continue to grow into the future. This year saw the renaming of our postgraduate education program to The NIA Program. The NIA Program provides a pathway for all members to achieve PNA status. It balances formal postgraduate education with mentored work experience to ensure members have the formal qualifications and the experience to get ahead in their career. Ultimately, the long-term recognition of the NIA designation hinges on the qualifications of our members, so this substantial growth in program enrolments is a great step towards increasing our members' collective recognition.

In-house

As the membership of the NIA continues to increase our staff numbers have grown with a team of 30 now at the national office. With the impending expiration of our lease and constrained by the size of our offices at Flinders Lane we have now moved into offices at level 6, 555 Lonsdale Street. The new offices are 50 per cent larger than the previous space and have great training and meeting spaces.

Last year the NIA trialed the electronic release of the 06/07 annual report to great success. Hard copies of the report were available to members upon request. This distribution worked well both environmentally and economically and this will continue with this document again this year.

Coming into my eighth year as Chief Executive Officer at the NIA, I commend both our members and the staff for the organisation's ongoing growth and evolution. Working within the ever-changing accounting industry the NIA's flexibility and responsive nature bodes well for the future and I look forward to it being bright.



Roger Cotton
Chief Executive Officer
29 August 2008



*Welcome additions
to the team*

Members will have seen a number of changes at the management level for our divisions during the last 12 months, below are details of these appointments.

Anna Reidy

Manager - Australian Capital Territory

Anna joins us following several years working in a number of capacities at the National Gallery of Australia in Canberra. With her Masters of Business (Marketing), her experience in sponsorship and development and her skills in networking and stakeholder relations in the nation's capital we are sure she will be an asset to the organisation and will provide many benefits for the ACT members.

Barbara Selmer Borchard

Regional Manager - Queensland

Barbara has spent the last four years as the marketing manager for a software-based business solutions company. With a Bachelor of Business (QUT) and a Diploma of Public Relations, Publicity and Promotions, Barbara has experience with developing and implementing marketing plans, direct mail campaigns, e-marketing and events and relationship management. Barbara has an outstanding professional career behind her and, with her skills and experience, we are sure will see the Queensland division continue to enjoy the success it had under Karen Fitzgibbons.

Darren Roxburgh

State Manager - Western Australia

Darren joins us after a number of years as the manager business growth and development for CPA Australia in Western Australia. Darren has a Bachelor of Commerce Degree (Marketing & Management) with considerable experience in strategic planning, sales & membership recruitment, account management, marketing and product development. His experience will be a great asset to the NIA.

Julie Pollard

State Manager - South Australia / Northern Territory

Julie has only recently moved back to Adelaide from Melbourne. She has extensive experience in the not-for-profit sector having held acting chief executive officer and general manager marketing & communications roles in high profile organisations Volunteering Australia and the Make-A-Wish Foundation respectively. Julie has extensive experience in marketing and communications and within the member services sector.

Suzanne Fribbins

Regional Manager - New South Wales

Suzanne has performed wonderfully on behalf of the NIA and our members as the regional manager in Western Australia over the past two years; she now brings her fervour and tenacity to New South Wales where her success will continue.

NIA MISSION

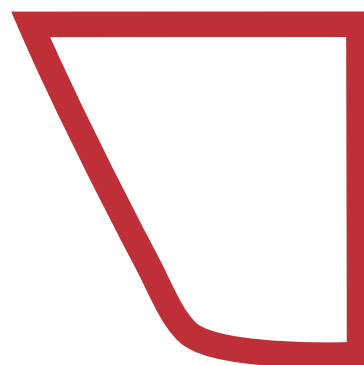
Providing professional recognition and support to drive business success

NIA BUSINESS OBJECTIVE

Increasing the value of the NIA designation for existing and new members

NIA POSITIONING STATEMENT

Every member counts



Every member counts

ABOUT US

Formed 85 years ago, the National Institute of Accountants (NIA) is one of Australia's largest and oldest professional accounting bodies. We have a diverse membership base of more than 20,000 in a wide range of industries from graduate accountants to chief executive officers. Our members work in over 50 countries around the world. We offer the complete professional development pathway from accounting student to the full Professional National Accountant (PNA) qualification.

As a member of the International Federation of Accountants (IFAC), our qualifications have been assessed as equivalent to other IFAC professional bodies globally. The NIA Program, our professional pathway, is delivered through a unique partnership with the University of New England culminating in a Masters degree (MComm). We are committed to developing the business leaders of tomorrow and to help shape the future of accounting in Australia and around the world.

We have a network of offices around Australia, and a permanent office in Beijing, Kuala Lumpur, a branch council in Hong Kong and a range of satellite member service centres throughout China.

OUR VISION: NIA in 2015

The NIA is committed to being an innovative and flexible, professional accounting body focussed on providing global educational pathways for accounting and finance professionals.

Our members hold an internationally recognised professional qualification that is highly regarded by business and the community.

Our membership will continue to grow because we provide exceptional service exceeding members' expectations.

We provide our members with leading edge technical tools, information and advocacy.

Through our extensive network of stakeholders, we will continue our endeavours to influence the international direction of accounting and financial services through standard setting and the portability of qualifications.

Our members are proud of their association with the NIA; the professional accounting body of choice where every member counts.

OUR KEY ALLIANCES

The National Institute of Accountants is an advocate of the profession and is committed to strong representation. Some of the bodies we are members of and work with include:

- International Federation of Accountants (IFAC)
- International Accounting Standards Board (IASB)
- Australian Accounting Standards Board (AASB)
- Financial Reporting Council (FRC)
- Joint Accounting Bodies Committee
- Australian Professional and Ethical Standards Board (APESB)
- ASX Corporate Governance Council Regulatory Discussion Group

Key Business Objective 2008-2012: Increasing the value of the NIA designation for existing and new members

KEY STRATEGY STATEMENT	KEY OPERATING ACTIVITIES	KEY PERFORMANCE INDICATORS
1. INCREASE ENROLMENTS IN THE NIA PROGRAM		
We will increase the value of the NIA designation by increasing enrolments in the NIA Program. Increasing enrolments in the NIA Program will increase the recognition and professional standing of NIA members as professionally qualified accountants.	<ul style="list-style-type: none"> • Increase awareness of the NIA Program with members • Increase awareness of the NIA Program with prospective members and employers • Continued NIA Program promotion plan • Review Mentored Experienced Program (MEP) 	<ul style="list-style-type: none"> • Increase in the number of members enrolling and graduating from the NIA Program • Growth in number of members enrolled in the MEP
2. RETAIN & INCREASE MEMBERSHIP		
We will increase the value of the NIA designation by increasing our global membership through the retention of our existing members and attraction of new members. Increasing our membership will ensure the NIA continues to be a relevant professional association and a realistic alternative to other bodies, both domestically and internationally.	<ul style="list-style-type: none"> • Increase current member satisfaction by ensuring 'Every Member Counts' • Structure all services around the key benefits sought by members in each segment of the membership • Encourage members to be active and proud of the NIA • Provide regular "member updates" • Review and improve all NIA news & publications • Revitalise the NIA Mentored Experience Program • Expand technical toolkits and resources for members • Expand focus in TAFE & University sector 	<ul style="list-style-type: none"> • Increase membership retention • Increase membership growth • Increase in international members • Growth in student membership
3. INCREASE BRAND AWARENESS		
We will increase the value of the NIA designation by increasing NIA brand awareness. Enhancing the profile of the NIA with government, community, employers, business, academia and the media will result in greater general awareness of the NIA and increase the value of NIA membership.	<ul style="list-style-type: none"> • Promote NIA Program as career pathway to employers • Implement the 08/09 media and communications plan • Increase awareness of accountancy careers and the NIA membership designations 	<ul style="list-style-type: none"> • Increase in awareness of the NIA brand with key stakeholders such as government, community, employers, academics and the public • Increase in national/international media mentions
4. LEVERAGE & DEVELOP TECHNICAL EXPERTISE		
We will increase the value of the NIA designation by leveraging and developing NIA technical expertise. Harnessing technical expertise will improve the quality of services to members and add value to NIA membership. Becoming a thought leader in areas such as SMEs will provide the NIA with a clear public policy platform. Developing our range of innovative, cutting-edge tools, including electronic resources will provide members with access to first class information.	<ul style="list-style-type: none"> • Implement the NIA Faculties • Continually expand our range of technical 'toolkits' and web resources • Invite and review applications for university competitive research grants • Review and improve all NIA news & publications • Road-show of NIA technical/policy staff 	<ul style="list-style-type: none"> • Implement NIA Faculties • Expand our suite of tool kits and resources throughout 08/09 • Allocate university research grants • Continue to improve response times to member technical queries • Host industry round table forums
5. DIVERSIFYING OUR REVENUE STREAMS		
Broadening our revenue base will ensure NIA membership subscription rates remain competitive and will allow us to invest in the future. The NIA will develop an innovative and diverse range of products and services for members and non-members. Critical to this is the development and promotion of NIA intellectual property.	<ul style="list-style-type: none"> • Expand our range of toolkits & resources • Develop an NIA online store / online professional development • Innovative Business Development 	<ul style="list-style-type: none"> • Increase non subscription revenue ratio • Expand range of toolkits, resources and online store through website redevelopment
6. OPTIMISE OPERATIONAL EFFECTIVENESS		
Optimising the effectiveness of our resources - human, physical, information, systems and processes etc. will drive member service support and ensure the appropriate use of member funds.	<ul style="list-style-type: none"> • Develop an Operational Effectiveness Strategy to incorporate plans for HR, physical resources, systems and processes, QA System, legal compliance Etc. 	<ul style="list-style-type: none"> • Consolidate all business unit plans into an operational effectiveness plan



