



IPA INSTITUTE OF PUBLIC
ACCOUNTANTS

2010–2011
ANNUAL REPORT

ABOUT THE INSTITUTE OF PUBLIC ACCOUNTANTS

First formed in 1923, the Institute of Public Accountants (IPA) has been driving professionalism, influencing policy and promoting the interests of its members on a local and global stage for nearly 90 years.

The Institute is one of the three recognised professional bodies for accountants in Australia. It represents the interests of more than 22,000 members and students in over 50 countries.

With an expansive global focus and full membership of the International Federation of Accountants and Confederation of Asian and Pacific Accountants, the IPA is working to promote the exchange of knowledge and best practice to build relationships across borders.

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IPA ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Institute of Public Accountants (IPA) will be held at Henry Jones Art Hotel, 25 Hunter Street Hobart, TAS 7000 Australia on Friday, 28 October 2011 commencing at 5.30pm (AEST).

PRESIDENT'S MESSAGE

2011: a year of change

The Institute's members have always been our number one priority. The confidence and support that has been received by the Institute over the past 12 months has been overwhelming, with members benefiting from a number of new initiatives to add value to the membership experience.

We invest a considerable amount of time and effort into representing the interests of members on the local and global stage. Voicing the interests and concerns via a number of mediums including submissions direct to all levels of Government, commentary to and releases to the media and our ongoing representation on a wide range of committees and boards.

Outstanding performance

In 2010 chief executive of the Institute Andrew Conway was appointed Professor at the Shanghai University of Finance and Economics. This is a major compliment to the Institute as the evaluation process of Professorship is quite a rigorous one with academic assessments, references and detailed analysis of previous lectures and papers. The Professorship was in recognition of Andrew's contribution to the accounting profession.

This year, Andrew was also awarded the prestigious Professions Australia '2011 Young Professional of the Year' award. The highly sought after award is intended to encourage and recognise the achievements of a young professional who has demonstrated a noteworthy commitment to excellence and innovation in their profession.

This recognises the calibre of members, the Institute and Andrew, who all work tirelessly to represent the Public Accountant designation.



New partnerships

In 2011, the Institute was admitted as a full member of the Confederation of Asian and Pacific Accountants (CAPA). CAPA represents peak national professional accounting organisations in the Asia-Pacific region and is the largest regional accounting organisation in the world. Admittance to CAPA further strengthens links with other key regional bodies and enhances the portability of the Public Accountant designation.

The Institute was also proud of the historic signing of a memorandum of understanding with the Institute of Cost and Works Accountants of India (ICWAI) and a memorandum of understanding with Nigeria's peak accounting body, the Association of National Accountants of Nigeria (ANAN). These agreements will benefit members of both Institutes in developing educational and training programs – while also incorporating a mutual recognition of qualifications – providing a career pathway for accounting professionals wanting to work overseas.

The Institute also welcomed a number of delegations throughout the year with several from China, Iraq and Nigeria. International delegations are a great opportunity for Australia to showcase our progress and reforms by sharing knowledge and education.

Representing members

The Institute and its members have been represented on a number of meetings of the International Federation of Accountants (IFAC). Andrew attended IFAC's 2011 Chief Executives' Strategic Forum. The forum provided leaders in the accountancy profession with insight into how the profession can take an active role in the development of strong and sustainable organisations, financial markets and economies.

Andrew was also invited to represent members at the fifth IFAC SMP Forum, where delegates from over 45 countries convened for one of the largest gatherings in the event's history. The Institute also participated in the IFRS Regional Policy Forum. The 2011 forum was held in Bali and was the last time that Sir David Tweedie, the retired chairman of the International Accounting Standards Board, addressed an audience in the Southern Hemisphere.

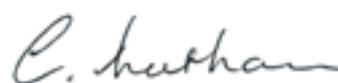
I also joined Andrew and his team at the World Congress of Accountants in Kuala Lumpur, Malaysia. More than 6,000 delegates from 130 countries attended the event, making it one of the largest international accountancy events on the calendar.

The Institute was also the proud sponsor of the 12th Australian Accountants and Lawyers Conference. The conference provided attendees with the opportunity to learn about current and emerging issues and accounting regulation in international jurisdictions.

Looking forward

In honour of our long and proud history, you will notice some of the Institute's key achievements highlighted throughout this Annual Report 2010-11.

The revitalisation of the Institute has provided us with an opportunity to reflect on our colourful past but most importantly, look to the bright future. While another year may be coming to a close, I look forward to the next stage of our growth.



Christine Leetham FIPA
President

THE CONFIDENCE AND
SUPPORT THAT HAS BEEN
RECEIVED BY THE INSTITUTE
OVER THE PAST 12 MONTHS
HAS BEEN OVERWHELMING.

CHIEF EXECUTIVE OFFICER'S REPORT

A voice for small business

With the confidence and support of our members, we are now a proud, established and transformed organisation with endless possibilities for the future. However, our members will always remain our number one priority.

The new Institute encompasses more than just a name change. A strong focus will continue to cement our position in the marketplace with ethical, effective and highly qualified accountants globally.

As the trusted advisers to small business, the Institute's 22,000 members and students continue to enhance our reputation as the voice for small business.

Lobbying and advocacy

The Institute continues to lobby and advocate on behalf of members and the accounting profession to key industry groups. The ongoing efforts by all Australian professional accounting member bodies, including the Institute, have helped to secure changes that have assisted members and their clients over the years. In the past financial year, we made 109 submissions to numerous bodies, providing influence on regulatory issues affecting our members. These stakeholders include:

- Australian Taxation Office (ATO)
- Treasury
- International Auditing and Assurance Standards Board
- Australian Professional and Ethical Standards Board, and
- International Integrated Reporting Committee.

The Federal Budget is a major lobbying activity for the Institute and this year was no different. The Institute celebrated its launch with a gala dinner at the National Press Club in Canberra on pre-budget night with the inaugural IPA Lecture delivered by Shadow Treasurer, The Hon. Joe Hockey MP and hosted by financial journalist Michael Pascoe.

IN THE PAST FINANCIAL YEAR, WE MADE 109 SUBMISSIONS TO NUMEROUS BODIES, PROVIDING INFLUENCE ON REGULATORY ISSUES AFFECTING OUR MEMBERS.

