

Fit for the future
 UNDERSTANDING
PATHWAY
 global reach
 international
Growth
 TRUST PLAN
 strategy



NATIONAL INSTITUTE OF ACCOUNTANTS

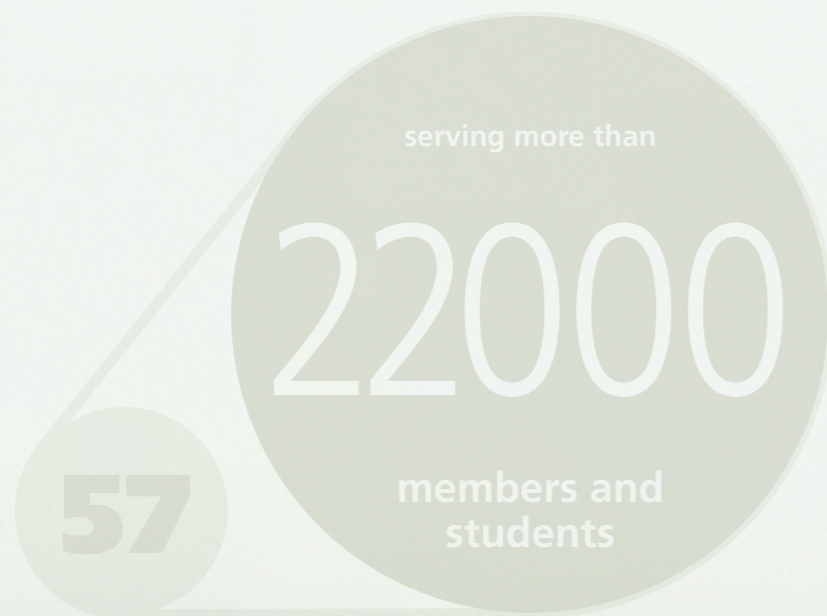
2009 ANNUAL REPORT 2010



9

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

114 The NIA's technical and advocacy team prepared 114 submissions on behalf of NIA members



The NIA team consists of 57 staff members...

Every member counts

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Leading the way since 1923

First formed in 1923 as the Institute of Factory and Cost Accountants, Australia's National Institute of Accountants (NIA) has been driving professionalism, influencing policy and promoting the interests of its members on the local and global stages for nearly 90 years.

The NIA has grown to be one of the three recognised professional member bodies for accountants in Australia. It now represents the interests of over 22,000 members and students in 51 countries.

NIA Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the National Institute of Accountants (NIA) will be held at the NIA New South Wales Divisional Office, Level 14, 447 Kent Street, Sydney, NSW 2000 on 29 October 2010 commencing 5:30pm.



The common thread that ties members to the National Institute of Accountants is the importance they place on the NIA representing their interests as professional accountants. It is an area that I believe the NIA has excelled in the last twelve months, both nationally as a voice on boards, committees and through submissions and internationally through partnerships, new offices and on international stages.

It is an area that both the NIA's CEO Andrew Conway and I invest considerable time and effort to ensure that the voice of members is heard.

International growth

The NIA's continued international growth reflects the global nature of accounting and accounting standards. International members can grow in harmony with the large Australian membership base and partnerships and alliances will allow the easy transition and recognition of NIA accountants internationally.

The NIA has members in 51 countries and branch offices in Kuala Lumpur, Beijing and Malaysia. The NIA's international membership base continued to grow in 2009/10 and reciprocal/recognition agreements exist between the NIA and;

- The China Enterprise Confederation & China Enterprise Directors Association (CECDA)
- Provincial China Certified Public Accountant Associations
- Chartered Securities Institute of the UK
- The South African Institute of Professional Accountants (SAIPA)

With a global focus and full membership of the International Federation of Accountants (IFAC), the NIA is working to promote the exchange of knowledge and best practice to build relationships across borders.

New office

To maintain and reinforce those relationships the NIA opened a new office in Bandar Utama, Malaysia, to support its second-largest membership base outside Australia. The office was opened in September '09 and will keep Malaysian members abreast of local accounting updates, offer continuing professional education and local expertise.

IFAC activities

Our international growth is also seen through our increasing involvement in international forums. NIA CEO Andrew Conway attended the International Federation of Accountants' (IFAC) Chief Executives' strategic forum in New York. The meeting focused on a wide range of topics including; how IFAC members can best support small and medium practices (SMPs); how to establish, strengthen and advocate on behalf of professional accountancy bodies in developing and emerging economies; and accounting for sustainability. Andrew's speech at the forum represented the interest of members ensuring that the NIA's proposals were taken into consideration in the future direction of the global profession. These proposals centred on small and medium practices and enterprises and issues around sustainability reporting. IFAC, together with the NIA believes that SMPs are the drivers of growth and innovation and require a conducive regulatory environment and the necessary business support.

NIA CEO Andrew Conway also attended the International Federation of Accountants' (IFAC) 32nd annual council meeting in Washington DC. This event convened over 200 representatives of the profession and was a unique opportunity to speak with the leaders of other accounting bodies and share ideas and experiences. The two day conference held late in 2009 allowed the NIA to attend as a voting member and participate in a range of sessions which included topics such as the small to medium practice forum. The meeting focused around the global nature of the profession, the recent crisis and the importance of international standards. The council meeting also highlighted the importance of fostering closer relationships for future partnerships between the NIA and our global counterparts.

The international stage

As the NIA expands and reinforces its international presence, so too do opportunities to promote and expand the NIA. In late 2009 I was asked to present a paper at the international accounting conference in Nigeria. The conference, hosted by the Association of National Accountants of Nigeria (ANAN), was held in the capital Abuja, and themed the 'global economic meltdown'. The two and a half day conference saw the delivery of a substantial amount of papers on the cause, effect and consequences of the GFC as well as strategies and road maps to recovery. The paper I presented on behalf of the NIA was titled Good Corporate Governance and Consistent Economic Structure – A Case Study of Australia.

