



# Annual Report 2013-2014



**IPA** INSTITUTE OF PUBLIC<sup>®</sup>  
ACCOUNTANTS

## ABOUT THE INSTITUTE OF PUBLIC ACCOUNTANTS

The IPA, formed in 1923, is one of Australia's three legally recognised professional accounting bodies with more than 25,000 members and students in over 51 countries. The IPA is a member of the International Federation of Accountants, the Accounting Professional and Ethical Standards Board and the Confederation of Asian and Pacific Accountants. The IPA was recognised in 2012 as Australia's most innovative accounting organisation and listed in the top 20 in the 2012 *BRW* Most Innovative Companies List.

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## PRESIDENT'S MESSAGE



It has been a significant year for the Institute of Public Accountants; a year of consolidation, growth and importantly, planning for the future.

### PLANNING FOR THE FUTURE

It has been a significant year for the Institute of Public Accountants; a year of consolidation, growth and importantly, planning for the future.

As President and Chairman of the Institute's Board, I have enjoyed working with my fellow directors and IPA's chief executive to set the strategy for the organisation's future.

Planning for the future is not just about protecting the sustainability of the organisation and our employees; it is also about looking after the best interests of members, the small business community and the public.

The IPA has focussed its strategy to ensure our member-centric focus grows stronger, as we strive to expand both nationally and overseas. I am proud to report that the IPA has experienced growth in a number of areas.

The team's international efforts have seen a substantial growth with international memberships increasing overall by 15 per cent with China experiencing the largest growth with memberships up by over 23 per cent.

Closer to home, memberships in Australia grew by almost 5 per cent and our public practice membership grew by over 6 per cent. This growth demonstrates the strength of the Institute's name on a national and international level.

### ENHANCING THE MEMBER EXPERIENCE

Our Fit for the Future program is focussed on improving communications, product and technical knowledge, and organisational efficiencies to deliver a greater experience for our members.

Our capacity to deliver has been underpinned by a healthy return to surplus, driven by our fiscal responsibility and after the significant investment in the rebranding of the organisation.

We have also positioned the IPA to move ahead of and with the market in terms of major changes in regulation, technology, business and the economic landscape. As a profession we continue to feel the disruptive impact of advancements in technology; the uncertain regulatory environment which is influencing the competitive landscape; and the effects of globalisation.

### THE YEAR AHEAD

A number of new initiatives are currently being developed, which will continue to improve the member experience and enhance the IPA reputation. Our international footprint will expand, as will our influence on the global profession. Our advocacy on behalf of members and the profession will continue to reflect the best interests of our members.

I would like to extend my gratitude and recognition of the efforts of chief executive, Andrew Conway, for his passionate drive, strong representation of IPA, and his leadership that will ensure prosperity for the organisation.

The IPA thrives with a team spirit and on that note, I wish to recognise the outstanding effort of the IPA's executive general management team and all IPA staff.

I would also like to thank my fellow Board members for their ongoing support and dedication to the IPA and, most importantly, thank you to all of our members for your ongoing support.

I look forward to working with you all in the future.

JASON PARKER FIPA  
PRESIDENT

## CHIEF EXECUTIVE OFFICER'S REPORT



'This year, the IPA committed to extend its activity in the small business space to ensure an ongoing credible voice could be established for this critical sector of the economy.'

The 2013-14 year has provided significant opportunity for the Institute of Public Accountants (IPA) to consolidate our strategy for future growth based on adding value to our members, the public and the Australian small business community.

In addition to returning to a strong financial position and achieving sustained member growth and retention; we have developed and implemented a new strategic plan to achieve higher growth rates while ensuring greater member satisfaction.

There have been many highlights in the last 12 months and I have selected only a few to mention here.