Each year we consult members and seek their feedback on a range of matters for our annual pre-budget submission. We put forward a number of recommendations to influence the budget outcomes with a key component on issues affecting small business.

One of the Institute's pre-budget recommendations was taken up by the Government with Australian small businesses receiving an instant tax write-off for the first \$5,000 of any motor vehicle purchased from 2012-13. While some recommendations may not be implemented by the Government, we will continue to advocate on behalf of members.

The Institute also provided extensive commentary on budget night – and we received extensive media coverage across a number of mediums including national newspapers, radio and the Sky News channel.

We will continue to be involved in extensive consultations with all stakeholders to build upon our advocacy and lobbying that will be in the best interests of our members and the small business community.



Corporate governance changes

The renewal of the Institute prompted an external evaluation of our corporate governance framework to ensure that we remain relevant and aligned to meet today's best practice.

The developments included Divisional Advisory Committees, which would provide valuable feedback on the performance of the Institute against its strategic direction, a Competency Matrix for members of the Board and a National Divisional Council to act as a nominations committee for the Board.

These robust strategies will ensure that the Institute continues to strengthen through greater operational efficiencies, the modernisation of current practices and most importantly, allow all members to have an opportunity to guide the direction of the Institute.

A partnership beyond numbers

The success of the Institute includes two key factors; its staff and our valued members. Over the past year, the Institute has held over 500 continuing professional education events for almost 7,000 members. These events are the cornerstone of our members staying up-to-date with legislative developments, developing new skills and gaining further knowledge.

Giving back to the community

The Institute this year embarked on a corporate social responsibility strategy that is focused on giving back to the communities in which we live. As part of our new initiative we made a donation to the Humpty Dumpty Foundation, which provides much needed medical equipment and support for children's hospitals across Australia and in East Timor. A donation was also made during our Pollie Pedal ride with opposition leader, Tony Abbott.

Throughout the year the Institute also put together a directory of resources to help IPA members and small businesses that were affected by natural disasters in Australia.

The Institute along with other leading accounting groups and other stakeholders in Australia have the goal of educating 1,000 Aboriginal accountants over the next 10 years. Our vision is to continue giving back to the community through involvement, education and donations.

As always we look forward to a partnership beyond numbers.

Andrew Conway FIPA
Chief Executive Officer

2010–11 SUBMISSIONS

During the 2010-11 fiscal year the Institute's innovation and representation team developed and lodged 109 submissions to Governments and regulatory authorities on behalf of the members.

The submissions listed each year are on the topics that impact or have the potential to impact members and the profession as a whole. A full list of our submissions on behalf of members is below.

- AASB - Differential Reporting Regime Case Studies - *Fair Work Act* Financial Statements
- ACMA - Definition of Approved Auditor
- APESB - APES 350 Review
- ATO - Draft Practice Statement PSLA 3362 Division 7A Trust Entitlements
- ATO - GSTR 2010/D1 - Draft Goods and Service Tax Ruling GSTR 2010/D1
- ATO - TD 2010/D10 - Division 7A Payments and Loans Through Interposed Entities
- ATO - TD 2010/D2 - Exemption in s 102NA of the *Income Tax Assessment Act 1936* and Unit Trusts
- ATO - TD 2010/D4, TD 2010/D5, TD 2010/D6 - Income Tax Rulings in Relation to Black Hole Deductions under s 40-880
- ATO - TD 2010/D9 - Division 7A Unpaid Present Entitlements under s 109XI
- ATO - TD 2011/D1 - Investment by a Trustee and Gain/Loss on Capital Accounts
- ATO - TD 2011/D2 - Part IVA and Non-Assessable Non-Exempt Dividends
- ATO - TD 2011/D3 - Income Tax and CGT in No Goodwill Incorporated Professional Practice when considering s 116-30(1)
- ATO - TR 2010/D3 Application of S109RB Commissioner's Discretion to Disregard Deemed Dividend
- ATO - TR 2010/D7 - Business Related Capital Expenditure s 40-880
- ATO - TR 2010/D8 - Retail Premiums Paid to Shareholders where Share Entitles Not Taken Up
- ATO - TR 2010/D9 - Deductibility under s 295-465(1) of Premiums by Complying Funds for Insurance Policies
- ATO - TR 2011/D11 FBT: Meaning of 'Cost Price' of a Car, for the Purpose of Calculating the Taxable Value of Car Fringe Benefits
- ATO - TR 2011/D2 Income Tax and Fringe Benefits Tax: Charities
- Australian Institute of Business Brokers - Request for Constitutional Recognition
- Department of Industry & Investment NSW - Recognition in Regulations
- DFAT: APEC - Accounting Services Project
- FRC - Audit Independence
- IFAC - Action Plan Review
- IFAC - Rules for Name Changes

1923

Institute of Factory and Cost Accountants was formed.

1926

Institute is incorporated under the Companies Act. Subscriptions are charged at Fellow – 3 guineas, Associate – 2 guineas, Licentiate – 1 guinea.

- IIRC - Confidential Feedback to the Working Party on Draft Integrated Reporting Documents
- Inspector General of Taxation - Change Program
- Inspector General of Taxation - Work Program
- IRC - Confidential Feedback to IIRC Representative, Roger Simnett (Cost vs Benefit Principle)
- IRC - Confidential Feedback to IIRC Representative, Roger Simnett (Elements of Reporting)
- JAB: AASB - ED 03/10 Proposed Standard on Assurance Engagements ASAE 4400 Agreed-Upon Assurance Procedures to Report Factual Findings (Revision of AUS 904)
- JAB: AASB - ED 195 Defined Benefit Plans
- JAB: AASB - ED 197 Presentation of Items of Other Comprehensive Income
- JAB: AASB - ED 198 ED 202R Proposed Amendments Related to Tier Two Disclosures under the RDR
- JAB: AASB - ED 198 Revenue from Contracts with Customers
- JAB: AASB - ED 200A 200B Australia-New Zealand Harmonisation
- JAB: AASB - ED 202R Leases
- JAB: AASB - ED 204 Proposed Amendments Related to Tier Two Disclosures under the RDR
- JAB: AASB - ED 205 Extending Relief from Consolidation the Equity Method and Proportionate Consolidation
- JAB: AASB - ED 207 Amendments to AASB 7 Tier 2 Financial Instruments Disclosures
- JAB: AASB - ED 211 Proposed Amendments to AASB 1049
- JAB: AASB - ED Tier 2 Supplement to ED 206 Severe Hyperinflation
- JAB: AASB - ED208 Hedge Accounting
- JAB: AASB - *Fair Work Act* and General Purpose Financial Reporting Requirements
- JAB: AASB - GS 007 Audit Implications of the Use of Service Organisations for Investment Management Services
- JAB: AASB - ITC 23 Comment - Extractive Industries
- JAB: AASB - ITC 24 Comment - IASB Effective Dates and Transition Methods
- JAB: APESB - ED 03/10 Proposed Standard APES 110 Code of Ethics for Professional Accountants
- JAB: APESB - Proposed Standard APES 230 Financial Advisory Services
- JAB: ASIC - CP 150 Disclosing Financial Information
- JAB: ASIC - CP 155 Prospectus Disclosure Improving Disclosure for Retail Investors
- JAB: ASIC - Training and Assessment Framework for Financial Advisers
- JAB: AUASB ASRE 3402 Assurance Reporting on Controls at a Service Organisation
- JAB: FASB - ED Accounting for Financial Instruments and Revisions etc.