*Advocacy and lobbying to
ensure our members stand
out in the profession*

Throughout this last year the NIA's technical and advocacy team has produced nearly a hundred submissions to government and other key stakeholders on behalf of our members, the profession and the public interest. Some of the key submissions and activities are highlighted below:

Pre-budget submission 2008-09 – the NIA submitted numerous proposals for reform relating to various tax matters, superannuation, retirement incomes policy and addressing the skills shortage in the accounting profession.

Self managed superannuation fund (SMSF) audit competency standard – the NIA has been working with the Institute of Chartered Accountants in Australia and CPA Australia to create change for the accounting profession. One key development is the new SMSF Audit Competency Standard. One objective of the new standard is to develop a more rigorous approach to the training of members who provide SMSF audit services in recognition of the greater importance placed on retirement incomes policy by government and the public. This will ensure our members are able to meet the challenges of this rapidly evolving market segment

Tax Agent Services legislation – the three professional accounting bodies made a joint submission to Treasury on the proposed Tax Agent Services Bill. The NIA undertook extensive member consultation for the purposes of the submission and subsequent representations to Treasury and Government. The Tax Agent Services legislation will have a significant impact on the regulation of tax and BAS agents. It has been 13 years in the making but is scheduled to be introduced into Parliament by the end of 2008. It will mean the establishment of a national Tax Practitioners Board to replace the six state based boards; BAS agents will have to be registered; a code of professional conduct will be introduced; there will be safe harbour provisions to protect taxpayers; and many more changes. The NIA has been advocating for the introduction of the tax agent services regime for some time and welcomes its introduction.

Financial Services Reform (FSR) legislation – the three professional accounting bodies engaged a market research organisation to survey members in relation to their attitudes to the FSR legislation and how they have been coping with the

changes since they were implemented. The results will inform the NIA's representations to government with respect to addressing issues emerging from the operation of the legislation.

Anti-money laundering – the NIA lodged a joint submission with CPA Australia on the proposed second tranche of the anti-money laundering legislation which recommended that amendments be made to remove reporting requirements for accountants and other business advisers on matters that have either no or negligible impact on money laundering. The NIA has also proposed new definitions to ensure appropriate levels of reporting under the legislation.

Submission to the Senate Community Affairs Committee Inquiry into the cost of living pressures on older Australians – the submission addressed issues concerning the adequacy of superannuation, tax concessions and pensions for older Australians to meet these costs.

Australian Professional and Ethical Standards Board standard on trust accounts – preliminary work has commenced in conjunction with CPA Australia and the Institute of Chartered Accountants in Australia in formulating an ethical standard on trust accounts. All three professional accounting bodies have their own specifications for their members and as such, a formal Australian Professional and Ethical Standards Board (APESB) standard which is binding on members of all three accounting bodies would be more practical and efficient. This standard is likely to be introduced in 2009.

Chartered Secretaries Australia: re-thinking the AGM - Chartered Secretaries Australia published a discussion paper entitled *Re-thinking the AGM*. The NIA submitted a detailed reply to this discussion paper. The NIA's submission included detailed opinions on proxies, resolutions and the statutory requirement for the AGM itself.

- AASB: Comments on Consolidated Financial Reporting by Super Entities
- AASB: ITC 14: Definitions of Not for Profit
- AASB: Petroleum Resources Rent Tax
- AGD Review of Law on Personal Property Securities Discussion Paper 2
- Anti-Money Laundering/Counter Terrorism Financing Act
- AOTCA: Article on International Trends in the Regulation of Tax Agents
- APES: 110 Code of Ethics
- APES: 215 Compilation of Financial Information
- APES: 305 Terms of Engagement
- APES: 310 Members Trust Accounts
- APES: 325 & APES GM 3 Forensic Accounting Project Proposal
- APES: ED for Taxation Services
- APES: Statement F2: Prospectus and Profits Forecasts – First Draft
- APESB: Business Valuation
- APESB: Commentary on APES Framework
- APESB: ED 02/07 Contingent Fee Arrangements for Assurance Clients
- APESB: ED 05/07 APES 205 Conformity with Accounting Standards
- APESB: ED 10/07 Taxation Services
- ASIC: Audit Competency Standards for RCA
- ATO: Draft Tax Determination TD 2007/D6: Income Tax (Partnership)
- ATO: Draft Tax Determination TD 2007/D7: (Bees and Honey Production)
- ATO: Draft Tax Ruling TR 2007/D2: Registered Agricultural MIS
- ATO: Misappropriation by Tax Agents
- ATO: Outsourcing
- ATO: Receivables Policy – Finalised Open for Comment
- ATO: Response to Draft GST Determinations
- ATO: Response to International Trends in the Regulation of Tax Agents
- ATO: Tax Design Review Panel
- ATO: Tax Determination 2008/D1 – Use of Limited Partnerships
- AUASB: ASRE 2400
- AUASB: Proposed Amendments to ASA 700 – Auditors Report on a GPFR
- AUASB: Proposed ASAE 3000 Assurance Engagements Other Than Audits
- AUASB: Re-issuance of AUS 108 – Framework of Assurance Engagements
- Australia 20/20 Summit: Tax and Climate Change; Skills Shortage in the Accounting Profession; and Achieve and Sustain Economic Growth
- Australian Law Reform Commission: Client Legal Privilege and Federal Investigatory Bodies
- Board of Tax: Review of Off-Market Share Buybacks
- CAMAC Sons of Gwalia: Inquiry (no discussion paper)
- CAMAC: Issues in External Administration
- DFAT: China Commercial Association Model (CCAM) IN China FTA, Japan/Australia Free Trade Agreements; and Merits of FTA with India
- Federal Parliament: HoR SC E,F,PA – Current State of Export Industries
- IAASB – ISA 200 International Auditing Standard – Independent Auditor
- IAASB – ISA 220 International Auditing Standard – Quality Control
- IAASB – ISA 250 International Auditing Standard – Laws and Regulations in Audit
- IAASB – ISA 500 International Auditing Standard – Audit Evidence
- IAASB – ISA 510 Initial Audit Engagements–Opening Balances
- IAASB – ISA 530 Audit Sampling
- IAASB – ISA 550 International Auditing Standard – Related Parties
- IAASB – ISA 570 International Auditing Standards – Going Concern
- IAASB – ISA 700 International Auditing Standard – Independent Auditor’s Report on GPFS
- IAASB – ISA 705 Modifications to the Opinion in the Independent Auditor’s Report
- IAASB – ISA 706 Emphasis of Matter Paragraphs in the Independent Auditor’s Report
- IAASB – ISA 800 Special Considerations – Audits of SPFS
- IAASB – ISA 805 Engagements to Report on Summary Financial Statements
- IASB – Enlarging IFRIC
- IASB: ED for Amendments to IAS 24 Related Party Disclosure
- IASB: ED for IFRS for SMEs – Consultation Plan
- IFAC: Members and Associates Statistics Update
- IFRIC: Draft Interpretation: D21 Real Estate Sales
- JAB: Financial Planning – Professional Bodies’ Survey on FSR
- JAB: Review of Auditor Independence Handbook
- Malaysian Government (MITI): Trade Developments
- MINCO: Model Clauses for Financial Reporting & Audit – State & Territory Legislation
- OECD: Article 7 Draft OECD Model Tax Convention

