



NIA

NATIONAL
INSTITUTE OF
ACCOUNTANTS

NIA
NATIONAL
INSTITUTE OF
ACCOUNTANTS
Every member counts

20⁰⁸/₀₉ ANNUAL REPORT

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Formed over 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), the NIA has 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 future of accounting.

NIA Annual General Meeting

**NOTICE IS HEREBY GIVEN
that the ANNUAL GENERAL MEETING**

of the National Institute of Accountants (“NIA”) will be held at BankWest Tower, level 46, 108 St. George Terrace, Perth, Western Australia, Australia

on **Friday 30th October 2009** commencing at **5:30pm**.



Every member counts



Changes to accounting standards, reviews to auditing, the global financial crisis and an overhaul of the reporting schemes; accountants have been assailed from every side this year.

I started my message to you last year saying that the NIA and its members were well placed to respond to changes in the economy and the industry both nationally and internationally and this year I can confirm that this was exactly what was called for.

There are a range of changes that have affected accountants over the last twelve months, the factor that received the most air-play was the global financial crisis (GFC).

The industry internationally

The Group of Twenty (G-20) recognised that the global financial crisis (GFC) would continue to worsen without direct intervention by key industries; the accounting profession was identified as one of these. I have been impressed at the industry and its regulators response to the GFC with swift and in some cases radical action. Whether enough has been done to mitigate the length and severity of the crisis is yet to be seen, but the crisis has accelerated the desire for an acceptable international financial reporting system.

As the financial year came to an end I was preparing to deliver the keynote address at the Chuo University of International Accounting (CGSA) in Tokyo. This was a chance to reflect on Australia's experience as it moved to international standards in 2002 and discuss Japan's recent decision to adopt IFRS. I have been looking at the drawbacks to adoption which include large monetary and human resource costs, as well as the planning, system considerations, training and cultural change that are all required to take place in a relatively short time. All challenges that accountants in Australia faced during the adoption of IFRS.

But this reflection reminded me that the benefits of adoption of IFRS far outweigh the costs as it facilitated cross-border listings, provided financial statement comparability for investors and led to a reduction in the cost of capital and improved access to foreign capital. These reasons were behind Australia's decision to adopt in 2002 and are still relevant to Japan today.

Accounting for financial instruments is an area in which little has changed until recently. The GFC forced the International Accounting Standards Board (IASB) to review some complex standards. Some changes include; clarification to the definition of fair value, revision to the requirements for hedge accounting, a rewrite of the rules for the classification and measurement of financial instruments and changes to the way in which impairment is measured. These changes bring with them challenges for accountants who must understand the proposals being put forward – something that the NIA is able to provide assistance with on behalf of members.

The industry nationally

In response to the GFC nationally, accountants were called on by the government to assist with some aspects of the stimulus program. It was widely reported that some tax agents received the tax bonus payments in error on behalf of their clients, causing many tax agents to incur significant costs; monetary, human resources and cost to their client relations. The question must be asked if it is acceptable for tax agents to be used to distribute government funds, and if so, what compensation they will receive for this. The NIA has been in discussions with the ATO to negotiate compensation for tax agents who were sent the payments in error; at the time of writing I had not heard the outcome of these endeavours.

Over the past financial year the Auditing and Assurance Standards Board in Australia has been bringing its standards in line with those of the International Auditing and Assurance Standards Boards (Clarity Project). The goal for the Clarity Project has been to revamp the audit literature in order to make it more understandable to practitioners. I would encourage all NIA members with an interest in audit to ensure that they learn about the changes taking place so that they are ready to implement the standards from 1 January 2010.

I am regularly hearing from accountants that clients are requiring a broader range of services. The NIA is responding to this demand from members by tailoring courses to these new skill demands. A good example was the successful NSW Symposium this year that covered the traditional topics of CGT, accounting standards, reporting requirements and superannuation and the less traditional accounting subjects of engaging staff, business growth, client rescue strategies and risk management.

Thank you Roger

Over the eight years that the NIA was guided by Roger Cotton we saw member numbers increase by 44 per cent, non-subscription revenue increase by 217 per cent and the organisation's equity up 117 per cent – fantastic figures that reflect a great leader.

Roger's used his warm personality and persuasive ways to increase the recognition of the NIA and its members both nationally and internationally. During his time, the NIA became a full member of the International Federation of Accountants and sits as one of the three organisations that make up the Joint Accounting Bodies.

The true measure of Roger and his success as a leader is not solely demonstrated by the strong organisation that he left behind, but the heart-felt messages that were received from members, staff and industry leaders upon the announcement of his retirement. I feel fortunate to have worked closely with Roger and he left the NIA with a great legacy and foundation that I am confident Andrew Conway will continue to build upon.

Welcome Andrew

This year, Andrew Conway, our deputy CEO and head of our technical, advocacy and international business team was promoted to the role of CEO. Andrew's technical knowledge as an accountant and corporate knowledge make him an ideal choice for this role. Andrew is responsible for shaping the organisation's strategic direction, leading a team of dedicated staff members and delivering members with recognition and support to drive their business success. Since May he has demonstrated that he is more than capable of doing this.

I would like to conclude by thanking the more than 100 members who volunteered their professional services for bushfire victims following Victoria's devastating fires. It is a tribute to the generosity of NIA members, and I was proud to be associated with the NIA as offers of assistance from members flooded in. Thank you.