1950

Name changed to
Institute of Taxation
and Cost Accountants.

2010–11 SUBMISSIONS (CONTINUED)

- JAB: FSA - Japan CR on the Review of IFRS Foundation Governance
- JAB: IAASB - DP The Evolving Nature of Financial Reporting: Disclosure and its Audit Implications
- JAB: IAASB - IAPS 1000 Special Considerations in Auditing Complex Financial Instruments
- JAB: IAASB ISAE 3410 Assurance Engagements on Greenhouse Gas Statements
- JAB: IAASB - ISAE 3420 Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus
- JAB: IAESB - CP Revision of International Education Standard 8: Competence Requirements for Audit Professionals
- JAB: IAESB - IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence
- JAB: IAASB - Related Services ISRS 4410 Compilation Engagements
- JAB: IAASB - Strategy and Work Program 2012-2014
- JAB: IASB - D1 2010-1 Stripping Costs in the Production Stage of a Surface Mine
- JAB: IASB - DP 2010-1 Extractive Activities
- JAB: IASB - ED 2010-11 Deferred Tax Recovery of Underlying Assets
- JAB: IASB - ED 2010-13 Hedge Accounting
- JAB: IASB - ED 2010-3 Defined Benefit Plans
- JAB: IASB - ED 2010-4 Fair Value Option for Financial Liabilities
- JAB: IASB - ED 2010-5 Presentation of Items of Other Comprehensive Income
- JAB: IASB - ED 2010-6 Revenue from Contracts with Customers
- JAB: IASB - ED 2010-8 Insurance Contracts
- JAB: IASB - ED 2010-9 Leases
- JAB: IASB - ED Financial Instruments Impairment Supplement to ED-2009-12
- JAB: IASB - Effective Dates Transition Methods
- JAB: IASB - Offsetting Financial Assets and Financial Liabilities
- JAB: IFAC - ED A Public Interest Framework for the Accountancy Profession
- JAB: IFAC - Proposed IFAC Member Body Compliance Program Strategy 2011-2014
- JAB: IFRS - Consultation Document: Strategy Review
- JAB: IPSASB - CP Elements and Recognition in Financial Statements
- JAB: IPSASB - ED 1 Conceptual Framework ED 1 Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Role, Authority and Scope Objectives Users; Objectives and Users; Qualitative Characteristics; and Reporting Entity

1957

Name changed to the National Institute of Accountants.

1960

National Institute of Accountants has 200 members.

- JAB: Letter to Senator Sherry - Provision of Tax Advice by Financial Planners under the Tax Agent Services Regime
- JAB: Regulation of Tax Agent Services Provided by Financial Planners
- JAB: Treasury - Alternative formulation of Best Interest Duty
- JAB: Treasury - Audit of Self-Managed Super Funds
- JAB: Treasury - Clawback of Executive Remuneration
- JAB: Treasury - ED Corporations Amendment Improving Accountability for Director and Executive Remuneration Bill 2011
- JAB: Treasury - Improving Taxation Of Trust Income
- JAB: Treasury - Options paper: Wholesale and Retail Clients
- JAB: Treasury - TD 2010/D4, TD 2010/D5, TD 2010/D6 Income Tax Rulings in Relation to Black Hole Deductions Under s40-880 for Consolidated Groups
- JAB: Victorian Department of Justice - Review of the *Professional Standards Act 2003*
- Joint Submission: ATO - DTR 2011/D2 Income Tax and Fringe Benefits Tax: Charities
- Letter Expressing Interest for Strengthening the Accountancy Profession in Malawi
- New Zealand Companies Registrar - Recognition of members with Audit Qualifications under New Zealand Law
- New Zealand Securities Commission - Recognition of members under New Zealand Law for Audit Purposes
- NSW Department of the Attorney General - Changes to Legislation Arising from Rebrand
- South Australian Government - Stamp Duty Review
- Submission on Review Consultation Paper of TNF Withholding DP
- TPB - Approval Process for Courses
- TPB - Assessment Aspect and Requirements of an Approved Course
- TPB - Claiming a Lien over Client Property
- TPB - ED Course in Basic Accountancy
- TPB - Letters of Engagement
- TPB - Professional Indemnity Insurance
- Treasury - 2011/12 Pre-Budget Submission to Treasury
- Treasury - CP Concessional Superannuation Contributions Caps for Individuals Aged 50 and Over
- Treasury - Improving the Taxation of Trust Income
- Treasury - Margin Scheme Discussion Paper
- Treasury - National Credit Reform Green Paper
- Treasury - Scoping Study for a National Not For Profit Regulator

1967

Name changed to Institute of Commercial Studies.

1970

Name changed to Institute of Affiliate Accountants.

Early 80s

Introduction of the Articles of Association and By-laws.

KEY BUSINESS OBJECTIVES

IPA MISSION

Providing professional recognition and support to drive business success.

IPA BUSINESS OBJECTIVES

Increasing the value of the Public Accountant designation for existing and future members.

IPA POSITIONING STATEMENT

Partnership beyond numbers.