- OECD: Tax Intermediaries Project – Early Stages Seeking Feedback
- PC: Annual Review of Regulatory Burdens on Business – Primary Sector
- Professional Standards Council (PSC)
- Senate Committee on Economics – Inquiry into Taxation and Financial Sector Bills
- Senate Community Affairs Committee – Cost of Living Pressures on Elderly Inquiry
- Standards Australia – Personal Financial Planning
- Tax Agent Board Qualifications Project on Course of Study in Australian Income Tax Law
- Treasury (Cth): Financial Services Compensation Arrangements – Impact on PII
- Treasury (Cth): First Home Saver Accounts
- Treasury (Cth): GST Representatives of Incapacitated Entities
- Treasury (Cth): Insider Trading – Position and Consultation Paper
- Treasury (Cth): National Review of Tax Profession (Tax Agent Services Bill)
- Treasury (Cth): Pre-Budget Submission 2008-09
- Treasury (Cth): Property Trusts and Potential Change to Division 6C of the Income Tax Assessments Act 1936
- Treasury (Cth): Review of CALDB Practices and Procedures
- Treasury (Cth): Review of Discretions in the Income Tax Law
- Treasury (Cth): Review of Div 6C and Managed Funds
- Treasury (Cth): Review of Sanction in Corporate Law
- Treasury (Cth): Review of the Operation of Infringement Notice Provisions of CA
- Treasury (Cth): Simpler Regulatory System Bill
- Treasury (Cth): The Review of Discretions in the Income Tax Laws
- Treasury (Cth): The Review of Unlimited Amendment Periods in the Income Tax Laws
- Treasury (Cth): Unlimited Amendment Periods in the Tax Laws
- Treasury (WA): Rewrite of WA Stamp Duty Act
- Treasury (WA): WA State Budget Review
- Victorian Law Reform Committee – Property Investment

Corporate Governance is the system by which the NIA and subsidiary companies are directed and managed by the Board of Directors and key executives. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed and how performance is measured and optimised.

The NIA has been directly involved with the development of corporate governance issues by having a seat at the table of the Corporate Governance Committee facilitated by the ASX.

There are eight essential corporate governance principles the ASX recommends for Australian enterprises. These recommendations have been articulated to apply to listed companies and other disclosing entities. Although the NIA is not a listed company, there are seven principles which have application to the organisation and its operations. The remaining ASX principle, Principle 5: Make timely and balanced disclosure, is more relevant to listed companies with obligations to comply with ASX Listing Rules and continuous disclosure.

The NIA is constantly reviewing the corporate governance framework to determine where there may be benefits in a change of approach, having regard to our particular circumstances and those of other stakeholders.

Lay solid foundations for management and oversight

The functions reserved for the Board are detailed in Chapter 5 of the NIA Constitution- "Powers and Duties of the Board of Directors". The Board has also delegated certain authorities to the Chief Executive Officer and his managers in the "NIA Board of Directors Policy Manual".

The Board reviews the performance of the CEO in the annual performance appraisal. In turn, the performance of the senior executives is reviewed annually by the CEO. The appraisal

includes the assessment of the achievements towards specific strategic and operational objectives.

Structure the board to add value

The NIA board is made up of ten independent directors nominated directly from various state divisional councils which are in turn elected directly from the membership. There are two further independent directors appointed directly by the Board.

It is indicated at the beginning of each Board of Directors agenda under "Responsibility of Directors" that a director is personally responsible to the NIA in terms of the Corporations Act and must vote on all matters according to their beliefs.

Promote ethical and responsible decision making

The beginning of each Board of Directors agenda reminds Directors of clause 84 of the NIA Constitution relating to conflict of interest. All NIA employees are bound by contracts of employment outlining their duties including honesty, diligence and care, not to utilise their position for personal gain and the duty of confidentiality.

The NIA has a number of ethical standards and pronouncements that have been promulgated either directly by the Board of Directors or by reference of the Boards powers, to the APESB. As all directors are members of the NIA these ethical standards apply as a code of conduct to their behaviour and actions as directors.

Safeguard integrity in financial reporting

The Board of Directors has established an audit committee comprising two independent directors including a chairperson who is not an office bearer. The terms of reference of the committee is outlined in the Board of Directors Policy manual. The audit committee provides oversight on the quality and reliability of financial and membership information, and reviews the financial statements of the NIA for compliance with statutory obligations, financial governance procedures and policies of the NIA.

Recognise and manage risk

The establishment of a number of key Board committees, each chaired by an independent director, ensures the internal compliance and control system is effective in all material aspects. These committees include the Audit Committee, the Resources Committee and the Membership Committee. The Board also requires the CEO and Financial Controller to state to the Board in writing the annual financial reports present a true and fair view of the financial position and that view is founded on system of sound risk management and internal controls.