Greg Dennis FPNA MBA MComm
President

28 August 2009



I would like to take this opportunity to explain to you where the organisation has come from over the last twelve months and where I plan to steer the organisation in the future.

The NIA's divisions

The strong teams in each of our seven national divisional offices is reflected in the success of over 400 continuing professional education presentations, more than 7,000 attendees and close to 400 public practice quality assurance reviews throughout the year.

The membership of our international divisions has increased by over 27 per cent during the financial year and prompted the appointment of an international division manager Jane Gao.

This growth is supported by divisional offices in Beijing and Kuala Lumpur. The NIA's international growth reflects the global nature of accounting and accounting standards. It is an area that can grow in harmony with our Australian membership base, and partnerships and alliances will allow the easy transition and recognition of NIA accountants internationally.

The NIA's Faculties

The 2008-09 financial year saw the establishment of the NIA Faculties. The faculties were created to anticipate, collectively discuss and respond to emerging issues in the accounting profession both in Australia and abroad. The NIA Faculties provide strategic, technical advice on a range of issues affecting the accounting profession and evaluate policy issues to assist the NIA in its representation to governments, standard setters and other stakeholders.

"...membership of our international divisions has increased by over 27 per cent during the financial year..."

There are seven faculties covering the disciplines of; accounting education, accounting regulation, corporate governance, financial services, public sector, taxation and small business. These faculties have been instrumental in providing advice and guidance and a small sample of some of the topics they have advised on include;

- The Bradley Review of Higher Education,
- The NIA's pre-budget submission
- Impacts of the migration program
- Review of the financial services training package
- IFRS for SMEs
- Market integrity
- Termination payments
- Not-for-profit entities
- Margin lending facilities
- Debentures
- Self-managed super funds
- Carbon pollution reduction scheme
- Managed investment trusts
- The Henry Review of Australia's Future Tax System
- Tax Agent Services Legislation
- Greening small business

Members of the faculties also attended various ATO forums as NIA representatives, which included;

- Capital gains tax sub-committee
- Trusts and losses sub-committee
- Fringe benefits tax sub-committee
- Financial and investment sub-committee

The faculties bring together individual expertise to provide collective technical knowledge on specific subjects and in the future it is planned the faculties will provide cutting edge tools, education and information resources for members and the profession.

Recognising NIA members

The strength of the NIA brand and the recognition of members is an ongoing key focus of the NIA. We continue to push for statutory recognition of the NIA – an area that we have had some significant success in. This area is the subject of some of our most exciting strategic objectives over the coming twelve months and beyond, and I look forward to keeping you abreast of these.

The NIA regularly contributes submissions to government and regulatory authorities on subjects that will impact, or have the potential to impact, NIA members and the profession as a whole. Submissions are made either jointly by the three professional bodies or each body independently. Over the last twelve months the NIA's technical team has prepared over 80 submissions on behalf of members. Representing members through these submissions remains one of the NIA's core activities, and I would like to thank the hundreds of members who have provided feedback for these this year.

Providing quality professional education

As the economy slows, education is a key weapon in a professional's arsenal and we have seen that members continue to highly value the NIA Program to help them remain leaders in the accounting field. The NIA Program is the NIA's professional education pathway enabling members to progress from associate level membership to member and ultimately Professional National Accountant (PNA) level.

We have continued to improve the program through our partners University of New England and members are now able to choose from a full list of electives at any stage in the program, non-compulsory weekend schools and the program is now offered in a trimester system allowing members to fast-track their studies. These improvements and the quality of the program continue to be reflected in growing enrolment numbers.

Funding for leading research

Again this year the NIA awarded research teams from three universities grants totalling \$32,000 to investigate issues affecting the accounting profession. The major grant went to a team at Victoria

**Over the last twelve months
the NIA's technical team has prepared
over 80 submissions on behalf of members.**

University to identify and evaluate the benefits of SMEs reporting directly to accountants via the internet to reduce the burden of regulation. A further two grants went to research teams from LaTrobe University and Queensland University to examine the role of the CFO on corporate sustainability performance and identify opportunities for accountants under the Federal Government's climate change policies respectively.

Now in its second year, the grants have been successful in promoting high quality research and developing the next generation of accounting researchers. I was interested to read the results of research that was funded under last year's program on the adoption of IFRS on local government. I look forward to providing you with the results of these research projects as it becomes available.

Improving our member services

The organisation is focused on increasing the value of our membership. Our general manager marketing and member services, Geoff Kneale, has developed a range of new services that deliver: professional education online, expert advice over the phone, discounted IT equipment and personalised, professional stationery. These are a handful of the services that will continue to be rolled out over the next twelve months that are specially directed to members to help create a competitive edge for business and accounting professionals.

We have also taken the time this year to review each of the 10 member newsletters and publications that keep you up to date with the latest technical information. The results of this review saw the appointment of Nuance Multimedia as the new publisher for the *National Accountant* journal. The new-look journal was released at the start of the year and continues to contain the in-depth technical articles that members rate so highly.

The review has also seen an overhaul of our *Technical Advantage*, *eStatements* and *Directions* newsletters – the updated newsletters are a direct response to member feedback and these new and updated publications will continue to be rolled out into the 2009-10 financial year.

The future

I admit, our plans for the future of the NIA are simple ones. We are a membership organisation, and building upon the value of membership is paramount to the organisation's future. We have never taken for granted the fundamental reasons that members join the NIA; being recognised as a professional accountant, having access to up-to date technical information and courses and having an organisation that lobbies and advocates on behalf of its members. These needs will continue to drive the direction of the organisation.