Our vision for the future

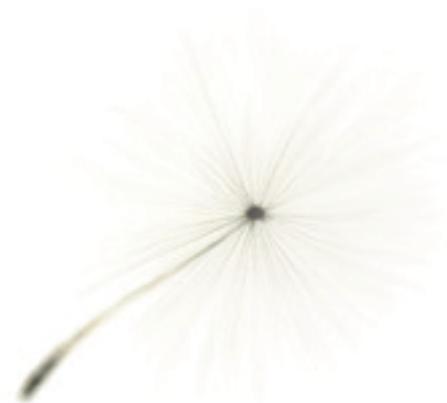
The Institute is committed to being an innovative and flexible, professional accounting body focused on providing global educational pathways for accounting and finance professionals.

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

Strengthening our alliances

We will continue to represent the interests of members by working with industry bodies to increase our recognition through our lobbying and advocacy efforts. Some of the bodies we continue to work with include International Federation of Accountants, International Accounting Standards Board and Confederation of Asian and Pacific Accountants, just to name a few.

For the latest updates on our advocacy efforts visit publicaccountants.org.au.



1985 Inaugural issue of *Counting House* (now *Public Accountant* magazine) publication launched.

1987 The Institute has over 7,000 members.

The only accounting body to offer a Master degree.
publicaccountants.org.au/IPAProgram



The Australian accounting body for professional accountants worldwide.

The IPA can provide you with many benefits.

- The term 'public accountant' is globally recognised within the accounting profession. It enables you to work anywhere in the world; in any industry.
- A designation and qualification that is recognised worldwide.
- Pathways and assistance for migration to Australia.

For more information visit publicaccountants.org.au



INSTITUTE OF PUBLIC ACCOUNTANTS

The trusted voice for accounting professionals since 1923.

publicaccountants.org.au

The IPA is everywhere

IPA INSTITUTE OF PUBLIC ACCOUNTANTS

Investing in our brand

As part of the revitalisation, we have invested in an advertising campaign that will help to raise the profile of the Institute and its members. Here are just a few examples of the advertisements that have been seen and will continue to appear in newspapers and magazines.

Great partnerships make a great difference

IPA INSTITUTE OF PUBLIC ACCOUNTANTS
Partnership beyond numbers

publicaccountants.org.au

THE IPA'S BOARD OF DIRECTORS



We are proud to present the IPA's Board, led by President Christine Leetham.



Jason Richard Parker



Damien Scott Moore



Glenn Cameron Mann



Kevin Brian Dawes



Leah-Barbara Maguire



Gregory Robert Parr



Nordin Mohd Zain



Russell Alan Hillard



Wendy Leegel



Anthony Gerard McCartin



David Anthony Lever

The directors present their report on Institute of Public Accountants Ltd (IPA) (formerly National Institute of Accountants) for the financial year ended 30 June 2011.

Board of Directors

The names of the directors in office during the year and to the date of this report are:

Directors	Position	Date appointed	Date of cessation	National Board Meetings	
				No. eligible to attend	No. attended
Christine Julianne Leetham	President			5	5
David Anthony Lever	Deputy President			5	5
Russell Alan Hillard	Vice President			5	5
Jason Richard Parker	Treasurer			5	4
Kevin Brian Dawes				5	5
Gregory Robert Parr				5	5
Glenn Cameron Mann				5	5
Nordin Mohd Zain				5	5
Wendy Leegel				5	3
Anthony Gerard McCartin				5	5
Leah-Barbara Maguire		29-10-2010		2	2
Damien Scott Moore		22-11-2010		2	2
Graham Rosslyn Holland			29-10-2010	3	3
Gregory Alan Dennis			29-10-2010	3	3

Company Secretary

Andrew James Conway held the position of Company Secretary for the financial year.



1988

National Institute of Accountants, adoption of the precedent name. Members vote 2248-26 overwhelmingly to change the name.

DIRECTORS' REPORT (CONTINUED)

Principal Activities

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

The 2010/11 loss is a direct result of the implementation of the strategic plan of the Institute, a component of which was to significantly invest in our future. These strategic Board directions were overwhelmingly endorsed by members at the Extraordinary General Meeting in March 2011 whereupon 95% of members who voted, voted in favour of the renewal of the Institute.

Refined Corporate Governance Framework

Following extensive Board consideration, in June 2011 Directors resolved to adopt new By-laws and policies to implement a revised corporate governance framework. This resolution also included a 12 month transitional phase and the establishment of a new National Divisional Council to act as the nominations committee of the Board. The guiding principles of the governance refinements were:

- enhanced member engagement
- enhanced efficiency
- alignment with contemporary practice

IPA Strategic Themes

Strategic Theme 1: Be recognised as the peak accounting body for Public Accountants in the SMP segment.

Strategic Theme 2: Be recognised as providers of the highest quality professional accounting qualification in Australia.

Strategic Theme 3: Actively promote the Institute to grow membership and revenue.

Strategic Theme 4: Continually enhance our influence on the profession.

Strategic Theme 5: Ensure we have the best people using the right resources.

IPA Objectives

To achieve the Strategic Themes, IPA has adopted the following objectives:

- Increase awareness of the IPA Program with members, prospective members and employers.
- Provide regular member updates.
- Review and improve all IPA news and publications.
- Revitalise the IPA Mentored Experience Program.
- Expand technical toolkits and resources for members.
- Expand focus in TAFE and University sectors.
- Promote IPA Program as career pathway to employers.
- Continually expand our range of technical toolkits and web resources.
- Develop an IPA online store/online professional development.
- Consolidate all business unit plans into an operational effectiveness plan.

1988 *Counting House* achieves a non-commercial circulation of 12,000 copies.

The Department of Employment, Education and Training approves Members and Fellows of the Institute to undertake audits of the annual financial returns of Commonwealth funded non-government schools.

Members are recognised under the *Occupational Superannuation Standards Act 1967*.

Institute achieves representation on the National Tax Liaison Group.

The Institute has over 8,000 members.

Information on Directors

Ms Christine Leetham FIPA

President

Occupation: Assistant Director Ultimo TAFE, Sydney Institute

Division: New South Wales

First elected to the Board of Directors in October 2002, Christine has been Chairman of the National Audit Committee from 2003 to 2005 and was Chairperson of the 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.