Remunerate fairly and responsibly

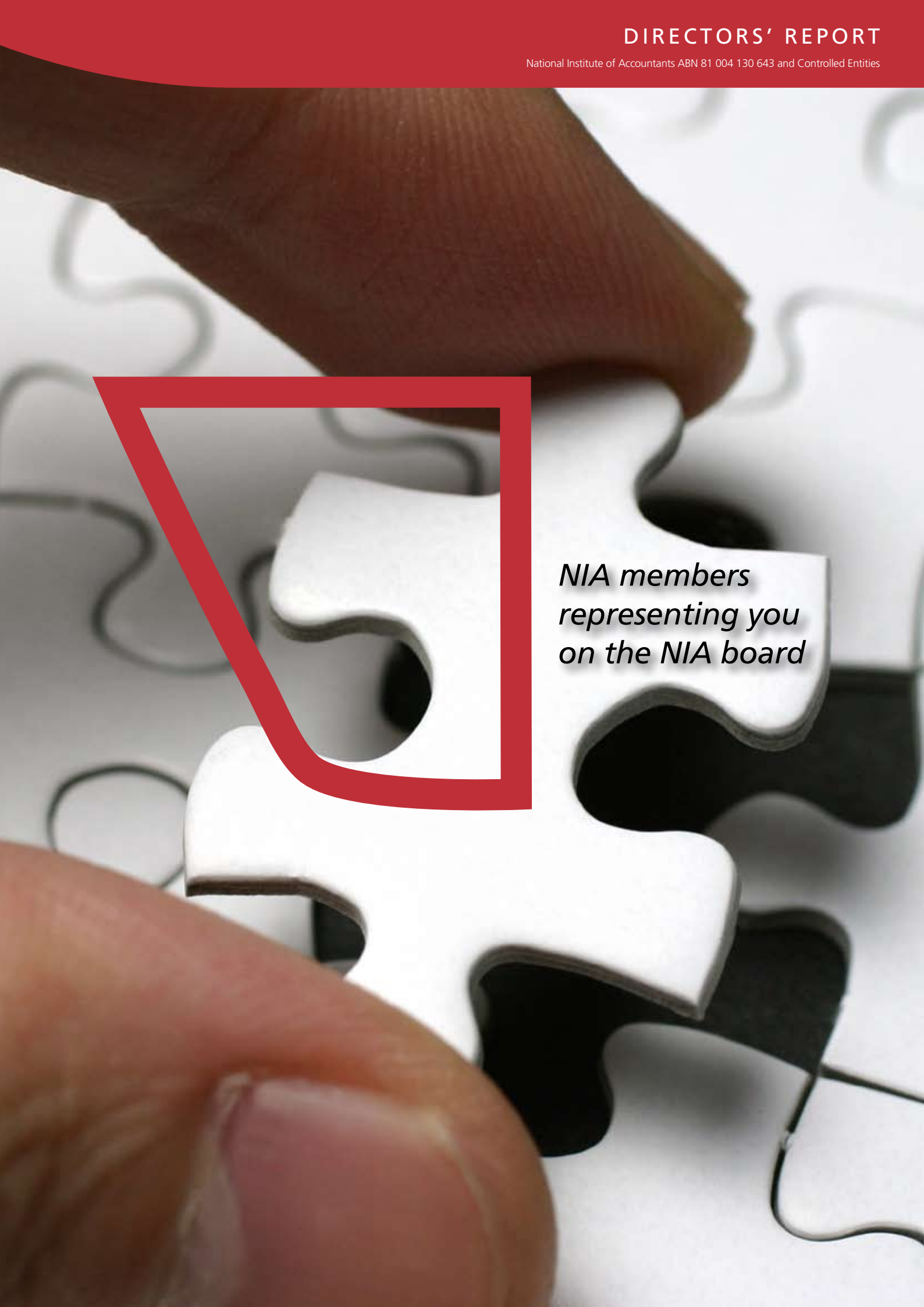
As a result of the staff performance review, the executive remuneration may be reviewed and takes into account the overall performance, prevailing market forces and the financial position of NIA. The remuneration of key personnel is disclosed in the annual financial report.

Directors are not paid fees. A director's employer may be reimbursed up to a maximum of \$1500 per Board meeting attended by their employee. These payments to employers are disclosed in the annual financial accounts.

Respect the rights of members

The NIA encourages wide participation of the members through effective communication structures. The bi monthly NIA magazine, National Accountant, includes regular updates from the President and CEO, state divisional councils meet regularly with key managers and member discussion groups are widely attended.

General meetings of members are held in the capital cities on a rotating basis to ensure members have an opportunity to meet with and ask questions of the Board.

A close-up photograph of a hand placing a white puzzle piece into a larger assembly of white puzzle pieces. A thick red border highlights the specific puzzle piece being placed. The background is a blurred pattern of white puzzle pieces.

*NIA members
representing you
on the NIA board*

Your directors present their report on the National Institute of Accountants (NIA) and its controlled entities for the financial year ended 30 June 2008.

Board of Directors

The names of the directors in office at any time during or since the end of the year are:

			Board meetings attended/eligible	Committee meetings attended/eligible
Greg Dennis	FPNA	President	4/4	-
Christine Leetham	PNA	Deputy President	4/4	2/2
Kevin Dawes	FPNA	Vice President	4/4	5/5
David Hickman	FPNA	Treasurer	4/4	7/7
Russell Hillard	PNA		4/4	4/4
Alex Wilson OAM	FPNA		4/4	6/7
Greg Parr	FPNA		4/4	2/4
Glenn Mann	FPNA		4/4	3/4
Graham Holland	FPNA	Appointed 01/10/07	3/3	3/3
Rene Mora	FPNA	Appointed 01/10/07	3/3	2/2
Marc Ting	FPNA	Appointed 01/11/07	3/3	2/2
Nordin Zain	FPNA	Appointed 13/05/08	1/1	-
John Waugh	PNA	Ceased 01/09/07	1/1	1/1
Klaus Zimmermann	FPNA	Ceased 01/09/07	1/1	-
Ralph Green	PNA	Ceased 30/09/07	1/1	2/2

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mr Roger Cotton held the position of company secretary at the end of the financial year and has worked for the National Institute of Accountants for the past seven years in the role of CEO. Mr Cotton was appointed company secretary on 19 November 2001.

INFORMATION ON DIRECTORS

Greg Dennis FPNA**President**

Occupation: Managing Director, Denthar Accountants
Division: Australian Capital Territory

Elected NIA President in 2006 Greg was first elected to the Board of Directors in 2003 after having served as alternate director for the period 2001–2003. Greg has previously served as member and chair of the National Audit Committee during 2004–2005 and is currently serving as a director on the Board of Accounting Education Australia. Greg has previously served as the ACT Council vice-president 2001–2002 and has been a part of the ACT Council since 2000.

Kevin Brian Dawes FPNA**Vice President**

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

First elected to the Board of Directors in 2003 Kevin is a NSW councillor and a past divisional vice-president. Kevin has served on the National Membership Committee and has chaired the National Audit Committee. Kevin currently is a member of the National Resources Committee.

Christine Julianne Leatham PNA**Deputy President**

Occupation: Senior Head Teacher, St George College of TAFE
Division: New South Wales

First elected to the Board of Directors in October 2002, Christine has been chairman of the National Audit Committee 2003 to 2005 and was chairman of National Resources Committee and treasurer from 2005 to 2007. She has been a NSW divisional councillor since 1998 and has served as NSW President three times. Christine has also served on the NSW Divisional Recognition Action Committee.

David Lloyd Hickman FPNA

Occupation: Management Accountant, Commercial Equity Group Pty Ltd
Division: Tasmania

David was elected to the Board of Directors in March 2000, serving on the National Audit Committee until 2003. During 2004, he moved to assist the National Resources Committee. David was chairman of audit 2002–2003 and chairman of Accounting Education Australia Pty Ltd 2002–2005. He has been a divisional councillor since 1993. He was elected deputy president in 1997, before being elected divisional president from 1998 to 2000. David served as national president from 2004 to 2006. Currently, David holds the position of treasurer and is the chair of the Legislation and Standards Committee.

Russell Hillard PNA

Occupation: Public Accountant, R & J Financial Services & Wise Group (Aust) Pty Ltd
Division: Queensland

First elected to the Board of Directors in February 2007, member of the Membership Policy Committee. A divisional councillor since 2004 and divisional deputy president since 2007, and was also elected divisional president for 2006–2007.

Graham Holland FPNA

Occupation: Public Accountant
Division: South Australia

First elected to the Board of Directors in November 2007. Currently a divisional councillor since February 2004. Currently divisional president since August 2006. Currently chairman of the National Membership Policy Committee. An NIA representative on the South Australian Joint Legislative Review Committee consisting of members from the three professional accounting bodies.

Glenn Cameron Mann FPNA

Occupation: General Manager, Australian Steel Supplies Pty Ltd
Division: Western Australia

First elected to the Board of Directors in April 1999 and has held the position of chairman of the National Audit Committee from 1999–2003 and 2006–2008. Glenn has served on the National Resources Committee as treasurer in 2003–2004, and National Membership Committee from 2004–2006 and held the position of deputy president in 2004–2006. Since 2001 Glenn has represented the NIA on the Board of the Association of Accounting Technicians (AAT) (Aust) and currently holds the position of president.