I also joined Andrew Conway on a trip through Beijing, Shanghai and Hangzhou in China during June 2010 to see our growing membership base. This trip was a chance to strengthen existing relationships and create new ties with professional organisations and universities.

During this trip, in recognition of his achievements in the profession, NIA CEO Andrew Conway was appointed as a Professor of Accounting (honoris causa) of Shanghai University of Finance and Economics, an honour for both Andrew and the NIA.

I am proud to represent the NIA, its members and through them, Australia. I feel great confidence and excitement as the NIA continues on this path of global expansion.

Events

Closer to home the NIA is represented by the success of its events. For those members who were amongst the 600 attendees at the federal budget breakfast in May, you will agree that the success of the event continues to ensure the NIA's prominence in the political arena. The event was well attended and the high profile speakers; The Hon Lindsay Tanner MP, The Hon Andrew Robb AO MP and Robert Gottlieb provided thought-provoking insights into the budget.

Our industry conferences such as our NSW Symposium and Tasmanian Congress with speakers such as the Australian Tax Commissioner help to highlight the growing recognition in the industry of the NIA's standing as one of the three major accounting bodies.

I look forward to the future of the organisation under the leadership of Andrew Conway, and continue to look for both national and international opportunities to represent members of the NIA.

Christine Leetham FPNA
President

27 August 2010



The last twelve months have seen accountants and tax agents bombarded with change. The profession saw changes to auditing standards, changes to Division 7A, changes to BAS providers and changes to the ATO through its 'change program'. Amidst this change we saw lost opportunities. The opportunity was missed to adopt more of the Henry Review's recommendations and facilitate improvements through the 2010 Federal Budget, two opportunities for serious tax reform.

The NIA felt genuinely disappointed for these lost opportunities as they confirmed that serious tax reform has been put on the back burner as small business continues to be overwhelmed by regulation and the burden of our tax system. Small business is the backbone of the Australian economy and the NIA prides itself in representing the interests of small business and their advisors in the accounting profession.

Small business voice

This year the NIA has continued to build its voice as an advocate of small business. The NIA has lobbied for compensation for small business as they spend time as unpaid tax collectors for the government, we have fought to ensure the paid parental leave scheme is not an additional administrative burden, that the administration of family trusts does not become overwhelming, recommended a review of fringe benefits tax to reduce onerous regulation and we have supported the move to reduce the superannuation compliance burden on small business. The NIA has successfully lobbied for favourable write-off concessions and changes to the capital allowance provisions in the budget that will take effect from 1 July 2012.

The NIA took the opportunity to consult with accountants and the profession over the year on the suitability of international accounting standards for small business. It is estimated that small and medium entities represent more than 95 per cent of companies globally and these standards seek to simplify the measuring of assets, liabilities, income and expenses and reduce the number of required disclosures for SMEs. The NIA looks forward to representing members in these international standards and continuing to be the voice and face of small business in Australia.

Lobbying and advocacy on behalf of members

The NIA leads the way through advocacy of members' interests and the accounting industry as a whole. In 2009/10 the NIA made over 110 submissions and has been a key influence on state and federal budgets and numerous major policy reviews. The NIA has a great team of people who make this leadership possible.

The last financial year has seen the NIA influencing the development of legislation and representing the interests of members on regulatory issues. The NIA does this through membership of a wide variety of government and corporate governance bodies and committees such as;

- The Australian Taxation Office (ATO)
- The Australian Securities and Investments Commission (ASIC)
- Treasury and the Australian Stock Exchange (ASX)
- The Accounting Professional and Ethical Standards Board (APESB)
- The International Federation of Accountants (IFAC)
- The Australian Accounting Standards Board (AASB) and
- The Auditing and Assurance Standards Board (AUASB).

These activities form one of our key organisational functions and we look forward to continuing and building upon this activity.

The future

Successful organisations are those built on two key foundation stones – culture and values. Over the last twelve months the organisation has reviewed its goals and strategic plan to ensure our growth and increasing global presence are reflected in our culture and values.

This reviewed strategic plan defines the future direction of the NIA from 2010 to 2015 and beyond. It represents a collaboration of the broader management team, the executive management group and the executive committee of the board of directors. In crafting this plan the NIA has identified the key elements affecting the profession. These elements focused on themes such as; the needs of our members, the opportunity to shape the future of the profession, the quality of accounting education and the globalisation of the profession and the NIA.

We are well placed to take on the challenges ahead, to build an organisation that respects its members' funds and fundamentally respects the needs of its membership. This will ensure enhanced sustainability and growth well into the future.

Andrew Conway PNA
Chief Executive Officer

27 August 2010

During the twelve months the NIA's technical and advocacy team developed policy and lodged over 110 submissions to Governments and regulatory authorities on behalf of members.

The submissions are on 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 profession.