### REPRESENTING THE INTERESTS OF OUR MEMBERS

The IPA has continued its fundamental role of advocacy and lobbying on behalf of members and the profession to ensure a credible voice on policy and regulatory issues is heard by key stakeholders. These key stakeholders include government and regulators such as the Australian Taxation Office, The Treasury, Australian Securities and Investments Commission, Australian Accounting Standards Board, Australian Auditing and Assurance Standards Board, and the Accounting Professional and Ethical Standards Board.

Part of this advocacy work comes in the form of multiple submissions made throughout the year to provide feedback and insight into many key policy areas. The IPA has continued to advocate for a mature debate on tax reform, with numerous submissions on issues such as Division 7A, the Mineral Resource Rent tax repeal, FBT overhaul and many more.

### AUSTRALIAN SMALL BUSINESS WHITE PAPER

The IPA has a long and direct affiliation with small business. Our 25,000 members and students across Australia and the broader Asia-Pacific/Oceania region have a primary focus on working in or with small businesses every day. More than 75 per cent of our members work with the small business sector.

This year, the IPA committed to extend its activity in the small business space to ensure an ongoing credible voice could be established for this critical sector of the economy. In doing so, we developed the first industry-led Australian Small Business White Paper, backed by rigorous research, practitioner insights and industry views.

The relative importance of small business growth as a driver of Australia's productivity is increasing rapidly and the need to foster greater productivity in the SME sector is even more critical than ever.

The development of the Australian Small Business White Paper has brought together many insights into key issues facing the small business of today; including taxation, regulation, competition, responsible finance, productivity through innovation and developing export markets for small business. It is now intended to expand on the initial input by many leading stakeholders with additional forums across Australia; all of which will contribute to the policy debate in Australia.

### EXPANDING INTERNATIONAL HORIZONS

Many Australian businesses are seeking to grow through international expansion into markets such as China and fast-growing emerging markets including Vietnam. The IPA is no exception and our member growth overseas, particularly in China, has continued at a fast rate.

We have also continued with our series of executive training in Australia for senior Chinese professionals. In late 2013, the IPA signed a Memorandum of Understanding with the Vietnam Association of Certified Public Accountants (VACPA), focussing on educational exchange as pathways for us to grow our membership in Vietnam. This has now been officially supported by the Ministry of Finance, which means we can start implementing the mutual benefits under the agreement.

This international growth is complemented with our ongoing membership and participation in activities with the International Federation of Accountants (IFAC) and the Confederation of Asian and Pacific Accountants (CAPA) including the opportunity to make key presentations on financial reporting issues, and to provide leading input into the development of a strong and robust professional accountancy organisation model within the Asia-Pacific region.

### FIT FOR THE FUTURE

Our strategic plan and cultural change program: Fit for the Future (F4F) has seen the start of renewed focus for IPA staff to work together to deliver a better experience for members in all dealings and transactions with the IPA. F4F encompasses our four strategic themes of Member Growth, Member Experience, Leadership and Operational Efficiency. Our staff is now more empowered to develop and deliver initiatives that will support the needs of members and the growth of the business.

In closing, I would like to thank our loyal members both nationally and overseas. I would also like to thank the support and effort of the IPA Board, management and staff throughout the year.

ANDREW CONWAY FIPA,  
CHIEF EXECUTIVE OFFICER

## VISION, MISSION AND VALUES

### IPA VISION

To be recognised as a strong, independent inclusive professional body, leading the SME & SMP segments.

### IPA MISSION

A relevant, flexible global professional accounting body adding value to members through everything we say and do.

## IPA VALUES STATEMENT

### WE RESPECT OUR MEMBERSHIP

We know our members by name. We talk and listen to our members, respecting their professional standing. We follow up and resolve their queries quickly, directly and completely.

### WE RESPECT EACH OTHER

We don't always have to agree. We respect all team members. We act maturely, have frank discussions, and have a low tolerance for gossip. We appreciate that everyone brings something different to our organisation. We acknowledge that if a colleague needs help, we'll offer it and expect the same in return. We don't hide difficult conversations behind emails - we have face-to-face interactions or pick up the phone.