Rene Mora FPNA

Occupation: Accountant and Principal, Mora & Co Pty Ltd
Division: Victoria

First elected to the Board of Directors in 2007, presently on the National Resources Committee. Rene has been elected as Victorian Divisional Council President for two consecutive years (2005 & 2006) and has been a Victorian councillor since 2004. Member of the NIA since 1986. Registered tax agent since 1986 and has been in public practice for 22 years. Rene is a member of National Resources Committee

Greg Parr FPNA

Occupation: Group General Manager and General Counsel, Hood Sweeney Group

NIA director (1998-2003 and 2005-2008), national vice president (2001 and 2002). Greg has been a member of the Corporate Governance Committee (1999-2001), a member of the National Legislation and Standards Committee since 1997 and its chairman (1999-2003).

Marc Ting FPNA

Occupation: Associate Director, Macquarie Group Ltd
Division: New South Wales

First elected to the Board of Directors in October 2007 and is currently serving on the audit committee. Marc has been a member of the NSW divisional council since August 2005.

Nordin Zain FPNA

Occupation: Executive Officer, Malaysian Accounting Standards Board

First elected to the Board of Directors in May 2008, Nordin is currently the head of the Malaysian Accounting Standards Board and one of the founding board members in 1997. He is a member of the Malaysian Institute of Accountants (MIA), a member of the Malaysian Corporate Law Reforms Committee, a member of the Asia Pacific Financial Reporting Advisory Group (APFRAG) in Australia and a member of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain.

Alex Wilson OAM, FPNA

Occupation: Director, Yarrafin Nominees Pty Ltd.
Division: Victoria

For more than three decades Alex has chaired and served on numerous NIA national and Victorian divisional committees including national treasurer (1980 -1984) and again in (1994), a member of the National Legislation and Standards Committee since 2003 and its chairman (2003 -2006), in 2007 he was also appointed to the National Membership Committee. Alex is the current Victorian divisional council representative on the ASIC Accounting and Audit Liaison Committee. In February 2006 Alex was appointed by the Parliamentary Secretary to the Treasurer to the Insolvency Law Advisory Group.

Indemnity

During the financial period, NIA paid premiums of \$25,000 to insure directors and officers against liabilities for costs and expenses incurred by them in any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the NIA, other than conduct involving a wilful breach of duty in relation to the NIA.

Principal Activities

The principal activities of the NIA during the financial period remained unchanged and were to operate as a professional association of accountants providing members and students with services to meet their professional needs.

Operating Results

The result for the financial year for the consolidated group was a profit of \$35,325 (2007: \$177,010), and for the parent entity, a profit of \$40,720 (2007: \$173,415).

After Balance Date Events

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

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 23.

Likely Developments and Results

The 2008/2009 projected operating result is a surplus of \$50,000. This projected result is due to the continuation of a number of significant expenditures for strategic board initiatives aimed at increasing brand awareness in key markets and increasing the professional standing of the members in the employment sector.

The board of directors are of the opinion that future planned activities are expected to further enhance the key service goals as set out in the NIA 2008-2012 Strategic Plan.

Signed in accordance with a resolution of the board of directors.



Greg Dennis, FPNA
Director



David Hickman, FPNA
Director

Signed in Melbourne, this 25th day of September 2008.

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF NATIONAL INSTITUTE OF ACCOUNTANTS AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 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.

MDHC Audit Assurance Pty. Ltd.

MDHC Audit Assurance Pty Ltd



Ian Duff
Director

Signed this 25th day of September 2008.

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Parent	
		2008 \$	2007 \$	2008 \$	2007 \$
Revenue					
Revenue	2	11,408,702	11,153,559	11,323,767	10,832,740
Other Income	2	405,141	-	405,141	-
Total revenue		11,813,843	11,153,559	11,728,908	10,832,740
Expenses					
Marketing and publications expenses		(1,514,747)	(1,369,044)	(1,514,747)	(1,369,044)
Corporate services expenses		(2,331,736)	(2,050,632)	(2,331,736)	(2,050,632)
Corporate governance expenses		(808,673)	(859,095)	(808,673)	(859,095)
Members services expenses		(6,532,090)	(5,968,662)	(6,532,090)	(5,736,649)
Finance costs	3	-	(30,097)	-	(30,097)
Other expenses		(591,272)	(699,019)	(500,942)	(613,808)
Total expenses		(11,778,518)	(10,976,549)	(11,688,188)	(10,659,325)
Net profit for the year		35,325	177,010	40,720	173,415

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 2008

	Note	Consolidated		Parent	
		2008 \$	2007 \$	2008 \$	2007 \$
Current Assets					
Cash and cash equivalents	7	1,871,398	1,545,099	1,611,468	1,229,807
Trade and other receivables	8	483,933	224,270	833,802	615,713
Financial assets	9	3,000,000	5,688,087	3,000,000	5,688,087
Other assets	12	539,699	411,838	539,424	399,290
Total current assets		5,895,030	7,869,294	5,984,694	7,932,898
Non-Current Assets					
Trade and other receivables	8	350,000	-	350,000	350,000
Financial assets	9	374,328	127,329	374,428	127,429
Property, plant and equipment	11	1,711,215	696,513	1,711,215	694,392
Total non-current assets		2,435,543	823,842	2,435,643	1,171,820
Total Assets		8,330,573	8,693,136	8,420,337	9,104,718
Current Liabilities					
Trade and other payables	13	3,816,075	4,382,826	3,734,718	4,137,913
Provisions	14	176,047	265,528	176,047	265,528
Total current liabilities		3,992,122	4,648,354	3,910,765	4,403,441
Non-Current Liabilities					
Provisions	14	313,640	546,065	313,640	546,065
Total non-current liabilities		313,640	546,065	313,640	546,065
Total Liabilities		4,305,762	5,194,419	4,224,405	4,949,506
Net assets		4,024,811	3,498,717	4,195,932	4,155,212
Equity					
Retained earnings		4,024,811	3,498,717	4,195,932	4,155,212
Total Equity		4,024,811	3,498,717	4,195,932	4,155,212

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Parent	
		Retained Earnings	Total	Retained Earnings	Total
		\$	\$	\$	\$
Balance as at 1 July 2006		3,321,707	3,321,707	3,981,797	3,981,797
Profit attributable to members		177,010	177,010	173,415	173,415
Balance as at 30 June 2007		3,498,717	3,498,717	4,155,212	4,155,212
Profit attributable to members		35,325	35,325	40,720	40,720
Effect of eliminating AAT in consolidation	10	490,769	490,769	-	-
Balance as at 30 June 2008		4,024,811	4,024,811	4,195,932	4,195,932

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Receipts from members and customers		11,494,169	12,105,573	11,405,175	11,831,285
Payments to suppliers and employees		(12,769,136)	(11,823,983)	(12,696,732)	(11,517,017)
Interest received		420,361	342,082	409,944	326,247
Net cash provided by/ (used in) operating activities	16	(854,606)	623,672	(881,613)	640,515
Cash Flows from Investing Activities					
Purchase of property, plant and equipment		(1,424,813)	(146,089)	(1,424,813)	(143,964)
Receipts from bank and government term deposits, net		2,688,087	-	2,688,087	-
Net cash provided by/ (used in) investing activities		1,263,274	(146,089)	1,263,274	(143,964)
Net increase in cash held		408,668	477,583	381,661	496,551
Cash at beginning of the financial year		1,545,099	1,067,516	1,229,807	733,256
Effect of eliminating AAT in consolidation	10	(82,369)	-	-	-
Cash at end of the financial year	7	1,871,398	1,545,099	1,611,468	1,229,807

The accompanying notes form part of these financial statements.

Note 1: Statement of Significant Accounting Policies

The financial statement includes the consolidated financial statements and notes of National Institute of Accountants and controlled entities ("Consolidated"), and the separate financial statements and notes of National Institute of Accountants as an individual parent entity.

National Institute of Accountants is a company limited by guarantee, incorporated and domiciled in Australia.