**We are a membership organisation, and
building upon the value of membership is
paramount to the organisation's future.**

I am excited by the plethora of plans that are in the pipeline to ensure the NIA continues to deliver member value beyond members' expectations. As with any change in leadership comes a change in the daily operations of the organisation, but at the NIA this certainly does not mean a massive change in direction. We are looking to consolidate our position in an uncertain economic environment and continue to provide the complete member experience. I look forward to keeping you abreast of these new strategies and continuing to build on the success and achievements of the NIA.



Andrew Conway PNA
Chief Executive Officer

28 August 2009

Introducing the NIA's Executive Management Group



This team ensures the NIA is focused on providing members with the professional recognition and support to drive their business success.

Geoff Kneale
General Manager
Marketing and Member Services

Coordinating the provision of member services, the promotion of the NIA and overseeing the organisation's publications Geoff manages the brand of the institute. Responsible recently for developing a raft of new member services Geoff is dedicated to providing a service that is relevant and valuable for members.

James Pisano FPNA
Chief Financial Officer

James, a fellow of the NIA, leads the NIA teams responsible for finance, corporate services, information strategy and corporate policy. James' plan for the next 12 months is to streamline the NIA's information systems and maintain the organisation's record of financial excellence.

Andrew Conway PNA
Chief Executive Officer

As the former head of the NIA's technical, advocacy and international business team Andrew has transferred his enthusiasm to the role of chief executive officer. Andrew's focus is to provide value and represent the interest of members as one of the leading professional accounting bodies in Australia and the region.

Vicki Stylianou
General Manager
Representation and Innovation

As the head of the NIA's technical and advocacy team Vicki delivers members with up-to-date technical information. She is responsible for representing NIA members on a variety of liaison groups and ensures the recognition of the NIA through submissions on behalf of members and for promoting and fostering innovation through the business.

Lloyd Driscoll PNA
General Manager
Learning and Development

Responsible for the development of the NIA Program and the team that provides immigration and skills assessments Lloyd is focused on providing global educational pathways for accounting and finance professionals.



Liselle Grant
Divisional Manager VIC

Anna Ridy
Divisional Manager ACT

Daniel Cole
Senior Marketing
Coordinator

Rebecca Waterhouse
Student Marketing
Coordinator



Jane Gao
International Division
Manager

Rosie Jenkins
Membership & Marketing
Coordinator

Jon Burns
Divisional Manager TAS

This annual report contains images of some of the NIA's team members.

During the twelve months the NIA's technical and advocacy team compiled and developed over 80 submissions to Governments and regulatory authorities on behalf of members.

The submissions are topics that impact, or have the potential to impact, on NIA members and the profession as a whole. As a member of the Joint Accounting Bodies the NIA prepares some submissions in conjunction with CPA Australia and the Institute of Chartered Accountants on behalf of the industry.

Submissions included a pre-budget submission, submissions to the Government's Henry Review of Australia's Future Tax System, submissions to national and international auditing and accounting standards boards and federal and state governments.

A full list of the NIA's submissions on behalf of members is below.

- AASB: ED 178 'Income Tax'
- AASB: National Standard Setters Discussion Paper on Initial Accounting for Internally Generated Intangible Assets (JAB)
- Parliament of Australia: Agreement establishing the ASEAN-Australia-New Zealand free trade area
- AICD: FINSIA – Submission on the underlying profit paper (JAB)
- APESB: APES 210 – Conformity with Auditing & Assurance Standards
- APESB: APES 215 – Forensic Accounting Services
- APESB: APES 320 – Due Diligence
- APESB: APES 330 – ED on Insolvency Services
- APESB: APES 335 – Financial Planning to APESB (JAB)
- APESB: APES 345 – Reporting on Prospective Financial Information Included in a Disclosure Document
- APESB: APES 350 – Participation by Members in Public Practice in Due Diligence Committees
- ASIC: Consultation Paper 102 – Dispute Resolution – Review of RG 139 and 165
- ATO: Small Business Tax Breaks
- AUASB: ASQC 1 exposure draft and revision to ASA 220
- AUASB: Clarity Project
- AUASB: Draft Tax Agent Services (Transitional Provisions and Consequential Amendments) Bill 2009
- AUASB: ED 15/08 Proposed Auditing Standard ASA 200
- AUASB: ED 16/08 Proposed Auditing Standard ASA 250
- AUASB: ED 17/08 Proposed Auditing Standard ASA 320
- AUASB: ED 171 Consolidated Financial Statements
- AUASB: ED 18/08 Proposed Auditing Standard ASA 450
- AUASB: ED 19/08 Proposed Auditing Standard ASA 510
- AUASB: ED 20/08 Proposed Auditing Standard ASA 550
- AUASB: ED 21/08 Proposed Auditing Standard ASA 580
- AUASB: ED 22/08 Proposed Auditing Standard ASA 720
- AUASB: ED 23/08 Proposed Auditing Standard ASA 530
- AUASB: ED 24/08 Proposed Auditing Standard ASA 610
- Board of Taxation: GST administration review
- Board of Taxation: Managed Investment Trusts
- CALDB: Review of CALDB Practices and Procedures
- CAMAC: Discussions paper on market integrity
- Carbon Assurance Task Force: Issues related to the audit framework for the NGRS Act
- Carbon Pollution Reduction Scheme Green Paper determine NIA position
- Commonwealth Government: letter on the G20 and Global Financial Crisis (JAB)
- Department of Climate Change: National Greenhouse and Energy Reporting Amendment Bill 2009 – responses to an exposure draft of the legislation
- Department of Climate Change: consultation regarding in-confidence audit criteria paper