### WE RESPECT & FOSTER FLEXIBILITY

We don't risk our brand. We seek to be flexible in the admission of members within reason. We trust our team to exercise judgment. The same goes for flexibility in the workplace. This means we provide a family-friendly environment that isn't abused. We recognise that everyone has a different cultural background, home situation and different roles and responsibilities. We will be responsive to individual family or home situations. Providing a flexible working environment is accepted, given it is done in a respectable way. We recognise that certain team members will be required to be 'out of the office' while other functions are office-based.

### WE RESPECT & FOSTER INNOVATION

We all play a role in identifying new trends. This informs the design of our products and services to keep us ahead of the game. We openly welcome new ideas and encourage open suggestions. We are constantly on the lookout for ways to 'shake ourselves down' to reinvent our organisation every 12 months to ensure our products and services are driving a commercial gain to the IPA. This will help ensure we continue to lead the market in member service delivery and quality.

### WE RESPECT THAT WE'RE ALL ON THE SAME TEAM

While we have individual roles, we all work for the same organisation with the same mission. We champion collaboration across the organisation, irrespective of where we sit. We're clear on our expectations of each other, and our membership growth target by 2016.

# 2013/2014 HIGHLIGHTS

## OPERATIONAL EFFICIENCY

**FINANCIAL RETURN:** Achieved stronger than expected surplus:

FINANCIAL SNAPSHOT		
	2013/2014	2012/2013
<b>Revenue</b> (Increase of 11.5%)	\$14,131,579	\$12,676,063
<b>Expenditure</b>	\$13,621,420	\$13,474,811
<b>Net</b> (Increase of 164%)	\$510,159	-\$798,748
<b>Cash</b> (including term deposits) (Increase of 19.4%)	\$6,937,562	\$5,812,448

**PROFESSIONAL DEVELOPMENT:** Experienced a 16.7 per cent increase in professional development revenue over the past 12 months.

**STRATEGY F4F:** The development of the *Fit for the Future* (F4F) program to drive significant member benefit through realigned strategy and key projects around member growth, member experience, leadership and operational efficiency.

## LEADERSHIP

**AUSTRALIAN SMALL BUSINESS WHITE PAPER:** The IPA, with the assistance of the IPA Deakin University SME Research Partnership, drafted and launched the Australian Small Business White Paper with a special roundtable event at Parliament House, Canberra. This landmark paper is an Australian first and will form the basis of our contribution to policy debate in Australia.

**TAX REFORM:** The IPA made a valuable and ongoing contribution to tax reform through numerous submissions and representation on issues including: Division 7A, Small Business Tax Impediments, Third Party Reporting and ATO support for tax practitioners.

**ADVOCACY:** The IPA's advocacy and policy work focussed on fiscal policy, deregulation, major reviews of competition law and policy and the financial system (including changes to the Future of Financial Advice reforms) and retirement incomes policy.

**MEDIA AND COMMUNICATIONS:** The voice for small business continues to grow and strengthen through the IPA's media and communications activities, with media mentions of the IPA increasing by 297 per cent over the last 12 months.

**MEDIA PRODUCTION:** The IPA YouTube channel and other media production have experienced accelerated growth and popularity, with key metrics increasing by over 200 per cent. Our video production expertise has become sought after by external organisations including the Victorian Small Business Commissioner and MYOB.

**SOCIAL MEDIA:** The IPA's influence through social media has increased with an average 51 per cent improvement across all channels.

**I LOVE SMALL BUSINESS (ILSB):** The IPA's initiative to acknowledge and applaud the contribution of small business to the Australian economy goes from strength to strength. The dedicated website ([www.ilovesmbiz.com](http://www.ilovesmbiz.com)) celebrates the stories of small business people while building a viral campaign promoting the IPA and ILSB. At year end over 6,000 people have visited the site, which has received positive feedback from small business owners and their customers. The IPA's divisional ILSB activities across Australia increased our reach.