Submissions included a pre-budget submission, 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 177 De-recognition (Proposed Amendments to AASB 139 and AASB 7)
- AASB: ED 178 Income Tax
- AASB: ED 179 Superannuation Plans and Approved Deposit Funds
- AASB: ED 192 Revised Differential Reporting Framework
- AASB: ITC 20 Request for Comment on IASB Discussion Paper DP/2009/1 Leases – Preliminary Views
- AASB: JAB Comments on Credit Risk in Liability Measurement
- AASB: JAB DP Extractive Activities
- AASB: JAB ED 191 Measurement of Liabilities in AASB 137
- AASB: JAB ED 194 Service Concession Arrangements: Grantor
- AASB: JAB Financial Instruments – Amortised Cost and Impairment
- AASB: JAB IPSASB ED 40 Intangible Assets
- AASB: JAB Modifying or Introducing Additional Requirements to IFRS
- AASB: NIA Management Commentary
- ACT Treasury: Letter Regarding NIA Member Recognition in Legislation
- AIRC: JAB AIG Award Modernisation
- APESB: APES 310 Dealing with Client Monies
- APESB: ED APES 350 Participation by Members in Public Practice in Due Diligence Committees
- APESB: ED of Proposed Standard APES 330 Insolvency Services
- APESB: JAB Consultation Paper APES 110 Code of Ethics for Professional Accountants
- APRA: Financial Sector Legislation Amendment (Prudential Refinements and Other Measures) Bill 2010
- APRA: JAB Comments on Remuneration Discussion Paper
- APRA: Remuneration – Proposed Extensions to Governance Requirements for APRA Regulated Institutions
- ASIC: Application of the National Consumer Credit Law Changes to Accountants
- ASIC: Application of the Tax Agents Exemption within the National Consumer Credit Law Regime
- ASIC: Consultation Paper 124: Duty to Prevent Insolvent Trading
- ASRB (NZ): JAB the Proposed Application of Accounting and Auditing Standards in New Zealand
- ATO: Business Performance Benchmarking
- ATO: Business Performance Benchmarks: Consultation Guide
- ATO: Division 7A
- ATO: Draft Bamford Decision and its Impact Statement and Accompanying Draft Practice Statement
- ATO: JAB Draft Taxation Determination TD 2009/D2 (Non-Share Equity Interest)
- ATO: JAB Draft Taxation Ruling TR 2009/D3
- ATO: Joint Tax Determination TD 2009/D5
- ATO: Joint Tax Determination TD 2009/D6
- ATO: Joint Tax Ruling TR 2009/D4
- ATO: Review into the Tax Office's Administration of the Superannuation Guarantee Charge
- ATO: Review of Superannuation Guarantee
- AUASB: ASRE 2415 the Review of a Financial Report
- AUASB: JAB Proposed Auditing Standard ASA 102: Compliance with Ethical Requirements
- AUASB: Quality Control Standards
- AusIndustry: Recognition of NIA Members for Insulation Industry Assistance Package
- Australian Institute of Criminology: Joint Response on Anti-Money Laundering and Counter-Terrorism Financing Second Tranche Risk Assessment
- Cooper Review Committee: JAB SMSF Issues
- Dept of Broadband Communications and the Digital Economy: Proposed Extensions to the Do Not Call Register (Affecting Small Businesses)
- Dept of Climate Change: Carbon Assurance Task Force: the Greenhouse and Energy Audit Framework
- Dept of Climate Change: Consultation on Assurance Standards and Processes
- Dept of Finance and Deregulation: Draft Best Practice Regulation Handbook
- Dept of Workplace Relations: JAB Proposed Award for Accountants Under Award Modernisation Initiative
- DFAT: APEC – Accounting Services
- DFAT: Australia Korea Free Trade Agreement
- DFAT: PACER Plus Domestic Consultations
- DFAT: Trade in Services Between Australia and the European Union
- IAASB: JAB Audit of Complex Financial Instruments
- IAASB: JAB Greenhouse Gas Report Assurance (IFAC)
- IAESB: Consultation Paper on the Revision of IES 8 Competence Requirements for Audit Professionals

- IASB: ED Management Commentary
- IASB: JAB Comments on Credit Risk in Liability Measurement
- IASB: JAB Classification of Rights Issues (Proposed Amendments to IAS 32)
- IASB: JAB Discount Rate for Employee Benefits (Proposed Amendments to IAS 19)
- IASB: JAB DP Extractive Activities
- IASB: JAB Financial Instruments – Amortised Cost and Impairment
- IASB: Leases
- IASCF: ED Due Process Handbook for XBRL Activities
- IESBA: JAB the IESBA Strategy and Work Plan 2010-2012
- IFRIC: JAB IFRIC Draft Interpretation D25 – Extinguishing Financial Liabilities with Equity Instruments
- IGT: Review of the Australian Taxation Office's Change Program
- IOSCO: JAB Audit Firm Ownership
- IOSCO: JAB Auditor Communications
- IOSCO: JAB the Transparency of Audit Firms
- IPSASB: Consultation Paper Reporting on the Long-Term Fiscal Sustainability of Public Finances
- IPSASB: JAB ED 36 Agriculture
- IPSASB: JAB ED 37 Financial Instrument Standard Proposal
- IPSASB: JAB ED 38 Financial Instrument Standard Proposal
- IPSASB: JAB ED 39 Financial Instrument Standard Proposal
- IPSASB: JAB ED 40 Intangible Assets
- IPSASB: JAB ED 41 Entity Combinations from Exchange Transactions
- IPSASB: JAB IFRIC D25 Extinguishing Financial Liabilities with Equity Instruments
- IPSASB: JAB ED 43 Service Concession Arrangements: Grantor
- JAB SMSF Trustee Toolkit Online
- MED (NZ): JAB the Statutory Framework for Financial Reporting
- Minister Assisting the Minister for Climate Change and Energy:
- Recognition of NIA members for Insulation Industry Assistance Package
- Minister for Education and Citizenship: JAB letter to Minister Evans on Skills Migration
- NSW and Victorian State Governments: Consultation on NIA recognition issues
- NSW Fair Trading: JAB comments to NSW Fair trading on Cooperatives
- NSW Fair Trading: JAB NSW Associations Incorporations Act
- Parliament of Victoria: JAB the inquiry into Victoria's Audit Act 1994
- Parliamentary Joint Committee on Corporations and Financial Services:
- Inquiry into Financial Products and Services in Australia
- Prime Minister & Cabinet: JAB the Prime Minister on the G20 economic summit on the Global Financial Crisis
- Productivity Commission: Accountability of not for profit organisations
- Productivity Commission: Bilateral and Regional Trade Agreements
- Productivity Commission: Executive remuneration
- Proposal for membership recognition for the Institute of Cost & Management Accountants of Pakistan
- Senate: Inquiry on Paid Parental Leave
- Senate: JAB inquiry into the Corporations Amendment (Improving
- Accountability on Termination Payments) Bill 2009
- Super System Review: Cooper review Phase One IP – Governance
- Super System Review: Cooper review Phase Three IP – Structure (including SMSFs)
- Super System Review: Cooper review Phase Two IP – Operation & Efficiency
- TPB: Tax agent and BAS agent educational requirements
- Treasury: Amendments to the Corporations law
- Treasury: Corporations Amendment (Improving Accountability on Termination Payments) Bill 2009
- Treasury: GST and incapacitated entities
- Treasury: Henry Review of Taxation
- Treasury: JAB Consultation Paper on Audit Quality in Australia
- Treasury: JAB Financial Sector Legislation Amendment Bill 2010
- Treasury: JAB response to Tax Agent Services Regulations
- Treasury: Joint submission for consultation on improving Australia's corporate reporting law
- Treasury: Joint submission on Tax Law amendment GST Administration Measures Bill 2010
- Treasury: Options paper: Improving protection for corporate whistleblowers
- Treasury: Pre-Budget 2010-11
- Treasury: Reforms to the supervision of Australia's financial markets
- Treasury: Response to exposure draft amendments to Corporations Act for termination payments
- Treasury: Termination payments
- Victorian Government: JAB Consumer Affairs Victoria on the Associations and Incorporation Amendment Bill 2010
- Water Accounting Standards Board: JAB the Australia water accounting standard and water accounting conceptual framework