The financial statement is a general purpose financial statement that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statement of National Institute of Accountants Limited and controlled entities, and National Institute of Accountants Limited as an individual parent entity comply with all International Financial Reporting Standards (IFRS) in their entirety.

The financial statement has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the accounting policies adopted by the economic entity in the preparation of the financial statement. The accounting policies have been consistently applied, unless otherwise stated.

a. Principles of Consolidation

A controlled entity is any entity controlled by National Institute of Accountants. Control exists where National Institute of Accountants has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with National Institute of Accountants to achieve the objectives of National Institute of Accountants. Details of the controlled entities are contained in Note 10.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a controlled entity has entered or left the economic entity during the year its operating results have been included from the date control was obtained or until the date control ceased.

b. Income Tax

The National Institute of Accountants is a non 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 the National Institute of Accountants only pays income tax on net income, which is not derived from members. Income, which is derived from members, is exempt from income tax.

c. Cash and Cash Equivalents

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

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets.

Note 1: Statement of Significant Accounting Policies (cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entities within the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f. Financial Instruments**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Investments in Controlled Entities

Investments in controlled entities are measured at cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Note 1: Statement of Significant Accounting Policies (cont'd)**Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired.

g. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

h. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred.

i. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j. Revenue

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

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

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

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

k. Borrowing Costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

l. 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Note 1: Statement of Significant Accounting Policies (cont'd)

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

m. Government Grants

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

n. Employee benefits

The rate used to discount provisions for employee benefits reflects the risk associated with liability and the time value of money. The market yield on government bonds is used for discounting employee benefits.

o. Lease restoration

The rate used to discount provisions reflects the risk associated with the liability and the time value of money. The yield on leasing finance from a major Australian bank is used as a reference rate for discounting lease restoration costs.

p. Comparative Figures

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

q. Critical Accounting Estimates and Judgements

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

Key Estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgements – Provision for Doubtful Debts

Receivables are stated net of a provision for doubtful member and non member debts of \$18,412 (2007: \$15,336).

The financial statement was authorised for issue on 8 September 2008 by the board of directors.

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
Note 2: Revenue					
Operating revenue					
Members subscriptions		6,883,110	6,633,478	6,883,110	6,530,913
Members activities		1,343,409	1,285,943	1,343,409	1,258,565
Non member activities		2,626,047	2,783,087	2,483,980	2,521,836
Interest earned	2(a)	470,389	417,405	459,698	429,931
Other revenue		60,747	33,646	53,570	32,135
Management fees		25,000	-	100,000	59,360
Total Operating Revenue		11,408,702	11,153,559	11,323,767	10,832,740
Other Income					
Gain on waiver of tenancy restoration		405,141	-	405,141	-

On 23 September 2007, the directors signed a Deed of Release with the landlord for the waiver of the NIA's obligation to return the tenancy condition of 12-20 Flinders Lane, Melbourne to that when the lease commenced. The unwinding of the lease restoration provision, lease restoration asset, lease restoration accumulated depreciation and lease restoration finance charge resulted in a revenue gain of \$405,141.

(a) Interest earned from:

- Other persons	470,389	417,405	459,698	401,570
- Loan to controlled entity	-	-	-	28,361
Total interest revenue	470,389	417,405	459,698	429,931

Note 3: Profit for the Year

(a) Expenses

Rental expense on operating leases				
- minimum lease payments	884,498	562,173	884,498	562,173
Finance costs				
- Finance cost on lease restoration provision	-	30,097	-	30,097
Net gain/loss on				
- disposal of property, plant and equipment	124,817	954	124,817	954

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Note 3: Profit for the Year (Cont'd)				
(b) Significant Revenue and Expenses				
The following significant expense items are relevant in explaining the financial performance:				
Employee benefit expense	4,220,957	3,897,385	4,220,957	3,897,385
Advertising and promotions	302,653	287,245	300,703	258,780
AASB contribution	84,000	114,000	84,000	114,000
AUASB contribution	237,600	171,000	237,600	171,000
Australian Professional Ethical Standards Board contribution	324,755	406,732	324,755	406,732
International Federation of Accountants contribution	87,726	97,206	87,726	97,206

Note 4: Income Tax Expense

The prima facie income tax expense at 30 per cent on net profit attributable to the members of the economic entity is \$10,598 (2007: \$53,103) and for the parent entity \$12,216 (2007: \$52,025) is offset by a permanent difference arising from mutual activities with members.

At balance date, unconfirmed accumulated tax losses of \$3,913,360 (2007- \$3,448,685) existed, giving rise to a potential future tax benefit. The potential future tax benefit attributable to the tax losses is not recognised, as realisation is not probable.

Note 5: Key Management Personnel Compensation

The compensation of the 5 Key Management Personnel (2007: 7) of the consolidated entity is as follows:

Short term benefits:

Salary	718,401	639,820	718,401	639,820
Cash incentive	14,700	92,673	14,700	92,673
Non cash benefit	46,813	41,699	46,813	41,699

Retirement benefits:

Superannuation contributions	174,374	261,966	174,374	261,966
------------------------------	---------	---------	---------	---------

Total benefits	954,288	1,036,158	954,288	1,036,158
----------------	---------	-----------	---------	-----------

Note 6: Auditors' Remuneration

Remuneration of the auditor for:				
- auditing the financial statement	36,700	33,000	33,500	25,000
- other services	12,000	17,100	7,050	13,450

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Note 7: Cash and Cash Equivalents				
Cash at bank and on hand	262,464	268,365	102,534	53,073
Deposits at call	1,608,934	1,276,734	1,508,934	1,176,734
Total cash and cash equivalents	1,871,398	1,545,099	1,611,468	1,229,807

The effective interest rate on deposits on call - short term bank term deposits was 6.53 % (2007: 5.65%).

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	1,871,398	1,545,099	1,611,468	1,229,807
---------------------------	-----------	-----------	-----------	-----------

Note 8: Trade and Other Receivables

Current

Trade receivables	416,756	239,606	416,756	211,400
Provision for impairment of receivables	(18,412)	(15,336)	(18,412)	(15,336)
	398,344	224,270	398,344	196,064
Amounts receivable from:				
- Association of Accounting Technicians (Australia) Ltd	85,589	-	85,589	92,628
- Accounting Education Australia Pty Ltd	-	-	349,869	327,021
Total current trade and other receivables	483,933	224,270	833,802	615,713

Non-Current

Loan - Association of Accounting Technicians (Australia) Ltd	350,000	-	350,000	350,000
--	---------	---	---------	---------

Loan to Association of Accounting Technicians (Australia) Ltd

The directors have assessed the carrying amount at balance date and have determined the recoverable amount is the carrying amount. The principal sum repayment starts from 30 June 2011 and finishes on 30 June 2015. There are no set amounts or dates payable until July 2011. The Association of Accounting Technicians (Australia) Ltd have the option to repay the amounts earlier.

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Note 9: Financial Assets				
Current				
Government term deposits	-	2,188,087	-	2,188,087
Bank term deposits	3,000,000	3,500,000	3,000,000	3,500,000
Total current financial assets	3,000,000	5,688,087	3,000,000	5,688,087
Non Current				
Security deposits and bonds	374,328	127,329	374,328	127,329
Shares in controlled entities - at cost	-	-	100	100
Total non-current financial assets	374,328	127,329	374,428	127,429

Note 10: Controlled Entities

(a) Controlled Entities Consolidated

	Incorporated	Percentage Owned (%)	
Parent Entity:			
National Institute of Accountants	Australia		
Subsidiaries of National Institute of Accountants:			
- Accounting Education Australia Pty Ltd	Australia	100%	100%
	Incorporated	Percentage Controlled (%)	
Controlled Entities of National Institute of Accountants:			
- Association of Accounting Technicians (Australia) Ltd	Australia	-	100%

(b) Disposal of Controlled Entities

On 6 June 2007, the members of the controlled entity, Association of Accounting Technicians (Australia) Ltd (AAT), voted to alter their constitution changing the requirements for board appointments to that company.