**FUTURE SERIES:** Launching our thought leadership series with the Future of Accounting forum to consider the impact of technology on the future of the profession.

**MICROBOARDS:** The first IPA Microboard was established, which supports indigenous small business in WA. It has provided the model for future IPA Microboards across Australia and industry sectors.

**CAPA:** The IPA has taken a leading role in the development of the maturity model for the Confederation of Asian and Pacific Accountants, which has assisted with the development of the profession across our region.

**PUBLICATIONS:** Highly valued by members, the IPA's flagship publication *Public Accountant* scored 87.5 per cent (valued or highly valued) in the September 2013 member readership survey. The IPA drove debate on key issues that impacted members, the profession and public.

**FINANCIAL SERVICES:** The IPA provided members with an expanded financial services package that covered an extensive range of licensing and referral options.

## MEMBER EXPERIENCE

**KEY PARTNER ACHIEVEMENTS:** The IPA forged new partnerships with a leading telecommunications provider and financial services organisations. Over 20 businesses supported the IPA at the November National Congress, divisional events and federal budget events as exhibitors and presenters.

**RESEARCH:** During 2013/2014, the IPA undertook detailed and regular market research to engage with members and understand their needs. The IPA topped the leader board ahead of other accounting bodies in the areas of member engagement and overall performance in the annual Beaton Research Report. The IPA Deakin University Research Centre Partnership was launched with an inaugural conference in October 2013, with strong attendance by IPA members and the university community.

**ONLINE INNOVATION:** A new and enhanced IPA website was launched, providing ease of use and navigation for members. A redeveloped and enhanced renewals campaign was also launched with an online renewal facility for members' convenience.

**EVENTS:** Highly successful divisional congresses were held in WA, NSW and Tasmania. The National Congress received a strong attendee satisfaction rating of 8.6 out of 10. Face-to-face CPE events grew from strength to strength with high attendance and another year-on-year increase in revenue. Tax agent road shows grew in popularity.

**EDUCATION:** Considerable work was completed with UNE on two major initiatives: 1) changes to the IPA Program for UNE GSB to comply with Australian Qualifications Framework requirements; and 2) an evaluation of options and structure for open entry to the IPA Program, meeting the needs of experienced accountants who currently do not have formal educational qualifications. The IPA Program continued to be well sought after with a 55 per cent increase in enrolments. The IPA was a top level sponsor of key accounting and finance societies at major Australian universities to boost brand awareness in the student market.

## MEMBER GROWTH

**MEMBER GROWTH:** The IPA achieved public practice growth of over 6 per cent; Chinese membership growth of 23.5 per cent; international membership growth of 15 per cent; and Australian member intake increase of 4.7 per cent.

**RECRUITER RECOGNITION:** The IPA developed a strong engagement campaign to build strong relationships with recruiters to enhance the IPA's recognition.

**VIETNAM:** The IPA signed a Memorandum of Understanding (MOU) with the Vietnam Association of Certified Public Accountants (VACPA), to grow our presence in Vietnam through educational exchange pathways. The MOU was followed by a letter of support from the Vietnam Ministry of Finance, advising of their willingness to assist in policy development involving VACPA and the IPA.

**CHINA:** Developments included: quarterly membership exams; recognition of Tencent as a *Platinum IPA Approved Employer*; six training delegations travelled to the IPA Head Office; a Chinese delegation of 20 attended the National Congress for the first time; member e-newsletter enhancements; 10 year membership award ceremony was held in major cities in June 2014; and improvements to the Chinese website and CRM system.

# An eye on the future

'The organisation is continually looking at ways it may improve its product and service offerings to members to ensure our members' businesses will benefit and prosper for the future.'