Glossary of terms located inside back cover.

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.

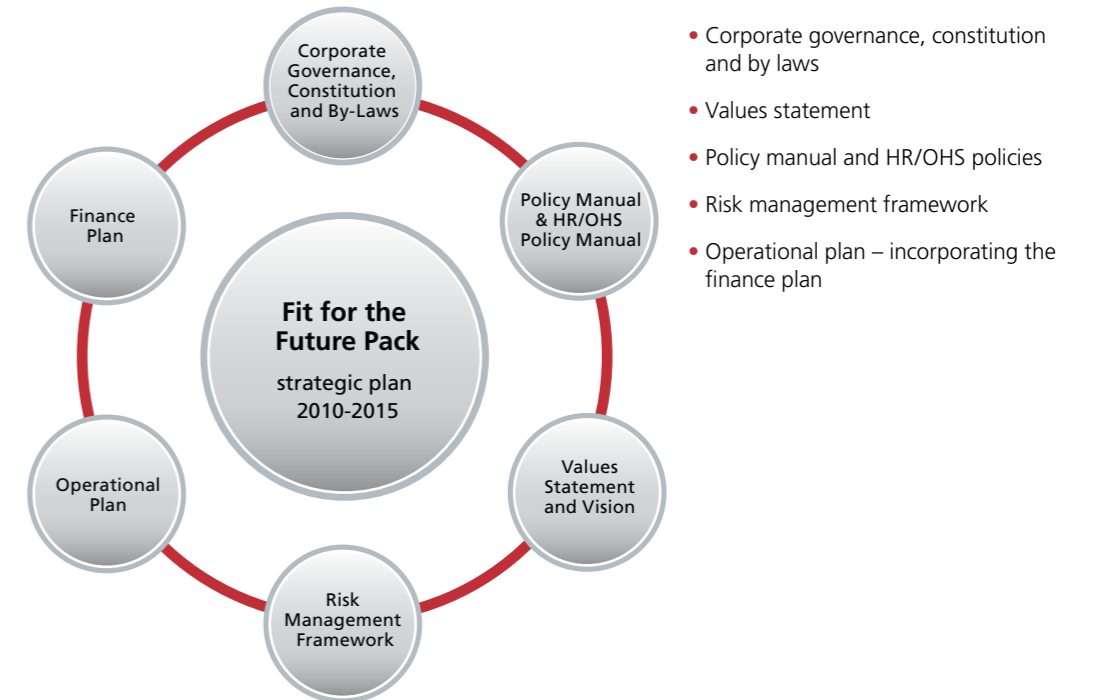
Our members are proud of their association with the NIA; the professional accounting body of choice where every member counts.

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)
- Auditing and Assurance Standards Board (AUASB)
- Financial Reporting Council (FRC)
- Joint Accounting Bodies Committee
- Australian Professional and Ethical Standards Board (APESB)
- ASX Corporate Governance Council
- Australian Taxation Office (ATO)
- Australian Securities and Investment Commission (ASIC)
- Australian Competition and Consumer Commission (ACCC)

Fit for the Future Pack – our strategic plan and suite of key documents



The new strategic plan has been drafted using the following methodology:



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

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

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

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

Lay solid foundations for management and oversight

The functions reserved for the board are detailed in Chapter 5 of the NIA Constitution – “Powers and Duties of the Board of Directors”. The board has also delegated certain authorities to the chief executive officer and his managers in the “NIA Board of Directors Policy Manual”.

The board reviews the performance of the CEO in the annual performance appraisal. In turn, the performance of the senior executives is reviewed annually by the CEO. The appraisal includes the assessment of the achievements towards specific strategic and operational objectives.

Structure the board to add value

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

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

Promote ethical and responsible decision making

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

The NIA has a number of ethical standards and pronouncements that have been promulgated either directly by the board of directors or by reference of the 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 are 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 Executive Committee, 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 a system of sound risk management and internal controls.

Remunerate fairly and responsibly

As a result of performance reviews, executive remuneration may be reviewed by taking 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 \$1650 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.



Kevin Dawes FPNA

Christine Leetham FPNA
President

David Lever PNA

Greg Parr FPNA



Graham Holland FPNA
Deputy President

Wendy Leegel FPNA

Jason Parker FPNA
Treasurer

Tony McCartin FPNA



Russell Hillard FPNA
Vice President

Greg Dennis FPNA
Immediate Past President

Glenn Mann FPNA

Mohdnordin Mohdzain FPNA

The directors present their report on National Institute of Accountants (NIA) for the financial year ended 30 June 2010.