In July 2007 the directors of AAT Australia appointed two directors from each of the sponsoring bodies, NIA, CPA Australia and the Institute of Chartered Accountants in Australia. Consequently, the result of these changes is that AAT has ceased to be a controlled entity of NIA effective from July 2007.

Therefore, AAT is not consolidated in the consolidated entity from that date. The effect of the change in consolidation on the 2007 closing balance for the consolidated entity balance sheet is as follows:

Note 10: Controlled Entities (cont'd)

(b) Disposal of Controlled Entities (cont'd)

	AAT 2007 Balance \$
Current Assets	
Cash and cash equivalents	82,369
Trade and other receivables	28,206
Other assets	4,300
	114,875
Non Current Assets	
Property, plant and equipment	2,121
	2,121
Total Assets	116,996
Current Liabilities	
Trade and other payables	257,765
	257,765
Non-current Liabilities	
Borrowings	350,000
	350,000
Total Liabilities	607,765
Net Assets	(490,769)
Equity	
Retained profits	(490,769)

Note 11: Property, Plant and Equipment

Plant and equipment - at cost

Accumulated depreciation

Leasehold improvements - at cost

Accumulated amortisation

Total property, plant and equipment

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Plant and equipment - at cost	1,424,441	1,173,053	1,424,441	1,170,932
Accumulated depreciation	(863,942)	(719,757)	(863,942)	(719,757)
	560,499	453,296	560,499	451,175
Leasehold improvements - at cost	1,277,654	853,871	1,277,654	853,871
Accumulated amortisation	(126,938)	(610,654)	(126,938)	(610,654)
	1,150,716	243,217	1,150,716	243,217
Total property, plant and equipment	1,711,215	696,513	1,711,215	694,392

Movements in Carrying Amounts

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

	Plant and Equipment	Leasehold Improvements	Total
Consolidated			
Balance at the beginning of year	453,296	243,217	696,513
Additions	359,204	1,065,609	1,424,813
Disposals	(76,682)	(48,135)	(124,817)
Depreciation and amortisation expense	(173,198)	(109,975)	(283,173)
Effect of eliminating AAT in consolidation	(2,121)	-	(2,121)
Carrying amount at the end of year	560,499	1,150,716	1,711,215
Parent			
Balance at the beginning of year	451,175	243,217	694,392
Additions	359,204	1,065,609	1,424,813
Disposals	(76,682)	(48,135)	(124,817)
Depreciation and amortisation expense	(173,198)	(109,975)	(283,173)
Carrying amount at the end of year	560,499	1,150,716	1,711,215

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Note 12: Other Assets				
Deposits	9,150	4,003	9,150	4,003
Prepayments	359,018	264,025	359,018	251,598
Accrued income	146,531	143,810	146,256	143,689
Accrued income - Association of Accounting Technicians	25,000	-	25,000	-
Total other assets	539,699	411,838	539,424	399,290
Note 13: Trade and Other Payables				
Members subscriptions in advance	2,422,885	2,920,227	2,422,885	2,870,859
Other income in advance	338,476	544,235	266,906	374,042
Trade payables	348,166	109,443	348,166	109,443
Accrued expenses	491,620	553,630	481,820	533,102
GST payable	214,928	255,291	214,941	250,467
Total trade and other payables	3,816,075	4,382,826	3,734,718	4,137,913
Note 14: Provisions				
Current				
Annual Leave	170,617	213,904	170,617	213,904
Long service leave	5,430	51,624	5,430	51,624
	176,047	265,528	176,047	265,528
Non-current				
Long service leave	206,140	140,923	206,140	140,923
Lease restoration	107,500	405,141	107,500	405,141
	313,640	546,065	313,640	546,065
Total provisions	489,687	811,593	489,687	811,593

Note 14: Provisions (cont'd)

Movement in Provisions

	Consolidated			Parent		
	Long-term Employee Benefits	Lease Restorations	Total	Long-term Employee Benefits	Lease Restorations	Total
	\$	\$	\$	\$	\$	\$
Opening balance at 1 July 2007	406,452	405,141	811,593	406,452	405,141	811,593
Additional provisions	292,139	107,500	399,639	292,139	107,500	399,639
Amounts used	(316,404)	(405,141)	(721,545)	(316,404)	(405,141)	(721,545)
Balance at 30 June 2008	382,187	107,500	489,687	382,187	107,500	489,687

Provision for Long-term Employee Benefits

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

Provision for Lease Restoration

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

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Note 15: Commitments				
Operating Lease Commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable — minimum lease payments				
not later than 1 year	907,971	615,460	907,971	615,460
between 1 year and 5 years	2,619,177	816,520	2,619,177	816,520
greater than 5 years	569,029	-	569,029	-
Total operating lease commitments	4,096,177	1,431,980	4,096,177	1,431,980

The National Institute of Accountants leases office equipment and office premises throughout Australia's capital cities. The equipment leases are all for fixed rentals. Some of the premises leases are subject to annual review, based on either changes in the rental market or the Consumer Price Index. The Institute holds lease renewal options which are not judged to have any material value that can be reliably valued and so are not recognised in its financial statements.

Note 16: Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit after income tax	35,325	177,010	40,720	173,415
Non-cash flows in profit				
Amortisation	173,198	120,135	173,198	120,135
Depreciation	109,974	186,157	109,974	186,153
Loss on disposal of property, plant and equipment, net	124,817	954	124,817	954
Changes in assets and liabilities:				
(Increase)/Decrease in receivables.	(195,241)	(110,390)	(218,089)	(56,773)
(Increase)/Decrease in other assets	(379,160)	(111,736)	(387,133)	(121,992)
Increase/(Decrease) in subscriptions paid in advance	(563,328)	504,763	(555,111)	481,794
Increase/(Decrease) in trade creditors and accruals	161,713	(231,955)	151,916	(231,904)
Increase/(Decrease) in provisions	(321,904)	88,734	(321,905)	88,733
Cash flows from operations	(854,606)	623,672	(881,613)	640,515

Consolidated		Parent	
2008	2007	2008	2007
\$	\$	\$	\$

Note 17: 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:

Name	Related Entity	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
Directors employer reimbursement:					
Klaus Zimmerman	Eldercare	-	5,000	-	5,000
Greg Parr	Mouldens Solicitors	3,000	5,000	3,000	5,000
	Hood Sweeney Group	3,000	-	3,000	-
Ralph Green	Business Systems Pty Ltd	1,500	5,000	1,500	5,000
Kevin Dawes	Strategic Plus	6,000	5,000	6,000	5,000
John Waugh	EMB Solutions Pty Ltd	1,500	5,000	1,500	5,000
Marc Ting	Tregena Solutions	4,500	-	4,500	-
Rene Mora	Mora and Co.	4,500	-	4,500	-
Glenn Mann	Elmet Pty Ltd	3,000	2,500	3,000	2,500
	Australian Steel Supplies	3,000	2,500	3,000	2,500
David Hickman	Commercial Equity Group	6,000	7,500	6,000	7,500
Kerry King	Prudent Accountants	-	2,500	-	2,500
Mary Robinson Brand	Marlas Pty Ltd	-	5,000	-	-
Graham Holland	Graham Holland & Associates	4,500	-	4,500	-
Greg Dennis	Geedess	12,000	7,500	12,000	7,500
Christine Leetham	TAFE NSW	6,000	5,000	6,000	5,000
Russell Hilliard	P&J Financial Services	6,000	1,250	6,000	1,250
Prof Barry Cooper	Asia Consulting	-	5,000	-	-

CPE speakers expenses:

Tony Culberg					
Councillor	A C Culberg	9,061	6,750	9,061	6,750

Note 18: Financial Instruments

(a) Financial Risk Management

The company's financial instruments consist mainly of on call and term deposits with banks. The main purpose of these financial instruments is to invest surplus member funds in order to maximise returns while not exposing the organisation to a high level of risk. Other financial assets and liabilities are accounts receivable, accounts payable and a long term loan to the Association of Accounting Technicians. The company does not enter into or trade financial instruments for speculative purposes. Policies for managing the financial risks are summarised below:

Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk and credit risk.