While there may be no magical crystal ball, the IPA has its eye on the future. The organisation is continually looking at ways it may improve its product and service offerings to members to ensure our members' businesses will benefit and prosper for the future.

Keeping a finger on the pulse of government policy and regulatory change is another way that the IPA is looking out for the future interests of our members. Understanding the changes in Future of Financial Advice reforms and the new financial services environment, and with it opportunity for members to diversify and grow their practices is of major interest to the IPA.

For this reason, the IPA has expanded its financial services package offering to assist members with all the necessary licensing and referral options to ensure members can thrive in the competitive financial services market.

The IPA is also very much cognisant of the fact that the small business sector is critical to the future economic prosperity of Australia. The IPA has long led debate and advocacy discussion to protect the interests and needs of small businesses. However, we know the debate has only just begun as more focus is placed on small business as the leading driver of Australia's productivity. For this reason, the IPA has called upon a number of key leaders, practitioners and other stakeholders, to assist in developing the Australian Small Business White Paper; a living document that will continue to provide meaningful and robust discussion for a sound policy framework to support the ongoing growth and productivity of small business.

The IPA's thought leadership activities are also driving dialogue on many aspects facing the future of the accounting profession and business at large. *The Future Series* which commenced in April 2014 is designed to provoke discussion on key issues impacting the profession while seeking to deliver insights and guidance from a panel of experts. The first event, which had both a live audience and was video live-streamed, focused on the impact of technology on the accounting profession, clients and businesses.

Finally, the IPA's investment in its people is a key part of the organisation's focus on the future. It is well recognised that the organisation's success comes from the support of our members and the contributing efforts of our staff. The *Fit for the Future* program has empowered more staff to be actively involved in projects and initiatives that support the sustainable growth of the business and drive tangible benefit to our members.

## IPA BOARD OF DIRECTORS



MR JASON PARKER FIPA  
PRESIDENT

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

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. 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 and is currently the President of the IPA.



MS WENDY LEEGEL FIPA  
DEPUTY PRESIDENT

**Occupation:** Management Consultant, Director, Leegel Consulting Group  
**Division:** Victoria

A former Victorian Divisional Councillor since 1999-2000, 2006. 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. Has held the role of Vice President and Chair of the Member Committee, and currently Deputy President and Deputy Chair of the Board Disciplinary Tribunal. A fellow of Financial Services Institute of Australia (FINSIA), a Fellow of the Australian Institute of Management (AIM) and a Fellow of Institute of Public Accountants (IPA). A member of the Australian Institute of Company Directors (AICD), Association of Change Management Professionals (ACMP), Australian Institute of Project Management (AIPM), Risk Management Institute of Australia (RIMA) and Human Capital Institute (HCI) and Women on Boards. Wendy has held a range of senior roles specialising in Risk and Organisational Change within the Banking and Financial Services sectors, university sector and corporate sector. Other board roles include Director, Risk Management Institute of Australia (RMIA).



MR DAMIEN MOORE FIPA  
VICE PRESIDENT

**Occupation:** Partner/Director of Carrington Accounting Services  
**Division:** South Australia

Damien has been the SA/NT Director since 2010. He has served as the SA/NT Divisional President along with other roles on the Divisional Council. He is a member of the Australian Institute of Company Directors (AICD) and a registered Tax Agent. He has represented the IPA on the ATO's Regional Tax Practitioners Working Group SA/NT (RTPWG) and the South Australia Joint Legislation Review Committee (JLRC). Originally joining the IPA as a student member, he has completed the Masters of Commerce (Professional Accounting) through the University of New England as part of the IPA Education program.



MR DAVID LEVER FIPA  
TREASURER

**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 Accounting Regulation and past Board Audit Committee Chairman. He has professional memberships to the Institute of Internal Auditors, Australian Institute of Company Directors and is a representative on the RMIT program Advisory Committee.

David has a Bachelor of Commerce degree with over 27 years experience within the Accounting profession and his involvement and membership with IPA span over 20 years.