Board of directors

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

Christine Julianne Leetham	FPNA	President
Graham Rosslyn Holland	FPNA	Deputy President
Russell Alan Hillard	FPNA	Vice President
Jason Richard Parker	FPNA	Treasurer
Gregory Alan Dennis	FPNA	Immediate Past President
Kevin Dawes	FPNA	
Gregory Robert Parr	FPNA	
Glenn Cameron Mann	FPNA	
Mohdnordin Mohdzain	FPNA	
Wendy Leegel	FPNA	Appointed 2 November 2009
Anthony Gerard McCartin	FPNA	Appointed 2 November 2009
David Anthony Lever	PNA	Appointed 18 June 2010
Rene-Alberto Mora	FPNA	Resigned 2 November 2009
Marc Ting	FPNA	Resigned 2 November 2009
Charles Alexander William Wilson	FPNA	Resigned 10 June 2010

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

Company secretary

Andrew Conway PNA held the position of NIA company secretary at the end of the financial year. Mr Conway has worked for NIA since February 2007. He was appointed company secretary on 4 May 2009.

Information on directors

Ms Christine Leetham FPNA

President

Occupation: A/Assistant Director Ultimo TAFE, Thomas St Team

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 chairman 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 Graham Holland FPNA

Deputy President

Occupation: Public Accountant

Division: South Australia

First elected to the board of directors in November 2007. Currently a divisional councillor since February 2004. Currently chairman of the National Membership Policy Committee and is the NIA representative on the South Australian Joint Legislative Review Committee consisting of members from the three professional accounting bodies.

Mr Russell Hillard FPNA

Vice President

Occupation: Public Accountant, R & J Financial Services

Division: Queensland

First elected to the board of directors in February 2007 and is 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.

Mr Jason Parker FPNA

Treasurer

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 a former director of the South Launceston Football Club Inc. 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). Jason continues to be a director of numerous private companies, is currently the treasurer of the NIA and as such leads the NIA's Resources Committee.

Mr Greg Dennis FPNA

Immediate Past President

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 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.

Information on directors (cont'd)

Mr Kevin 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 national vice-president. Kevin has served on the National Membership Committee, National Resources Committee and has chaired the National Audit Committee. Kevin currently sits on the Audit Committee of the NIA.

Mr Glenn Mann FPNA

Occupation: Principal Finance Consultant, Elmet Pty Ltd

Division: Western Australia

First elected to the board of directors in April 1999 and currently holds the position of chairman of the National Audit Committee, a position previously held 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.

Mr 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 from 1997 to 2008 and its chairman (1999-2003). He has also been a member of the National Membership Committee in 2010.

Dr Mohdnordin Mohdzain 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, Mohdnordin 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 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 FPNA

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.

Ms Wendy Leegel FPNA

Occupation: Business Consultant, Business Plans Business Visions, Senior Roles in Banking and Finance sector

Division: Victoria

Wendy has been a member of the NIA since 1994. A Victorian divisional councillor since 2006 and previously in 1999-2000. As a NIA member for 16 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).

Information on directors (cont'd)

Mr David Lever PNA

Occupation: Manager Internal Audit, City of Greater Geelong
Division: Victoria

David held the position of NIA Victorian president between 2007 and 2009. He has been a divisional councillor between 2005 and 2009 and the convenor of the NIA's Geelong discussion group. David is a member of the NIA Faculty of Public Sector and a member of the RMIT Industry Advisory Committee.

Mr 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.

Mr Rene Mora FPNA

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

First elected to the board of directors in 2007, Rene has been elected as Victorian divisional council president for two consecutive years (2005 & 2006), a Victorian councillor since 2004 and a member of the NIA since 1986. He has been a registered tax agent since 1986 and has been in public practice for 22 years.

Mr Marc Ting FPNA

Occupation: Portfolio Manager, Origin Energy
Division: New South Wales

First elected to the board of directors in October 2007 and member of the audit committee during 2009. Marc has been a member of the NSW divisional council between 2005 and 2009.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 21.

Limitation of members liability

In accordance with the constitution, the liability of members in the event of NIA being wound up would not exceed \$6.00 per member. The number of voting members as at 30 June 2010 was 15,426. At 30 June 2010 the collective liability of members was \$92,556.

Principal activities

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

No significant changes in the nature of NIA's activity occurred during the financial year.

NIA objectives

NIA's short term and long term objectives are to:

- Increase enrolments in the NIA program
- Retain and increase membership
- Increase brand awareness
- Leverage and develop technical expertise
- Diversify our revenue streams
- Optimise operational effectiveness

NIA strategies

To achieve our objectives, NIA has adopted the following strategies:

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

Meetings of directors

During the financial year, four meetings of directors (including committees of directors) were held. Attendances by each director were as follows:

	Board meetings attended / eligible	Committee meetings attended / eligible
Christine Julianne Leetham	4 / 4	-
Graham Rosslyn Holland	4 / 4	4 / 4
Russell Alan Hillard	4 / 4	4 / 4
Jason Richard Parker	4 / 4	4 / 4
Gregory Alan Dennis	4 / 4	2 / 2
Kevin Dawes	4 / 4	4 / 4
Gregory Robert Parr	4 / 4	2 / 2
Glenn Cameron Mann	4 / 4	4 / 4
Mohdnordin Mohdzain	4 / 4	-
Wendy Leegel	2 / 2	-
Anthony Gerard McCartin	2 / 2	-
David Anthony Lever	-	-
Rene-Alberto Mora	1 / 2	2 / 2
Marc Ting	2 / 2	2 / 2
Charles Alexander William Wilson	4 / 4	2 / 2

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



Christine Leetham
Director



Jason Parker
Director

Signed in Melbourne, this 27 day of August 2010.

Auditor's Independence Declaration

National Institute of Accountants ABN 81 004 130 643

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

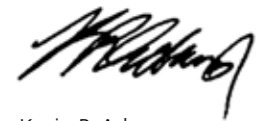
TO THE DIRECTORS OF NATIONAL INSTITUTE OF ACCOUNTANTS

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 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 27 day of August 2010.