- Department of Climate Change: National Greenhouse & Energy Reporting Bill (JAB)
- Department of Climate Change: Participation in a stakeholder workshop on auditor criteria
- FRC and Federal Treasury: Discussion Paper: Standard Setting Funding Options (JAB)
- IAASB: IFAC ISAE 3000 Survey for National Standard Setters and IFAC Member Bodies
- IAASB: Matters to consider in a revision of the international standard on review engagements 2400, Engagements to Review Financial Statements
- IASB: Comment – ITC 18 (Revenue Recognition in contracts with customers) Request for Comment on IASB Discussion Paper
- IASB: Comment – ITC 19 (Financial Statement Presentation) Request for Comment on IASB Discussion Paper
- IASB: Debt Equity (definitions) (JAB)
- IASB: Earnings per share (JAB)
- IASB: ED 10 Consolidated Financial Statements
- IASB: ITC 20 'Request for Comment on IASB Discussion Paper DP/2009/1 Leases – Preliminary Views' – AASB
- IASB: Revisions to IFRS 7
- IASB: Submission from the JAB regarding Fair Value Measurement
- IASCF: IASC Foundation Constitutional Review submission (JAB)
- IFAC: JAB Letter to IFAC on Australia's Response to the Global Financial Crisis and the G20 (JAB)
- IFAC: National Institute of Accountants action plan for compliance with Statements of Membership Obligations
- IFAC: NIA letter to the IAASB regarding the global financial crisis
- IPSASB: Submission on the IPSASB proposals related to a public sector financial reporting conceptual framework
- IPSASB and AASB: ED 36 Agriculture to IPSASB (JAB)
- IPSASB and AASB: ITC 16 on Service Concessions (JAB)
- IPSASB and AASB ITC 15 on Social Benefits (JAB)
- IPSASB: Borrowing Costs
- JAB: IASB and AASB ED 170 Relationships with the State (Proposed Amendments to AASB 124)
- Joint CAMAC submission on directors remuneration
- Joint CAMAC submission on long tail liabilities
- NSW Charities regulations
- Productivity Commission: Contribution of the Not for Profit Sector
- Productivity Commission: Inquiry into Directors Remuneration
- Productivity Commission: Small Business Benchmarking for the Minister for Small Business
- Securities and Exchange Commission: SEC proposals for the adoption of IFRS
- Senate Economics Committee: response to review of Tax Agent Services Bill
- Tax agent service legislation – transitional provisions
- Treasury (QLD): Consultation on proposed Revenue Management System (RSM) changes
- Treasury: Australian Financial Services Hub
- Treasury: Cover letter to Geoff Miller outlining review of P & P submission to CALDB
- Treasury: Financial Claims Scheme
- Treasury: Financial Services Hub
- Treasury: Henry Tax Review
- Treasury: Pre Budget Submission
- Treasury: Response to ED amendments to Corporations Act for termination payments
- Treasury: Response to Henry Review Consultation Paper
- Treasury: Retirement Income Consultation Paper
- Treasury: Small Business CGT Concessions
- Treasury: Tax Agent Bill Lobbying

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

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



Reece Agland
Manager
Member Integrity

Paula Fredella
Membership & Marketing
Services Coordinator

Darren Roxburgh
Divisional Manager WA



Natalie Ramsay
Receptionist /
Corporate Services Officer

Greg Tangey
Curriculum
& Development

Julie Pollard
Divisional Manager SA/NT

**Key business objective 2009-2012:
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" • 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 the NIA Program as a career pathway to employers • Implement the 09/10 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"> • Continually expand our range of technical 'toolkits' and web resources • Invite and review applications for university competitive research grants • Road-show of NIA technical/policy staff 	<ul style="list-style-type: none"> • Expand our suite of tool kits and resources • 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



Barbara Selmer Borchard
Divisional Manager QLD

Brendan Blackford
Manager
Information Strategy

Ye Deng
Assessor



Peter Goujon
Manager
Corporate Policy

Swee Bee Tan
Assessment Manager

Yuan Sun
Assistant Accountant

Michael McKenzie
Membership Services
Officer

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.

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.

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 board's 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 CFO 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.



There were 405 CPE events held throughout the different states and territories.

8 Representatives of the NIA travelled to 8 cities around Australia to consult with over 230 members on the Government's Henry Review into Australia's Future Tax System

There are 7 NIA Faculties covering the disciplines of; accounting education, accounting regulation, corporate governance, financial services, public sector, taxation and small business.