MS CHRISTINE LEETHAM FIPA  
IMMEDIATE PAST 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 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 RUSSELL HILLARD FIPA

**Occupation:** Public Accountant, R & J Financial Services  
**Division:** Queensland

First elected to the board of directors in February 2007 served as Vice President 2009 – 2011, National Treasurer from 2011 – 2013. A Divisional Councillor from 2004 – 2011, elected Divisional President 2006 – 2007 and Divisional Deputy President from 2007 – 2009. Russell is a Commissioner of Declarations, registered tax agent, SPAA – SMSF specialist and authorised representative of AMP Financial Planning.



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 NSW councillor and a past national vice-president and Treasurer. Kevin has served on the National Membership Committee, National Resources Committee and is the past chairperson of the Board Audit Committee.

## IPA BOARD OF DIRECTORS (CONTINUED)



MR GREG PARR FIPA

**Occupation:** Partner, Scales & Partners Lawyers  
**Division:** South Australia

IPA 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 is currently a member of the Board Audit Committee.



DR NORDIN ZAIN FIPA

**Occupation:** Executive Director, Deloitte Malaysia  
**Division:** Malaysia

First elected to the board of directors in May 2008, Nordin 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 FIPA

**Occupation:** Principal/Director – McCartin & Associates, Taxation Consultants and Business Services  
**Division:** New South Wales

An IPA member since 1984, having served as a NSW Divisional Councillor from 2006. Tony was elected to the Board in 2009. He has been in Public Practice, as a registered Tax Agent and Public Accountant since 1984. He worked at the Australian Taxation Office in Sydney Parramatta, 1972 to 1984, taught part time at TAFE NSW 1995 to 2006, and presently acts as local agent/public officer for a number of registered foreign companies and local director/public officer for a number of local subsidiaries of foreign corporations registered in Australia.

Tony currently chairs the Board Audit Committee and was previously a member of the Board Membership Committee.



MS LEAH-BARBARA MAGUIRE FIPA

**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.



MRS LINDA BERNARD FIPA

**Occupation:** Director/Senior Accountant, Westmore Accounting  
**Division:** Western Australia

Joined WA Divisional Council in 2007, became the President from 2009 until 2012. Public Practitioner since 2000, registered tax agent, holds Bachelor of Commerce in Accounting and Financial Planning from Curtin University and a Masters of Commerce in Professional Accounting from UNE.



MR GLENN MANN FIPA

**Occupation:** Commercial Manager, APMS Group

First elected to the board of directors in April, 1999, Glenn has served on the National Membership Committee, the National Audit Committee (including twice as chair on both committees during his term as a director). In addition, Glenn was treasurer of the National Resources Committee (2003 to 2004) and held the position of deputy president (2004 to 2006).

## DIRECTORS' REPORT

The directors present this report on Institute of Public Accountants Ltd (IPA) for the financial year ended 30 June 2014.

### BOARD OF DIRECTORS

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

Directors	Position	NATIONAL BOARD MEETINGS	
		No. eligible to attend	No. attended
Jason Richard Parker	President	4	4
Wendy Leegel	Deputy President	4	4
Damien Scott Moore	Vice-President	4	4
David Anthony Lever	Treasurer	4	4
Christine Julianne Leetham	Immediate Past President	4	4
Russell Alan Hillard		4	4
Kevin Brian Dawes		4	3
Gregory Robert Parr		4	4
Nordin Mohd Zain		4	4
Anthony Gerard McCartin		4	4
Leah-Barbara Maguire		4	2
Linda Bernard (Appointed November 2013)		2	2
Glenn Cameron Mann (Resigned November 2013)		2	2

### COMPANY SECRETARY

Andrew James Conway held the position of company secretary for the financial year.

### PRINCIPAL ACTIVITIES

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

The 2013/14 year was a year of consolidation for the Institute, with a strong surplus being delivered, along with the further strengthening of our cash position. This platform will allow the Board of Directors to consider further investments in the growth and recognition of the Institute into the future.