Statement of Comprehensive Income for the year ended 30 June 2010

National Institute of Accountants ABN 81 004 130 643

	Note	2010 \$	2009 \$
Revenue			
Revenue	2	11,845,842	12,287,257
Total revenue		11,845,842	12,287,257
Expenses			
Marketing and publications expenses		(1,577,489)	(1,578,718)
Corporate services expenses		(2,296,237)	(2,147,076)
Corporate governance expenses		(1,230,646)	(1,177,204)
Members services expenses		(6,112,605)	(7,190,850)
Loss from closure of subsidiary's operations	10(b)	-	(171,021)
Other expenses		(426,813)	(218,183)
Total expenses		(11,643,790)	(12,483,052)
Net profit / (loss) for the year		202,052	(195,795)
Total comprehensive income for the year			
		202,052	(195,795)
Profit / (loss) attributable to:			
Members of NIA		202,052	(195,795)
Total comprehensive income attributable to:			
Members of NIA		202,052	(195,795)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2010

National Institute of Accountants ABN 81 004 130 643

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	7	3,392,472	1,248,818
Trade and other receivables	8	497,439	200,828
Financial assets	9	3,790,000	4,600,000
Other assets	11	538,336	544,128
Total current assets		8,218,247	6,593,774
Non-current assets			
Trade and other receivables	8	280,000	350,000
Financial assets	9	342,340	342,340
Property, plant and equipment	12	1,658,183	1,618,173
Total non-current assets		2,280,523	2,310,513
Total assets		10,498,770	8,904,287
Current liabilities			
Trade and other payables	13	5,702,179	4,295,160
Provisions	14	316,934	347,368
Total current liabilities		6,019,113	4,642,528
Non-current liabilities			
Provisions	14	277,468	261,622
Total non-current liabilities		277,468	261,622
Total liabilities		6,296,581	4,904,150
Net assets		4,202,189	4,000,137
Equity			
Retained earnings		4,202,189	4,000,137
Total equity		4,202,189	4,000,137

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2010

National Institute of Accountants ABN 81 004 130 643

	Retained earnings \$
Balance as at 1 July 2008	4,195,932
Comprehensive income for the year	(195,795)
Balance as at 30 June 2009	4,000,137
Comprehensive income for the year	202,052
Balance as at 30 June 2010	4,202,189

The accompanying notes form part of these financial statements.

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from members and customers		13,666,399	13,073,098
Payments to suppliers and employees		(12,200,511)	(11,990,277)
Interest received		257,405	375,599
Net cash provided by operating activities	16	1,723,293	1,458,420
Cash flows from investing activities			
Purchase of property, plant and equipment		(392,139)	(221,070)
Proceeds from sale of plant and equipment		2,500	-
Proceeds from / (investment in) bank term deposits		810,000	(1,600,000)
Net cash provided by / (used in) investing activities		420,361	(1,821,070)
Net increase / (decrease) in cash held		2,143,654	(362,650)
Cash and cash equivalents at beginning of the financial year		1,248,818	1,611,468
Cash and cash equivalents at end of the financial year	7	3,392,472	1,248,818

The accompanying notes form part of these financial statements.

Note 1: Statement of significant accounting policies

The financial report is for National Institute of Accountants (NIA) as an individual entity, incorporated and domiciled in Australia. NIA is a company limited by guarantee.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The 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

NIA 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 NIA 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 NIA 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.

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 NIA 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.

Note 1: Statement of significant accounting policies (cont'd)

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 NIA, 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 NIA 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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when NIA becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that NIA 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 profit or loss 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.

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 profit or loss.

Note 1: Statement of significant accounting policies (cont'd)

e. Financial instruments (cont'd)

Classification and subsequent measurement

- (i) Financial assets at fair value through profit or loss

Financial assets are classified as 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

- (ii) 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.

- (iii) 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 NIA'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 NIA 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.

- (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

- (v) 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, NIA 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.

Note 1: Statement of significant accounting policies (cont'd)

e. Financial instruments (cont'd)

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby NIA 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 statement of comprehensive income.

f. Impairment of assets

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

g. Provisions

Provisions are recognised when NIA 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 NIA'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 NIA 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 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).

Note 1: Statement of significant accounting policies (cont'd)

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.

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 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.

m. Comparative figures

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

n. 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 NIA.

Key estimates – impairment

NIA assesses impairment at each reporting date by evaluating conditions specific to NIA 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 \$11,527 (2009: \$14,080).

o. 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 NIA has decided not to early adopt. Due to the nature of NIA's activities, it does not expect them to have any material effect on the financial statements.

Note 1: Statement of significant accounting policies (cont'd)

p. Adoption of new and revised accounting standards

During the current year NIA adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of NIA.

AASB 101: Presentation of financial statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on NIA's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

NIA's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

The financial statements were authorised for issue on 27 August 2010 by the board of directors.

Note 2: Revenue

	2010 \$	2009 \$
Operating revenue		
Members subscriptions	7,637,604	7,212,189
Members activities	1,579,774	1,637,525
NOOSR assessments	684,096	1,026,321
Non-member activities	1,540,626	1,840,887
Interest earned	276,623	416,339
Other revenue	76,000	128,996
Management fees	51,119	25,000
Total operating revenue	11,845,842	12,287,257

Note 3: Profit / (loss) for the year

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

Rental expense on operating leases	725,314	737,606
Depreciation and amortisation	347,117	310,438
Net loss on disposal of property, plant and equipment	2,512	3,674
Employee benefit expense	4,681,571	4,837,195
Advertising and promotions	307,552	449,076
Impairment of receivables	(2,553)	(4,332)

Profession related costs

AASB contribution	22,000	33,334
AUASB contribution	198,000	300,000
Australian Professional Ethical Standards Board contribution	415,396	329,375
International Federation of Accountants contribution	108,209	147,899
Australian Council of Professions	8,576	-
Accounting & Finance Ass of Aus & NZ	50,000	-

Note 4: Income tax expense

The prima facie income tax expense at 30 per cent on net profit / (loss) attributable to the members of NIA is \$60,616 (2009: income tax benefit of \$58,738) is offset by a permanent difference arising from mutual activities with members.