Mr David Lever FIPA

Deputy President

Occupation: Manager Internal Audit and Ombudsman, City of Greater Geelong

Division: Victoria

David held the position of IPA Victorian President between 2007 and 2009. He has been a Divisional Councillor between 2005 and 2009 and the convenor of the IPA's Geelong discussion group. David is a member of the IPA Faculty of Public Sector and a member of the RMIT Industry Advisory Committee.

Mr Russell Hillard FIPA

Vice President

Occupation: Public Accountant, R & J Financial Services

Division: Queensland

First elected to the Board of Directors in February 2007, Russell is a member of the Membership Policy Committee. A Divisional Councillor since 2004, Russell was elected Divisional President 2006-2007 and Divisional Deputy President from 2007 to 2009.

Mr Jason Parker FIPA

Treasurer

Occupation: Principal – Parker Accounting & Financial Services

Division: Tasmania

Jason is currently the Treasurer of the IPA. Jason served the Tasmanian division of the IPA as President from 2005 to 2007 and has been on the Tasmanian Divisional Council since 2003. Jason came on to the IPA Board in November 2008. Jason is a graduate member of the Australian Institute of Company Directors, a registered tax agent and holds a Bachelor of Commerce (USQ) and a Diploma in Financial Services (financial planning - Tribeca).

109 SUBMISSIONS WERE PREPARED ON BEHALF OF MEMBERS

1990

Tax Institute of Australia recognises NIA membership.

Membership reaches its peak of 9,000.

1991

A Code of Ethics is introduced to members.

The Institute's members win the right to witness passport applications.

DIRECTORS' REPORT (CONTINUED)

Mr Kevin Dawes FIPA

Occupation: Director, Strategic Plus Pty Ltd

Division: New South Wales

First elected to the Board of Directors in 2003, Kevin has served as a NSW councillor and a past National Vice President. Kevin has served on the National Membership Committee, National Resources Committee and is Chairperson of the National Audit Committee.

Mr Glenn Mann FIPA

Occupation: Commercial Manager, APMS Group

Division: Western Australia

First elected to the Board of Directors in April 1999, Glenn is a member of the National Audit Committee, (Chairperson 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 IPA on the board of the Association of Accounting Technicians (AAT) (Aust) and has held the position of President.

Mr Greg Parr FIPA

Occupation: Partner, Scales & Partners Lawyers

Division: South Australia

Greg has been an IPA director from 1998-2003 and 2005-2009, and 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 from 1997 to 2008 and its Chairman (1999-2003). Greg has also been a member of the National Membership Committee since 2010.

Dr Nordin Mohd Zain FIPA

Occupation: Executive Director, Deloitte Malaysia

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 Board for nine years. He is a member of the Malaysian Institute of Accountants (MIA), a member of the Malaysian Corporate Law Reform Committee, a member of the Asia Pacific Financial Reporting Advisory Group (APFRAG) in Australia and a member of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) in Bahrain.

Mr Tony McCartin FIPA

Occupation: Public Accountant and Principal, McCartin & Associates

Division: New South Wales

First elected to the Board of Directors in 2009, Tony, a NSW Councillor since 2006, has been in public practice, and a registered tax agent, since 1984. He worked at the Australian Taxation Office in Sydney and Parramatta between 1972 and 1984.

1992

Counting House increases editions per year from four to six issues

The Institute reaches 10,000 members.

1993

Counting House relaunched as *National Accountant* magazine.

Ms Wendy Leegel FIPA

Occupation: Executive Manager, Change Management Banking Platform Program, Suncorp Bank

Division: Victoria

Wendy has been a member of the IPA since 1994. A Victorian Divisional Councillor since 2006 and previously in 1999-2000. As an IPA member for 17 years Wendy instigated the opening of the Bentleigh discussion group, and remained in the Convenor role for several years. A Senior Associate with FINSIA, a member of the Australian Institute of Management (AIM) and Australian Institute of Project Management (AIPM). Wendy has held a range of senior roles within the Banking and Financial Services Sectors.

Ms Leah-Barbara Maguire FIPA

From October 2010

Occupation: Legal Officer to the Chief of the Defence Force Commissions of Inquiry

Division: Australian Capital Territory

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

Mr Damien Moore FIPA

From November 2010

Occupation: Partner/Director of Carrington Accounting Services

Division: South Australia

Damien first joined the IPA as a student member more than 10 years ago. He is the SA/NT Divisional President, having previously served as Deputy President and a Councillor. Damien also represents the IPA on the SA/NT Regional Tax Practitioner Working Group and the Joint Legislation Review Committee for SA.

Mr Greg Dennis FIPA

Immediate Past President to 29 October, 2010

Occupation: CFO, Office of the Official Secretary to the Governor-General

Division: Australian Capital Territory

Greg served as President from 2006-2009 and 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 Chairperson of the National Audit Committee during 2004-2005. Greg has previously served as the ACT Council Vice President 2001-2002 and has been a part of the ACT Council since 2000.

Mr Graham Holland FIPA

Deputy President to 29 October, 2010

Occupation: Public Accountant

Division: South Australia

First elected to the Board of Directors in November 2007, Graham was a Divisional Councillor from February 2004. Prior to this he was the chairperson of the National Membership Policy Committee and the IPA representative on the South Australian Joint Legislative Review Committee consisting of members from the three professional accounting bodies.



1994

The Institute reaches 12,000 members.

The Graduate Management Program is developed and offered by University of New England.

Prime Minister Paul Keating congratulates the Institute on its new membership requirement, the completion of the NIA Program.

DIRECTORS' REPORT (CONTINUED)

Limitation of Members Liability

IPA is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. In accordance with the constitution, the liability of members in the event of IPA being wound up would not exceed \$6.00 per member towards meeting any outstanding obligations of IPA. The collective liability of members is \$91,476 (2010: \$92,556).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 19.

Signed in accordance with a resolution of the Board of Directors.



Christine Julianne Leetham
President



Jason Richard Parker
Treasurer

Signed in Melbourne, this 26th day of August 2011.

1997

The Institute calls for formation of taskforce to reform tax system.

1998

The Institute launches its own website.

AUDITOR'S INDEPENDENCE DECLARATION

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 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



Kevin P. Adams

Director

Signed in Hawthorn, this 26th day of August 2011.

1999

The Institute has over 12,000 members.