The NIA's CPE events attracted 7472 attendees... 31% of CPE attendees were non-NIA members

The NIA's technical and advocacy team prepared 81 submissions on behalf of NIA members

The NIA developed 14 submissions for the Auditing and Assurance Standards Board on behalf of members on proposed changes to accounting standards

There were 359 Public Practice Quality Assurance (PPQA) reviews conducted throughout the year

The NIA team consists of 57 staff members serving more than 22,000 members and students

The NIA has 9 divisional offices in; Sydney, Melbourne, Perth, Adelaide, Hobart, Brisbane, Canberra, Beijing and Kuala Lumpur

There was a 27% increase in international membership

The NIA has members in more than 51 countries

Introducing the NIA's Board of Directors

National Institute of Accountants ABN 81 004 130 643



Marc Ting FPNA

Christine Leetham PNA
Deputy President

Rene Mora FPNA

Greg Parr FPNA

Introducing the NIA's Board of Directors

National Institute of Accountants ABN 81 004 130 643



Graham Holland FPNA

Glenn Mann FPNA

Kevin Dawes FPNA
Treasurer

Russell Hillard PNA
Vice President



Alex Wilson OAM FPNA

Jason Parker PNA

Greg Dennis FPNA
President

Nordin Zain FPNA

Your directors present their report on the National Institute of Accountants (NIA) for the financial year ended 30 June 2009.

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	
Russell Hillard	PNA	Vice President	4/4	4/4
Kevin Dawes	FPNA	Treasurer appointed 31/10/08	3/4	4/4
David Hickman	FPNA	Treasurer resigned 31/10/08	1/1	2/2
Alex Wilson OAM	FPNA		4/4	4/4
Greg Parr	FPNA		4/4	
Glenn Mann	FPNA		4/4	4/4
Graham Holland	FPNA		4/4	4/4
Rene Mora	FPNA		3/4	4/4
Marc Ting	FPNA		4/4	4/4
Nordin Zain	FPNA		4/4	
Jason Parker	PNA	Appointed 1/10/08	3/4	2/4

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 from the start of the financial year to 23 March 2009. Mr Cotton worked for the National Institute of Accountants for the past eight years in the role of CEO. Mr Cotton was appointed company secretary on 19 November 2001. On 12 May 2009 Mr Andrew Conway PNA was appointed CEO and company secretary. Mr Conway has worked for the National Institute of Accountants since February 2007 as deputy chief executive officer.

Information on Directors

Greg Dennis FPNA MBA MComm

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.

Christine Julianne Leetham 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.

Russell Hillard PNA

Vice President

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

Division: Queensland

First elected to the board of directors in February 2007, a member of the Membership Policy Committee. A divisional councillor since 2004, elected divisional president 2006–2007 and divisional deputy president from 2007 to 2009.

Kevin Brian Dawes FPNA

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 vice-president. Kevin has served on the National Membership Committee, National Resources Committee and has chaired the National Audit Committee. Kevin currently holds the office of Treasurer of the NIA.

David Lloyd Hickman FPNA

Treasurer (to 31 October 2008)

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. David held the position of treasurer until 31 October 2008 and is the chair of the Legislation and Standards Committee.

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.

Information on Directors (Cont'd)

Glenn Cameron Mann FPNA

Occupation: Principal Financial Consultant, Elmet 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: Partner, Scales & Partners Lawyers

Division: South Australia

NIA director (1998–2003 and 2005–2009), 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, MBA (AGSM), MAICD, SAFIN

Occupation: Portfolio Manager, Origin Energy

Division: New South Wales

First elected to the board of directors in October 2007. Member of the audit committee since 2009 and currently chairman of the audit committee. Marc has been a member of the NSW divisional council since August 2005.

Nordin Zain, PhD, C.A (Malaysia), FPNA

Occupation: Executive Director, Deloitte Malaysia. He was formerly the Executive Director of Malaysian Accounting Standards Board

First elected to the board of directors in May 2008, Nordin has recently joined other partners of Deloitte Malaysia after heading the Malaysian accounting standards setting body for nine years. 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

Awarded a Medal of the Order of Australia for his contribution to the accounting profession, Alex has chaired and served on numerous NIA national and Victorian divisional committees including serving as national treasurer on two separate occasions. He was Chairman of the National Legislation and Standards Committee (2003–2006) and in 2007 he was appointed to the National Membership Committee. Alex is the current Victorian divisional council representative on the ASIC Accounting and Audit Liaison Committee. In 2006 Alex was appointed by the Parliamentary Secretary to the Treasurer to the Insolvency Law Advisory Group.

Information on Directors (Cont'd)

Jason Parker PNA

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

Jason served the Tasmanian Division of the NIA as president from 2005 to 2007 and has been on the Tasmanian Divisional Council since 2003. Jason came on to the NIA board in November 2008. He is finance director for the South Launceston Football Club Inc and a member of the Australian Institute of Company Directors. Jason continues to be a director of numerous private companies and is currently a member of the TAFE Tasmania Financial Services Enterprise Reference Group.

Indemnity

During the financial period, NIA paid premiums of \$7,000 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 was a loss of \$195,795 (2008: profit of \$40,720).

The major contributor to this result was the recognition in the parent entity accounts of the closure of its subsidiary.

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 2009 has been received and can be found on page 27.

Likely Developments and Results

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 2009-2012 Strategic Plan.

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

Greg Dennis, FPNA
Director

Kevin Dawes, FPNA
Director

Signed in Melbourne, this 28th day of August 2009.