Interest rate risk

The economic entity's exposure to interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates. Interest rate risk is managed with a mixture of fixed and floating rate investments.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

(b) Financial Instruments

(i) Financial instrument composition and maturity analysis

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing < 1 year	Non Interest Bearing	Total
2007		\$	\$	\$	\$
Financial Assets					
Cash at bank and on hand	2.05	215,292	-	53,073	268,365
On call bank investment	6.26	1,276,734	-	-	1,276,734
Government term deposits	6.57	-	2,188,087	-	2,188,087
Bank term deposits	6.62	-	3,500,000	-	3,500,000
Trade and other receivables	-	-	-	224,270	224,270
Total financial assets		1,492,026	5,688,087	277,343	7,457,456
Financial Liabilities:					
Trade and sundry payables	-	-	-	1,462,599	1,462,599
Total financial liabilities		-	-	1,462,599	1,462,599

Note 18: Financial Instruments (cont'd)
(b) Financial Instruments (cont'd)

(i) Financial instrument composition and maturity analysis (cont'd)

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing < 1 year	Non Interest Bearing	Total
2008		\$	\$	\$	\$
Financial Assets					
Cash at bank and on hand	2.45	255,191	-	7,274	262,465
On call bank investment	7.18	1,608,934	-	-	1,608,934
Bank term deposits	8.32	-	3,000,000	-	3,000,000
Receivables	-	-	-	483,933	483,933
Non current loan	8.30	350,000	-	-	350,000
Total financial assets		2,214,125	3,000,000	491,207	5,705,332
Financial Liabilities:					
Trade and sundry payables	-	-	-	1,393,191	1,393,191
Total financial liabilities		-	-	1,393,191	1,393,191

(ii) Net Fair Values

The net fair values of the Institute's investments, accounts receivable, accounts payable, accrued charges approximate their carrying amounts.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are disclosed in the balance sheet and in the notes to the financial statements.

(iii) Sensitivity analysis

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result in from a change in these risks.

Interest Rate Sensitivity Analysis

As at 30 June 2008 the effect on profit and equity as a result of changes in the interest rate with all other variables remaining constant would be as follows:

Note 18: Financial Instruments (cont'd)

(iii) Sensitivity analysis (cont'd)

	Consolidated		Parent	
	Change in Profit (\$)	Change in Equity (\$)	Change in Profit (\$)	Change in Equity (\$)
Increase interest rates by 2%	9,408	9,408	9,194	9,194
Decrease interest rates by 2%	(9,408)	(9,408)	(9,194)	(9,194)

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Bank guarantees for the term of the operating leases for periods in a range from 5 to 10 years	374,328	127,329	374,328	127,329

Note 19: Contingent Liabilities

Bank guarantees for the term of the operating leases for periods in a range from 5 to 10 years

Indemnities for bank guarantees to the lessors of properties occupied under operating leases at 555 Lonsdale Street, Melbourne; 12-20 Flinders Lane Melbourne; 447 Kent Street, Sydney; 60 Hindmarsh Square, Adelaide; and 300 Queen Street, Brisbane.

Note 20: Limitation of Members Liability

In accordance with the constitution, the liability of members in the event of the National Institute of Accountants being wound up would not exceed six dollars (\$6) per member.

Note 21: Company Details

The registered office of the company is:

National Institute of Accountants
Level 6, 555 Lonsdale Street, Melbourne, Victoria, 3000

The principal places of business are:

Level 6, 555 Lonsdale Street, Melbourne, Victoria, 3000
Level 14, 447 Kent Street, Sydney, New South Wales, 2000
Level 3, 4 Kennedy Street, Kingston, ACT, 2604
Level 11, 300 Queen Street, Brisbane, Queensland, 4100
Suite 6, 60 Hindmarsh Square, Adelaide, South Australia, 5000
Suite 1, 2nd Floor, 78 Mill Point Road, South Perth, Western Australia, 6151
Level 1, 222 Elizabeth Street, Hobart, Tasmania, 7000

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 24 to 43 are in accordance with the Corporations Act 2001:
 - i comply with Accounting Standards and the Corporations Regulations 2001; and
 - ii give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company;

2. the chief executive officer and chief finance officer have each declared that:
 - i. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - ii. the financial statements and notes for the financial year give a true and fair view;
 - iii. the financial statements and notes for the financial year comply with the Accounting Standards; and

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the board of directors.



Greg Dennis, FPNA
Director



David Hickman, FPNA
Director

Signed this 25th day of September 2008.

Report on the financial report

We have audited the accompanying financial report of the National Institute of Accountants and its controlled entities (the consolidated entity), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements", that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used

and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of National Institute of Accountants on 25 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- a. the financial report of National Institute of Accountants Limited and its controlled entities is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

MDHC Audit Assurance Pty. Ltd.

MDHC Audit Assurance Pty Ltd

26 September 2008



Ian Duff

26 September 2008

Melbourne

AASB	Auditing and Assurance Standards Board
AGD	Attorney General's Department
AOTCA	The Asia-Oceania Tax Consultants' Association
APES	Australian Professional and Ethical Standard
ED	Exposure Draft
GM	Guidance Material
ASA	Australian Standard on Auditing
ASAE	Australian Standard on Assurance Engagements
ASIC	Australian Securities and Investments Commission
ASRE	Auditing Standard on Review Engagements
AUASB	Auditing and Assurance Standards Board
CALDB	Companies Auditors and Liquidators Disciplinary Board
CAMAC	Corporations and Markets Advisory Committee
CCAM	China Commercial Association Model
CEC-CEDA	China Enterprise Confederation - China Enterprise Directors Association
DFAT	Department of Foreign Affairs and Trade
FSR	Financial Services Regulation
FTA	Free Trade Agreement
GPFR	General Purpose Financial Report
GPFS	General Purpose Financial Statement
GST	Goods and Services Tax
HoR SCEFPA	House of Representatives Standing Committee on Economics, Finance and Public Administration
IAASB	International Auditing and Assurance Standards Board
IASB	International Accounting Standards Board
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
ISA	International Standard on Auditing
ITC	Invitation to Comment
JAB	Joint Accounting Bodies
JSC	Joint Standing Committee
MINCO	Ministerial Council (Commonwealth and States)
MITI	Ministry of International Trade and Industry
OECD	Organisation for Economic Co-operation and Development
PC	Productivity Commission
PSC	Professional Standards Council
SME	Small and medium enterprises
SMSF	Self-managed super fund
SPFS	Special Purpose Financial Statements
TD	Tax determination
TR	Tax ruling

Contact Information

NIA Head Office

Level 8, 12-20 Flinders Lane
Melbourne, Victoria 3000
Australia

Level 6, 555 Lonsdale Street
Melbourne Victoria 3000
Australia

Tel: 61 3 8665 3100
Fax: 61 3 8665 3130
Email: natoffice@nia.org.au
Website: www.nia.org.au

NIA Divisional Offices are located
in the following cities:

Melbourne
Sydney
Brisbane
Adelaide
Hobart
Perth
Canberra

The NIA also has secretariats in:

Kuala Lumpur
Hong Kong
Beijing

For enquiries within Australia
call 1800 625 625 for your
nearest Divisional Office

International enquiries can be
directed in the first instance to
NIA Head Office.



Member of the
International Federation
of Accountants