A series of seminars are held to help members get ready for the introduction of the new tax – GST.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010
Revenue	Note	\$	\$
Revenue	2	12,232,027	11,845,842
Total Revenue		12,232,027	11,845,842
Expenses			
Marketing and publications expenses		(2,241,580)	(1,577,489)
Corporate services expenses		(2,617,292)	(2,296,237)
Corporate governance expenses		(1,354,503)	(1,230,646)
Member services expenses		(6,800,033)	(6,112,605)
Other expenses		(384,145)	(426,813)
Total Expenses	3	(13,397,553)	(11,643,790)
Net Profit / (Loss) For The Year		(1,165,526)	202,052
Other Comprehensive Income		-	-
Total Comprehensive Income For The Year		(1,165,526)	202,052
Total comprehensive income attributable to members		(1,165,526)	202,052

The accompanying notes form part of these financial statements.

2000

Public Practice Quality Assurance audits introduced to the Institute's members.

2001

The Institute launches new membership levels, PNA and FPNA.

An MRA is signed with the Institute of Commercial and Financial Accountants of South Africa.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	2011 \$	2010 \$
Current Assets			
Cash and cash equivalents	6	2,050,335	3,392,472
Trade and other receivables	7	92,275	497,439
Financial assets	8	5,626,517	3,790,000
Other assets	9	686,045	538,336
Total Current Assets		8,455,172	8,218,247
Non-Current Assets			
Trade and other receivables	7	350,000	280,000
Financial assets	8	10,367	342,340
Property, plant and equipment	10	1,487,087	1,658,183
Intangible assets	11	22,256	-
Total Non-Current Assets		1,869,710	2,280,523
Total Assets		10,324,882	10,498,770
Current Liabilities			
Trade and other payables	12	6,602,907	5,702,179
Provisions	13	337,114	316,934
Total Current Liabilities		6,940,021	6,019,113
Non-Current Liabilities			
Provisions	13	348,198	277,468
Total Non-Current Liabilities		348,198	277,468
Total Liabilities		7,288,219	6,296,581
Net Assets		3,036,663	4,202,189
Equity			
Retained earnings		3,036,663	4,202,189
Total Equity		3,036,663	4,202,189

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Retained Earnings \$
Balance as at 1 July 2009	4,000,137
Comprehensive income for the year	202,052
Balance as at 30 June 2010	4,202,189
Comprehensive income for the year	(1,165,526)
Balance as at 30 June 2011	3,036,663

The accompanying notes form part of these financial statements.

22,000

MEMBERS GLOBALLY

2002 Appointed as an authorised assessing authority for skilled migration to Australia by NOOSR.

Technical Advantage newsletter launched to members offering the latest accounting news.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Cash Flows from Operating Activities			
Receipts from members and customers		13,628,130	13,666,399
Payments to suppliers and employees		(13,585,765)	(12,200,511)
Interest received		379,671	257,405
Net cash provided by operating activities		422,036	1,723,293
Cash Flows from Investing Activities			
Acquisition of intangible assets		(22,276)	-
Purchase of property, plant and equipment		(237,353)	(392,139)
Proceeds from sale of plant and equipment		-	2,500
Proceeds from / (Investment in) bank term deposits		(1,504,544)	810,000
Net cash provided by / (used in) investing activities		(1,764,173)	420,361
Net Increase / (Decrease) in Cash Held		(1,342,137)	2,143,654
Cash and cash equivalents at beginning of the financial year		3,392,472	1,248,818
Cash and Cash Equivalents at End of the Financial Year	6	2,050,335	3,392,472

The accompanying notes form part of these financial statements.

2004

Department of Premier and Cabinet advises that it recognises membership of professional bodies as highly desirable for departmental positions in finance and accounting.

MOU signed with Beijing National Accountant Institute in China.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Effective from 11 March 2011, the entity has changed its name from National Institute of Accountants (NIA) to Institute of Public Accountants Ltd (IPA).

Note 1: Summary of Significant Accounting Policies

The Institute of Public Accountants has elected to early adopt the AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

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

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

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

IPA 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 IPA only pays income tax on net income, which is not derived from members. Income, which is derived from members, is exempt from income tax.

c. Trade and Other Receivables

Trade receivables, which comprise amounts due from memberships and from services provided, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Normal terms of settlement vary from 7 to 90 days. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for doubtful debts is made when there is objective evidence that IPA will not be able to collect the debts. Bad debts are written off when identified.

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 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 IPA and the cost of the item can be measured reliably.

All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

2004
cont...

Institute begins to admit Chinese members to the organisation.

Recognised as a professional body in the *Corporations Act 2001*.



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

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

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 IPA commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end.

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 statement of comprehensive income.

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 IPA, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that IPA will obtain ownership of the asset 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

Initial Recognition and Measurement

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

Classification and Subsequent Measurement

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



2005 The Institute's membership reaches a peak of 14,000 members.

2006 Institute hosts International Accounting Standards roundtable. Mentored Experience Program launched.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

f. Financial Instruments (cont'd)

Classification and Subsequent Measurement (cont'd)

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

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

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is IPA's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

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

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

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

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

Impairment

At the end of each reporting period, IPA assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

2007

Institute is accepted as a full member of the Accounting Professional and Ethical Standards Board.

Institute signs MOU with the Audit Quality Review Board (AQRB).

Landmark agreement signed with China Enterprise Confederation – China Enterprise Directors Association.

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

f. Financial Instruments (cont'd)

De-recognition

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

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

g. Impairment of Assets

At each reporting date, IPA 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 statement of comprehensive income.

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

h. Intangible Assets

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

i. Trade and Other Payables

Trade payables and other payables represent liabilities for goods and services provided to IPA prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days. The carrying amount of the creditors and payables is deemed to reflect fair value.

j. Provisions

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

k. Employee Benefits

Provision is made for IPA'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 IPA to an employee superannuation fund and are charged as expenses when incurred.

l. 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.

2008 Head office relocates to 555 Lonsdale St, Melbourne.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

m. 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.

n. Revenue

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

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

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

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

o. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. 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 statement of financial position are shown inclusive of GST.

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

p. Critical Accounting Estimates and Judgements

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

Key Estimates – Impairment

IPA assesses impairment at each reporting date by evaluating conditions specific to IPA 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 \$31,139 (2010: \$11,527).