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 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

Ian Duff
Registered Company Auditor

Signed in Hawthorn, this 28th day of August 2009

Income Statement

National Institute of Accountants ABN 81 004 130 643

Income Statement for the year ended 30 June 2009

	Note	2009 \$	2008 \$
Revenue			
Revenue	2	12,287,257	11,323,767
Other income	2	-	405,141
Total revenue		12,287,257	11,728,908
Expenses			
Marketing and publications expenses		(1,578,718)	(1,514,747)
Corporate services expenses		(2,147,076)	(2,331,736)
Corporate governance expenses		(1,177,204)	(808,673)
Members services expenses		(7,190,850)	(6,532,090)
Loss from closure of subsidiary's operations	10(b)	(171,021)	-
Other expenses		(218,183)	(500,942)
Total expenses		(12,483,052)	(11,688,188)
Net profit / (loss) for the year		(195,795)	40,720

The accompanying notes form part of these financial statements.

Balance Sheet

National Institute of Accountants ABN 81 004 130 643

Balance Sheet as at 30 June 2009

	Note	2009 \$	2008 \$
Current Assets			
Cash and cash equivalents	7	1,248,818	1,611,468
Trade and other receivables	8	200,828	833,802
Financial assets	9	4,600,000	3,000,000
Other assets	11	544,128	539,424
Total current assets		6,593,774	5,984,694
Non-Current Assets			
Trade and other receivables	8	350,000	350,000
Financial assets	9	342,340	374,428
Property, plant and equipment	12	1,618,173	1,711,215
Total non-current assets		2,310,513	2,435,643
Total Assets		8,904,287	8,420,337
Current Liabilities			
Trade and other payables	13	4,295,160	3,734,718
Provisions	14	347,368	176,047
Total current liabilities		4,642,528	3,910,765
Non-Current Liabilities			
Provisions	14	261,622	313,640
Total non-current liabilities		261,622	313,640
Total Liabilities		4,904,150	4,224,405
Net Assets		4,000,137	4,195,932
Equity			
Retained earnings		4,000,137	4,195,932
Total Equity		4,000,137	4,195,932

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

National Institute of Accountants ABN 81 004 130 643

Statement of Changes in Equity for the year ended 30 June 2009

	Retained Earnings \$
Balance as at 1 July 2007	4,155,212
Profit attributable to members	40,720
Balance as at 30 June 2008	4,195,932
Loss attributable to members	(195,795)
Balance as at 30 June 2009	4,000,137

The accompanying notes form part of these financial statements.

Cash Flow Statement

National Institute of Accountants ABN 81 004 130 643

Cash Flow Statement for the year ended 30 June 2009

	Note	2009 \$	2008 \$
Cash Flows from Operating Activities			
Receipts from members and customers		13,073,098	11,405,175
Payments to suppliers and employees		(11,990,277)	(12,696,732)
Interest received		375,599	409,944
Net cash provided by (used in) operating activities	16	1,458,420	(881,613)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(221,070)	(1,424,813)
Receipts from bank and government term deposits		-	2,688,087
Investment in bank term deposits		(1,600,000)	-
Net cash provided by (used in) investing activities		(1,821,070)	1,263,274
Net increase (decrease) in cash held		(362,650)	381,661
Cash at beginning of the financial year		1,611,468	1,229,807
Cash at end of the financial year	7	1,248,818	1,611,468

The accompanying notes form part of these financial statements.

Note 1: Statement of Significant Accounting Policies

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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

a. 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.

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. 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 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.

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 company 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 company 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%

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

c. Property, Plant and Equipment (cont'd)

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.

d. 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 company, 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 company 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.

e. 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.

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 company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

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 company assesses whether there is objective evidence that a financial instrument has been impaired.

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

f. Impairment of Assets

At each reporting date, the company 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. Provisions

Provisions are recognised when the company 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.

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 that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. 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. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

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

i. 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).

j. 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.

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

k. 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.

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.

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. New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory applicable dates for future reporting periods and which the company has decided not to early adopt. Due to the nature of the company's activities, it does not expect them to have any material effect in the company's financial statements.

n. Comparative Figures

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

o. Critical Accounting Estimates and Judgments

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 company.

Key Estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company 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 \$14,080 (2008: \$18,412).

The financial statements were authorised for issue on 28 August 2009 by the board of directors.

	2009 \$	2008 \$
Note 2: Revenue		
Operating revenue		
Members subscriptions	7,212,189	6,883,110
Members activities	1,637,525	1,343,409
Non-member activities	2,867,208	2,483,980
Interest earned	416,339	459,698
Other revenue	128,996	53,570
Management fees	25,000	100,000
Total operating revenue	12,287,257	11,323,767

Other Income

Gain on waiver of tenancy restoration	-	405,141
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Note 3: Profit/ (Loss) for the Year

(a) Expenses

Rental expense on operating leases		
- minimum lease payments	737,606	884,498
Depreciation and amortisation	310,438	283,172
Net loss on disposal of property, plant and equipment	3,674	124,817

(b) Significant Expenses

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

Employee benefit expense	4,689,044	4,220,957
Advertising and promotions	411,633	300,703

Profession Related Costs

AASB contribution	33,334	84,000
AUASB contribution	300,000	237,600
Australian Professional Ethical Standards Board contribution	329,375	324,755
International Federation of Accountants contribution	147,899	87,726

	2009 \$	2008 \$
Note 4: Income Tax Expense		

The prima facie income tax benefit at 30 per cent on net profit/ (loss) attributable to the members of the company is -\$58,738 (2008: income tax expense of \$12,216) is offset by a permanent difference arising from mutual activities with members.