At balance date, unconfirmed accumulated tax losses of \$4,473,615 (2009: \$4,501,254) 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	2010	2009
	\$	\$
The compensation of the 7 (2009: 7) key management personnel of NIA is as follows:		
Short-term benefits:		
Salary	1,018,641	945,508
Cash incentives	17,500	-
Non-cash benefits	76,850	50,970
Termination benefits	151,435	57,339
Retirement benefits:		
Superannuation contributions	101,904	167,966
Total benefits	1,366,330	1,221,783

Note 6: Auditors' remuneration

Remuneration of the auditor for:

- auditing the financial statements	37,000	36,930
- provision of temporary finance personnel	19,920	-
- taxation services	10,280	11,140

Note 7: Cash and cash equivalents

Cash at bank and on hand	67,168	309,974
Deposits at call	1,115,304	938,844
Short term deposits	2,210,000	-
Total cash and cash equivalents	3,392,472	1,248,818

The effective interest rate on deposits at call and short-term bank term deposits was 4.5 and 5.3% (2009: 3%).

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	3,392,472	1,248,818
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Note 8: Trade and other receivables	2010	2009
	\$	\$
Current		
Trade receivables	407,434	91,046
Provision for impairment of receivables	(11,527)	(14,080)
	395,907	76,966
Other receivables	3,063	-
Amounts receivable from Association of Accounting Technicians (Australia) Ltd		
- Loan receivable	70,000	-
- other receivables	28,469	123,862
Total current trade and other receivables	497,439	200,828
Non-current		
Loan - Association of Accounting Technicians (Australia) Ltd	280,000	350,000

Loan to Association of Accounting Technicians (Australia) Ltd

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

Note 9: Financial assets

Current		
Bank term deposits	3,790,000	4,600,000
Total current financial assets	3,790,000	4,600,000
Non-current		
Security deposits and bonds	342,340	342,340
Total non-current financial assets	342,340	342,340

Note 10: Controlled entities

a) Controlled entities not consolidated	Incorporated	Percentage owned (%)	
Parent entity:			
National Institute of Accountants	Australia		
Subsidiary of NIA:			
- Accounting Education Australia Pty Ltd	Australia	100%	100%

(b) Loss from closure of subsidiary's operations

On 1 July 2008, the board of directors had resolved to close the operations of Accounting Education Australia Pty Ltd. The subsidiary had not traded during the 2009 financial year and continues to be non-trading. Consolidated accounts were not prepared in prior year as amounts were immaterial.

The loss from closure of operations was 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)

Note 11: Other assets

	2010 \$	2009 \$
Deposits	17,205	13,978
Prepayments	391,904	271,368
Accrued income	129,227	258,782
Total other assets	538,336	544,128

Note 12: Property, plant and equipment

Plant and equipment - at cost	1,915,522	1,589,010
Accumulated depreciation	(1,192,958)	(1,000,428)
Total plant and equipment	722,564	588,582
Leasehold improvements - at cost	1,346,455	1,298,439
Accumulated amortisation	(410,836)	(268,848)
Total leasehold improvements	935,619	1,029,591
Total property, plant and equipment	1,658,183	1,618,173

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 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
Additions	344,123	48,016	392,139
Disposals	(5,012)	-	(5,012)
Depreciation expense	(205,129)	(141,988)	(347,117)
Carrying amount at 30 June 2010	722,564	935,619	1,658,183

Note 13: Trade and other payables	2010	2009
	\$	\$
Members subscriptions in advance	4,120,857	3,094,588
Other income in advance	461,804	211,195
Trade payables	451,040	261,016
Accrued expenses	336,004	473,372
GST payable	332,474	254,989
Total trade and other payables	5,702,179	4,295,160

Note 14: Provisions

Current

Annual leave	280,123	276,662
Long service leave	36,811	70,706
Total current provisions	316,934	347,368

Non-current

Long service leave	166,268	154,122
Lease restorations	111,200	107,500
Total non-current provisions	277,468	261,622

Total provisions	594,402	608,990
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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
Additional provisions	308,686	79,735	3,700	392,121
Amounts used	(305,225)	(101,484)	-	(406,709)
Balance at 30 June 2010	280,123	203,079	111,200	594,402

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 statements.

Note 14: Provisions (cont'd)	2010	2009
	\$	\$

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.

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	841,082	907,971
- between 1 year and 5 years	2,564,984	2,431,206
- greater than 5 years	1,470,835	2,059,168

Total operating lease commitments	4,876,901	5,398,345
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NIA 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. NIA holds lease renewal options which are not judged to have any material value that can be reliably valued and so are not recognised in the financial statements.

Note 16: Cash flow information

Reconciliation of cash flow from operations with profit / (loss)

Net profit / (loss)	202,052	(195,795)
Non-cash flows items:		
Depreciation and amortisation expenses	347,117	310,438
Loss on disposal of property, plant and equipment, net	2,512	3,674
Impairment of receivables	(2,553)	(4,332)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables.	(224,058)	637,306
(Increase)/decrease in other assets	5,792	27,384
Increase/(decrease) in trade and other payables	130,141	(111,261)
Increase/(decrease) in subscriptions paid in advance	1,276,878	671,703
Increase/(decrease) in provisions	(14,588)	119,303

Cash flows from operations	1,723,293	1,458,420
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Note 17: Related party transactions

2010 **2009**
\$ **\$**

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:

Directors' employer reimbursement:

Glenn Mann	Elmet Pty Ltd	6,600	6,000
Greg Parr	Scales & Partners	8,100	4,500
Kevin Dawes	Strategic Plus	6,600	4,500
John Waugh	EMB Solutions Pty Ltd	-	2,500
Marc Ting	Tregena Solutions	4,800	4,500
Rene Mora	Mora and Co.	1,600	4,500
David Hickman	Commercial Equity Group	-	3,000
Graham Holland	Graham Holland & Associates	6,600	6,000
Greg Dennis	Geedess	9,900	12,000
Christine Leetham	TAFE NSW	12,000	6,000
Russell Hilliard	P&J Financial Services	6,600	6,000
Jason Parker	Parker Accounting & Financial Services	9,600	-
Tony McCartin	McCartin & Associates	3,300	-

CPE speakers expenses:

Anthony Culberg (councillor)	A C Culberg	2,528	4,450
David Moss (council president)	Moss Munro Hunt	38,725	-
Andrew Colrain (councillor)		3,703	-

Transactions with related entities

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

Sponsorship paid to Association of Accounting Technicians (Australia) Ltd	50,000	50,000
Receivable from Association of Accounting Technicians (Australia) Ltd (Note 8). NIA provided rental accommodation and services during the financial year. NIA received \$51,119 during the year for those services.	28,469	123,862
Loan receivable from Association of Accounting Technicians (Australia) Ltd (Note 8)	350,000	350,000

Note 18: Financial instruments

(a) Financial risk management

NIA'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. NIA 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 NIA is exposed to through its financial instruments are interest rate risk and credit risk.