Loan to Association of Accounting Technicians (Australia) Ltd ("AAT")

IPA is owed \$350,000 as per an agreement with AAT. The directors assess at the financial year end, the likelihood of repayment at designated due date per the agreed arrangement (Refer note 7). AAT also shares accommodation with IPA and pays interest on the loan. The status of those obligations at 30 June 2011 is also taken into account when the assessment is made of any impairment to the loan.

q. Comparative Figures

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

2009

Andrew Conway appointed chief executive officer of the Institute.

Membership reaches 22,000 members and students.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 2: Revenue	2011	2010
Operating Revenue	\$	\$
Member subscriptions	7,995,579	7,637,604
Member activities	1,367,486	1,579,774
NOOSR Assessments	695,541	684,096
Non-member activities	1,496,784	1,540,626
Interest earned	375,844	276,623
Other revenue	249,273	76,000
Management fees	51,520	51,119
Total operating revenue	12,232,027	11,845,842

Note 3: Profit / (Loss) for the Year

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

Rental expense on operating leases	781,340	725,314
Depreciation	392,265	347,117
Net loss on disposal of plant and equipment	16,204	2,512
Employee benefits expense	4,970,197	4,681,571
Advertising and promotions	1,067,895	307,552
Impairment of receivables	19,612	(2,553)

Profession Related Costs

AASB contribution	22,000	22,000
AUASB contribution	198,000	198,000
Australian Professional and Ethical Standards Board contribution	425,669	415,396
International Federation of Accountants contribution	121,241	108,209
Australian Council of Professions	9,005	8,576
Confederation of Asian and Pacific Accountants	8,760	-
Accounting & Finance Association of Australia & New Zealand	51,500	50,000



2010

Chinese delegation from the Chinese Certified Tax Agent Association attended the Institute's International Executive Program.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 4: Income Tax Expense

The prima facie income tax expense at 30 per cent on net profit / (loss) attributable to the members of IPA of (\$349,658) (2010: income tax benefit of \$60,616) is offset by a permanent difference arising from mutual activities with members and unconfirmed accumulated tax losses.

At financial year end, unconfirmed accumulated tax losses of \$6,573,131 (2010: \$5,057,605) 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.

	2011	2010
Note 5: Key Management Personnel Compensation	\$	\$

The total remuneration paid to 5 (2010: 7) key management personnel of IPA during the year was as follows:

Key management personnel compensation	1,000,861	1,366,330
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Note 6: Cash and Cash Equivalents

Cash at bank and on hand	38,300	67,168
Deposits at call	1,262,035	1,115,304
Short term deposits	750,000	2,210,000
Total cash and cash equivalents	2,050,335	3,392,472

524

CPE EVENTS HELD FOR MEMBERS

**2010
cont...**

Institute hosts several Chinese delegations in conjunction with the Chinese Ministry of Finance.

Institute participates in 2010 IFRS Regional Policy Forum.

Institute recognised as a Tax and BAS agent association by the TPB.

Andrew Conway attends IFAC's Chief Executives' strategic forum in New York.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 7: Trade and Other Receivables

Current

Trade receivables	120,807	407,434
Provision for impairment of receivables	(31,139)	(11,527)
	89,668	395,907
Other receivables	2,607	3,063
Amounts receivable from AAT (Australia) Ltd		
- Loan receivable	-	70,000
- Other receivables	-	28,469
	92,275	497,439

Non-Current

Loan – AAT (Australia) Ltd	350,000	280,000
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Loan to AAT (Australia) Ltd

The directors have assessed the carrying amount at balance date and have determined that the recoverable amount is the carrying amount. The principal sum repayment was to start from 30 June 2011 and finish on 30 June 2015. However, the principal sum repayment was deferred to 30 June 2012. There are no set amounts or dates payable until July 2012. AAT (Australia) Ltd has the option to repay the amounts earlier. The loan is subject to interest at a rate of 0.5% above the 90 day bank bill rate per annum.

**2010
cont...**

National Accountant receives IFAC's 2009 Articles of Merit for Professional Accountants for an article on water accounting.

- The Institute hosts a
- delegation of senior
- executives from the
- Ministry of Finance
- of Iraq.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
Note 8: Financial Assets	\$	\$
Current		
Bank term deposits	5,626,517	3,790,000
Non-Current		
Bank term deposits	-	342,340
Rental deposit	10,367	-
Total non-current financial assets	10,367	342,340

Note 9: Other Assets

Deposits	29,809	17,205
Prepayments	451,778	391,904
Accrued income	204,458	129,227
Total other assets	686,045	538,336

2010 cont...

The Institute hosts a delegation of senior executives from Nigeria's peak accounting body the Association of National Accountants of Nigeria. The Institute also signs an MOU with the body.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 10: Property, Plant and Equipment

Plant and equipment - at cost	1,841,839	1,915,522
Accumulated depreciation	(1,184,802)	(1,192,958)
Total plant and equipment	657,037	722,564
Leasehold improvements - at cost	1,372,801	1,346,455
Accumulated depreciation	(542,751)	(410,836)
Total leasehold improvements	830,050	935,619
Total property, plant and equipment	1,487,087	1,658,183

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
	\$	\$	\$
Carrying amount at 1 July 2010	722,564	935,619	1,658,183
Additions	200,796	36,557	237,353
Disposals	(10,756)	(5,448)	(16,204)
Depreciation expense	(255,567)	(136,678)	(392,245)
Carrying amount at 30 June 2011	657,037	830,050	1,487,087

July 2010

Andrew Conway appointed as a Professor in the School of Accounting at Shanghai University of Finance and Economics (SUFE) – one of the top 10 universities in China.



November 2010

Institute sponsors and exhibits at the World Congress of Accountants in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
Note 11: Intangible Assets	\$	\$
Patents - at cost	22,276	-
Accumulated amortisation	(20)	-
	<hr/>	<hr/>
Total intangible assets (Refer Note 1h)	22,256	-

Note 12: Trade and Other Payables

Member subscriptions in advance	4,619,375	4,120,857
Trade payables	942,846	451,040
Other income in advance	214,451	461,804
Accrued expenses	519,529	336,004
GST payable	306,706	332,474
	<hr/>	<hr/>
Total trade and other payables	6,602,907	5,702,179

02/05/2011 THE OFFICIAL LAUNCH
DATE OF THE REVITALISED INSTITUTE OF
PUBLIC ACCOUNTANTS.