At balance date, unconfirmed accumulated tax losses of \$4,501,254 (2008: \$4,305,459) 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 7 (2008: 5) key management personnel of the company is as follows:

Short-term benefits:

Salary	945,508	718,401
Cash incentives	-	14,700
Non-cash benefits	50,970	46,813

Termination benefits

	57,339	-
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Retirement benefits:

Superannuation contributions	167,966	174,374
Total benefits	1,221,783	954,288

Note 6: Auditors' Remuneration

Remuneration of the auditor for:

- auditing the financial statements	35,359	33,500
- other services	11,140	7,050

Note 7: Cash and Cash Equivalents

Cash at bank and on hand	309,974	102,534
Deposits at call	938,844	1,508,934
Total cash and cash equivalents	1,248,818	1,611,468

The effective interest rate on deposits on call - short-term bank term deposits was 3% (2008: 6.53%).

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	1,248,818	1,611,468
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Notes to the Financial Statements for the year ended 30 June 2009

National Institute of Accountants ABN 81 004 130 643

Note 8: Trade and Other Receivables	2009	2008
	\$	\$
Current		
Trade receivables	91,046	416,756
Provision for impairment of receivables	(14,080)	(18,412)
	76,966	398,344
Amounts receivable from:		
- Association of Accounting Technicians (Australia) Ltd	123,862	85,589
- Accounting Education Australia Pty Ltd (Note 10(b))	-	349,869
Total current trade and other receivables	200,828	833,802

Non-Current

Loan - Association of Accounting Technicians (Australia) Ltd	350,000	350,000
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Amount receivable of \$123,862 from Association of Accounting Technicians (Australia) Ltd has been subsequently partially received amounting to \$98k. Arrangements have been made to pay the remaining balance.

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. The loan is subject to interest at a rate of 0.5% above the 90 day bank bill rate per annum.

Note 9: Financial Assets

Current

Bank term deposits	4,600,000	3,000,000
Total current financial assets	4,600,000	3,000,000

Non-Current

Security deposits and bonds	342,340	374,328
Shares in controlled entities - at cost	-	100
Total non-current financial assets	342,340	374,428

Notes to the Financial Statements for the year ended 30 June 2009

National Institute of Accountants ABN 81 004 130 643

Note 10: Controlled Entities	2009	2008
	\$	\$
(a) Controlled entities not consolidated		
	Incorporated	Percentage Owned (%)
Parent Entity:		
National Institute of Accountants	Australia	
Subsidiary of		
National Institute of Accountants:		
- Accounting Education Australia Pty Ltd	Australia	100% 100%

(b) Loss from closure of Subsidiary's operations

On 1 July 2008, the board of directors resolved to close the operations of Accounting Education Australia Pty Ltd. The subsidiary did not trade during the year. Consolidated accounts were not prepared as amounts were immaterial.

The loss from closure of operations is as follows:

	1 July 2008
	\$
Current Assets	
Cash and cash equivalents	259,930
Trade and other receivables	288
Total Assets	260,218
Current Liabilities	
Trade and other payables	81,370
Non-current Liabilities	
Borrowings	349,869
Total Liabilities	431,239
Net Assets	(171,021)
Equity	
Share capital	100
Retained losses	(171,121)
Total equity	(171,021)

	2009 \$	2008 \$
Note 11: Other Assets		
Deposits	13,978	9,150
Prepayments	271,368	359,018
Accrued income	258,782	146,256
Accrued income - Association of Accounting Technicians (Australia) Ltd	-	25,000
Total other assets	544,128	539,424

Note 12: Property, Plant and Equipment

Plant and equipment - at cost	1,589,010	1,424,441
Accumulated depreciation	(1,000,428)	(863,942)
Total plant and equipment	588,582	560,499
Leasehold improvements - at cost	1,298,439	1,277,654
Accumulated amortisation	(268,848)	(126,938)
Total leasehold improvements	1,029,591	1,150,716
Total property, plant and equipment	1,618,173	1,711,215

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 \$
Balance 1 July 2007	451,175	243,217	694,392
Additions	359,204	1,065,609	1,424,813
Disposals	(76,682)	(48,135)	(124,817)
Depreciation expense	(173,198)	(109,975)	(283,173)
Balance at 30 June 2008	560,499	1,150,716	1,711,215
Additions	200,285	20,785	221,070
Disposals	(3,674)	-	(3,674)
Depreciation expense	(168,528)	(141,910)	(310,438)
Carrying amount at 30 June 2009	588,582	1,029,591	1,618,173

	2009 \$	2008 \$
Note 13: Trade and Other Payables		
Members subscriptions in advance	3,094,588	2,422,885
Other income in advance	211,195	266,906
Trade payables	261,016	348,166
Accrued expenses	473,372	481,820
GST payable	254,989	214,941
Total trade and other payables	4,295,160	3,734,718

Note 14: Provisions

Current

Annual Leave	276,662	170,617
Long service leave	70,706	5,430
Total current provisions	347,368	176,047

Non-current

Long service leave	154,122	206,140
Lease restoration	107,500	107,500
Total non-current provisions	261,622	313,640
Total provisions	608,990	489,687

Movement in Provisions	Annual Leave \$	Long Service Leave \$	Lease Restorations \$	Total \$
Balance at 1 July 2008	170,617	211,570	107,500	489,687
Additional provisions	318,537	52,450	-	370,987
Amounts used	(212,492)	(39,192)	-	(251,684)
Balance at 30 June 2009	276,662	224,828	107,500	608,990

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 the financial statement.