Interest rate risk

NIA'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 statement of financial position and notes to the financial statements. NIA does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by NIA.

(b) Financial instruments

(i) Financial instrument composition and maturity analysis

NIA'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 \$
2010					
Financial assets					
Cash at bank and on hand	-	63,632	-	3,536	67,168
On call and short term deposits	5	1,115,304	2,210,000	-	3,325,304
Bank term deposits	6.01	-	3,790,000	-	3,790,000
Receivables	-	-	-	427,439	427,439
Security deposits and bonds	5.9	-	342,340	-	342,340
Loan receivable	3.66	350,000	-	-	350,000
Total financial assets		1,528,936	6,342,340	430,975	8,302,251
Financial liabilities:					
Trade and other payables	-	-	-	787,044	787,044
Total financial liabilities				787,044	787,044

Note 18: Financial instruments (cont'd)

(b) Financial instruments (cont'd)

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

2009	Weighted average effective interest rate %	Floating interest rate \$	Fixed interest rate maturing < 1 year \$	Non-interest bearing \$	Total \$
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

(ii) Net fair values

The net fair values of the Institute's investments, accounts receivable, accounts payable and 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 statement of financial position and in the notes to the financial statements.

(iii) Sensitivity analysis

The following table illustrates sensitivities to NIA's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit (\$)	Equity (\$)
Year ended 30 June 2010		
+/-2% in interest rates	+/- 156,025	+/- 156,025
Year ended 30 June 2009		
+/-2% in interest rates	+/- 130,757	+/- 130,757

Note 19: Capital management

Management controls the capital of NIA to ensure that adequate cash flows are generated to fund its principal activities and that returns from investments are maximised. The board ensures that the overall risk management strategy is in line with this objective.

Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements.

NIA's equity consists of financial assets.

Management effectively manages NIA's capital by assessing NIA's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

Note 20: Contingent liabilities

	2010 \$	2009 \$
Bank guarantees for the term of the operating leases for periods in a range from 5 to 9 years	342,340	342,340

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 21: 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 NIA, the results of those operations or the state of affairs of NIA in future financial years.

Note 22: Company details

The registered office of NIA 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 1, The Realm, 18 National Circuit, Barton, Australian Capital Territory, 2600

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

50 Letitia Street, North Hobart, Tasmania, 7000

DIRECTORS' DECLARATION

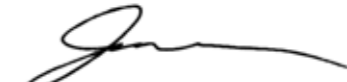
The directors of NIA declare that:

1. The financial statements and notes, as set out on pages 22 to 43, are in accordance with the Corporations Act 2001:
 - i comply with Australian Accounting Standards; and
 - ii give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of NIA.
2. In the directors' opinion there are reasonable grounds to believe that NIA 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 Leetham
Director



Jason Parker
Director

Signed in Melbourne, this 27 day of August 2010.

To the members of the National Institute of Accountants

We have audited the accompanying financial report of National Institute of Accountants (the company), which comprises the statement of financial position as at 30 June 2010, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The responsibility of the directors 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 designing, implementing and maintaining internal controls 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.

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.

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 2010 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



MDHC Audit Assurance Pty Ltd



KEVIN P ADAMS
Director

Hawthorn
27 August 2010

The NIA has
members in
51
countries

13

The NIA developed 13 submissions
for the Auditing and Assurance
Standards Board on behalf of
members on proposed changes
to accounting standards

There were
433
CPE events held
by the NIA for
members

Every member counts

There are 8
NIA Faculties covering
the disciplines of;
accounting education,
accounting regulation,
corporate governance,
financial services,
public sector, taxation,
small business and
international
development.

8

Glossary of terms

AASB	Australian Accounting Standards Board
AIRC	Australian Industrial Relations Commission
APES	Accounting Professional and Ethical Standard
APESB	Accounting Professional and Ethical Standards Board
APRA	Australian Prudential Regulation Authority
ASA	Australian Standard on Auditing
ASIC	Australian Securities and Investments Commission
ASRB (NZ)	Accounting Standards Review Board New Zealand
ASRE	Standard on Review Engagements
ATO	Australian Taxation Office
AUASB	Auditing and Assurance Standards Board
DFAT	Department of Foreign Affairs and Trade
ED	Exposure Draft
FSR	Financial Services Regulation
GST	Goods and Services Tax
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IOSCO	International Organisation of Securities Commissions
IPSASB	International Public Sector Accounting Standards Board
ITC	Invitation to Comment
JAB	Joint Accounting Bodies
MED (NZ)	Ministry of Economic Development New Zealand
SME	Small and medium enterprises
SMSF	Self-managed superannuation fund
TD	Tax determination
TR	Tax ruling

NIA Head Office

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Email: natoffice@nia.org.au
Website: www.nia.org.au

For enquiries within Australia call
1800 625 625 for your nearest
divisional office International
enquiries can be directed in the
first instance to NIA head office.

NIA divisional offices are located in the following cities:

Melbourne
Sydney
Brisbane
Adelaide
Hobart
Perth
Canberra

The NIA also has offices in:

Kuala Lumpur
Beijing



**Member of the
International Federation
of Accountants**