2011

Representatives of the Institute attend the inaugural "Day of China" and "Year of Chinese Culture in Australia" launch at the Chinese Embassy in Canberra.

.....
IPA staff members join Tony Abbott's 'Pollie Pedal'.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
Note 13: Provisions	\$	\$
Current		
Employee entitlements	337,114	316,934
Non-Current		
Employee entitlements	233,097	166,268
Lease restoration	115,101	111,200
Total non-current provisions	348,198	277,468
Total provisions	685,312	594,402

Movement in Provisions

	Employee entitlements	Lease Restoration	Total
	\$	\$	\$
Balance at 1 July 2010	483,202	111,200	594,402
Additional provisions	400,613	3,901	404,514
Amounts used	(313,604)	-	(313,604)
Balance at 30 June 2011	570,211	115,101	685,312

Provision for Long-term Employee Benefits

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

Provision for Lease Restoration

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

March 2011

Members vote 'yes' to changes which reinvigorate the organisation, including changing its name to the Institute of Public Accountants (IPA).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
Note 14: Commitments		
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments		
- not later than 1 year	1,065,739	841,082
- between 1 year and 5 years	3,413,501	2,564,984
- greater than 5 years	923,741	1,470,835
Total Operating Lease Commitments	5,402,981	4,876,901

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



March 2011

IPA signs historic MOU with Institute of Cost and Works Accountants of India (ICWAI).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 15: Related Party Transactions

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

		2011 \$	2010 \$
Directors Employer Reimbursement:			
Glenn Cameron Mann	Elmet Pty Ltd	6,600	6,600
Gregory Robert Parr	Scales and Partners	8,250	8,100
Kevin Brian Dawes	Strategic Plus Pty Ltd	8,250	6,600
Nordin Zain	Prospect Alliance Consulting	8,250	6,600
Damien Scott Moore	Carrington Accounting Services	3,300	-
Graham Rosslyn Holland	Graham Holland & Associates	6,600	6,600
Gregory Alan Dennis	Geedess	3,300	9,900
Christine Julianne Leetham	TAFE NSW	16,500	12,000
Russell Alan Hilliard	R&J Financial Services	8,250	6,600
Jason Richard Parker	Parker Accounting & Financial Services	6,600	9,600
Anthony Gerard McCartin	McCartin & Associates	8,250	3,300
David Anthony Lever	Greater Geelong City Council	8,250	-
CPE Speakers Expenses:			
Anthony Culberg (Councillor)	A C Culberg	4,083	2,528
David Moss (Councillor)	Moss Munro Hunt	3,162	38,725
Andrew Colrain (Councillor)		6,464	3,703

Transactions with Related Entities

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

Sponsorship paid to Association of Accounting Technicians (Australia) Ltd	-	50,000
Receivable from Association of Accounting Technicians (Australia) Ltd (Note 7). IPA provided rental accommodation and services during the financial year which are paid to 30 June 2011	-	28,469
Loan receivable from Association of Accounting Technicians (Australia) Ltd (Note 7)	350,000	350,000

May 2011

Institute of Public Accountants is officially launched in Australia.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 16: Contingent Liabilities

Bank guarantees for the term of the operating leases for periods in a range from 5 to 9 years

376,166	342,340
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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 17: Subsequent Events after Year End

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

30%

THE GROWTH
OF THE CHINESE
MEMBERSHIP
PER ANNUM
SINCE JULY 2007.

May 2011

Andrew Conway awarded '2011 Young Professional of the Year' by Professions Australia. Don Larkin, President of Professions Australia said in a statement: "In making its decision the Board acknowledged Andrew's outstanding contribution to his profession through his work at the Institute."

DIRECTORS' DECLARATION

The directors of IPA declare that:

1. The financial statements and notes, as set out on pages 20 to 38, are in accordance with the *Corporations Act 2001* and:
 - i. comply with Australian Accounting Standards; and
 - ii. give a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the financial year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that IPA 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.



Christine Julianne Leetham
President



Jason Richard Parker
Treasurer

Signed in Melbourne, this 26th day of August 2011.

June 2011

IPA admitted to CAPA – the largest regional accounting body in the world.

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

Report on the Financial Report

We have audited the accompanying financial report of Institute of Public Accountants Ltd., which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 of the financial report that gives a true and fair view 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 Institute of Public Accountants Ltd., would be in the same terms if given to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of Institute of Public Accountants Ltd. 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 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;



Kevin P. Adams
Director



MDHC Audit Assurance Pty Ltd

Signed in Hawthorn, this 29th day of August 2011.

Glossary of terms

AASB	Australian Accounting Standards Board
AAT (Australia) Ltd	Association of Accounting Technicians (Australia) Ltd
ACMA	Australian Communications and Media Authority
AIRC	Australian Industrial Relations Commission
APEC	Asia-Pacific Economic Cooperation
APES	Australian Professional and Ethical Standard
APESB	Australian Professional and Ethical Standards Board
APRA	Australian Prudential Regulation Authority
ASA	Australian Standard on Auditing
ASIC	Australian Securities and Investments Commission
ASRB	Accounting Standards Review Board
ASRE	Auditing Standard on Review Engagements
ATO	Australian Taxation Office
AUASB	Auditing and Assurance Standards Board
CAPA	Confederation of Asian and Pacific Accountants
DFAT	Department of Foreign Affairs and Trade
ED	Exposure Draft
FASB	Financial Accounting Standards Board
FSA	Financial Services Agency in Japan
FSR	Financial Services Regulation
FRC	Financial Reporting Council
GST	Goods and Services Tax
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
IIRC	International Integrated Reporting Committee
IPSASB	International Public Sector Accounting Standards Board
ITC	Invitation to Comment
JAB	Joint Accounting Bodies
MRA	Mutual Recognition Agreement
MOU	Memorandum of Understanding
SME	Small and Medium Enterprises
SMSF	Self-managed Super Fund
TD	Tax determination
TPB	Tax Practitioners Board
TR	Tax ruling

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For enquiries within Australia call
1800 625 625 for your nearest
divisional office.

**IPA divisional offices are
located in the following cities:**

Melbourne

Sydney

Brisbane

Adelaide

Hobart

Perth

Canberra

The IPA also has offices in:

Kuala Lumpur

Beijing