	2009 \$	2008 \$
Note 14: Provisions (Cont'd)		
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 considered and applied.		
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	907,971
- between 1 year and 5 years	2,280,235	2,619,177
- greater than 5 years	-	569,029
Total operating lease commitments	3,188,206	4,096,177

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/ (Loss) after Income Tax

Profit/ (loss) after income tax	(195,795)	40,720
Non-cash flows items:		
Amortisation	141,910	173,198
Depreciation	168,528	109,974
Loss on disposal of property, plant and equipment, net	3,674	124,817
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	632,974	(218,089)
(Increase)/decrease in other assets	27,384	(387,133)
Increase/(decrease) in trade and other payables	(111,261)	151,916
Increase/(decrease) in subscriptions paid in advance	671,703	(555,111)
Increase/(decrease) in provisions	119,303	(321,905)
Cash flows from operations	1,458,420	(881,613)

		2009 \$	2008 \$
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:			
Directors employer reimbursement:			
Glenn Mann	Elmet Pty Ltd	6,000	3,000
	Australian Steel Supplies	-	3,000
Greg Parr	Mouldens Solicitors	-	3,000
	Hood Sweeney	4,500	3,000
Ralph Green	Business Systems Pty Ltd	-	1,500
Kevin Dawes	Strategic Plus	4,500	6,000
John Waugh	EMB Solutions Pty Ltd	2,500	1,500
Marc Ting	Tregena Solutions	4,500	4,500
Rene Mora	Mora and Co.	4,500	4,500
David Hickman	Commercial Equity Group	3,000	6,000
Graham Holland	Graham Holland & Associates	6,000	4,500
Greg Dennis	Geedess Pty Ltd	12,000	12,000
Christine Leetham	TAFE NSW	6,000	6,000
Russell Hilliard	P&J Financial Services	6,000	6,000
CPE speakers expenses:			
Anthony Culberg (Councillor)	A C Culberg	4,450	9,061
Transactions with Related Entities			
Sponsorship paid to Association of Accounting Technicians (Australia) Ltd		50,000	-
Receivable from Association of Accounting Technicians (Australia) Ltd (Note 8). The National Institute of Accountants provided rental accommodation and services during the financial year		123,862	85,589
Receivable from Accounting Education of Australia Pty Ltd (Note 8)		-	349,869
Loan receivable from Association of Accounting Technicians (Australia) Ltd (Note 8)		350,000	350,000

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 (Australia) Ltd. 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 company is exposed to through its financial instruments are interest rate risk and credit risk.

Interest rate risk

The company's exposure to interest rate risk is the risk that a financial instrument's 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 company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

(b) Financial Instruments

(i) Financial instrument composition and maturity analysis

The company'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
2009	%	\$	\$	\$	\$
Financial Assets					
Cash at bank and on hand	-	306,706	-	3,268	309,974
On call bank investment	4.5	938,844	-	-	938,844
Bank term deposits	6	-	4,600,000	-	4,600,000
Receivables	-	-	-	200,828	200,828
Security deposits and bonds	6	-	342,340	-	342,340
Non-current loan	6.5	350,000	-	-	350,000
Total financial assets		1,595,550	4,942,340	204,096	6,741,986

Financial Liabilities:

Trade and other payables	-	-	-	734,388	734,388
Total financial liabilities		-	-	734,388	734,388

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	95,260	-	7,274	102,534
On call bank investment	7.18	1,508,934	-	-	1,508,934
Bank term deposits	8.32	-	3,000,000	-	3,000,000
Receivables	-	-	-	833,802	833,802
Security deposits and bonds	-	-	374,328	-	374,328
Shares in controlled entities	-	-	-	100	100
Non-current loan	8.30	350,000	-	-	350,000
Total financial assets		1,954,194	3,374,328	841,176	6,169,698

Financial Liabilities:

Trade and other payables	-	-	-	829,986	829,986
Total financial liabilities		-	-	829,986	829,986

(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 company 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 2009 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:

	Change in Profit (\$)	Change in Equity (\$)
Increase interest rates by 2%	31,911	31,911
Decrease interest rates by 1%	(15,955)	(15,955)

Note 19: Contingent Liabilities	2009	2008
	\$	\$
Bank guarantees for the term of the operating leases for periods in a range from 5 to 9 years	342,340	374,328

Indemnities for bank guarantees to the lessors' of properties occupied under operating leases at 555 Lonsdale Street, 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 \$6.00 per member. The number of voting members as at 30 June 2009 was 20,000.

Note 21: Events After the Balance Sheet Date

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.

Note 22: 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 28 to 46 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 2009 and of the performance for the year ended on that date of the company;
2. 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



Kevin Dawes, FPNA
Director

Signed this 28th day of August 2009.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NATIONAL INSTITUTE OF ACCOUNTANTS

Report on the Financial Report

We have audited the accompanying financial report of the National Institute of Accountants which comprises the balance sheet as at 30 June 2009, 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.

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 report 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 28 August 2009, 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 is in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting standards (including the Australian Accounting Interpretations) to the extent described in Note 1 to the financial statement and complying with 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



Ian Duff
Registered Company Auditor

Signed in Hawthorn, this 28th day of August 2009



Every member counts

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enquiries can be directed in the
first instance to NIA head office.

NIA divisional offices are located in the following cities:

Melbourne
Sydney
Brisbane
Adelaide
Hobart
Perth
Canberra

The NIA also has offices in:

Kuala Lumpur
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