### IPA'S SHORT-TERM AND LONG-TERM OBJECTIVES

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

- Consideration of phase two of Fit for the Future encompassing brand promotion, market engagement and investment in the business infrastructure and services.
- Increase awareness of the IPA Program with members, prospective members and employers.

- Expansion of 'My Public Accountant'.
- Review and improve all IPA news and publications.
- Revitalise the IPA Mentored Experience Program.
- Progress innovation in member experience including digital content delivery
- Expand and refresh technical toolkits and resources for members.
- Expand focus in TAFE and University sectors.
- Review and promote the IPA Program as a career pathway to employers.
- Continually expand our range of technical toolkits and web resources.
- Further expansion of IPA online professional development.
- Consolidate all business unit plans into an operational effectiveness plan via a Balanced Scorecard model.
- Implement 'RESPECT' values through the IPA Team Engagement Strategy.

### IPA STRATEGIC THEMES

**Theme 1:** Be recognised as the peak accounting body for Public Accountants in the Small/Medium Practice segment.

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

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

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

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

### KEY PERFORMANCE MEASURES

IPA manages its own performance through the use of both quantitative and qualitative benchmarks.

During the year the Institute began using a Balanced Scorecard methodology for performance measurement to ensure operational alignment with the IPA Strategic Themes.

### LIMITATION OF MEMBERS LIABILITY

IPA is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If IPA is wound up, in accordance with the constitution, each member is required to contribute a maximum of \$6.00 each towards meeting any outstanding obligations of IPA. At 30 June 2014, the total amount that members of the IPA are liable to contribute if IPA is wound up is \$89,844 (2013: \$89,904).

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 22 of the financial report.

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



JASON PARKER FIPA  
PRESIDENT



DAVID LEVER FIPA  
TREASURER

Signed in Melbourne, this 29th day of August 2014.

## AUDITOR'S INDEPENDENCE DECLARATION 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 2014 there have been no contraventions of:

- i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

*McClean Delmo Bentleys Audit*

McClean Delmo Bentleys Audit Pty Ltd

*Kevin P. Adams*

KEVIN P. ADAMS  
DIRECTOR

Signed in Hawthorn, this 29th day of August 2014.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

23

		2014	2013
REVENUE	NOTE	\$	\$
Revenue	2	14,131,579	12,676,063
<b>EXPENSES</b>			
Marketing and publications expenses		(1,103,823)	(1,838,821)
Corporate services expenses		(2,749,922)	(2,618,068)
Corporate governance expenses		(1,356,227)	(1,300,943)
Member services expenses		(8,042,579)	(7,370,058)
Other expenses		(368,869)	(346,921)
Total Expenses	3	(13,621,420)	(13,474,811)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		<b>510,159</b>	<b>(798,748)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>510,159</b>	<b>(798,748)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS</b>		<b>510,159</b>	<b>(798,748)</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	NOTE	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,725,684	1,178,135
Trade and other receivables	7	138,300	197,617
Financial assets	8	5,215,122	4,637,494
Other assets	9	539,587	405,297
<b>TOTAL CURRENT ASSETS</b>		<b>7,618,693</b>	<b>6,418,543</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	7	350,000	350,000
Financial assets	8	10,367	10,367
Plant and equipment	10	930,090	1,046,593
Intangible assets	11	27,249	50,179
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,317,706</b>	<b>1,457,139</b>
<b>TOTAL ASSETS</b>		<b>8,936,399</b>	<b>7,875,682</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	6,604,369	6,086,179
Provisions	13	736,413	648,380
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,340,782</b>	<b>6,734,559</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	228,668	284,333
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>228,668</b>	<b>284,333</b>
<b>TOTAL LIABILITIES</b>		<b>7,569,450</b>	<b>7,018,892</b>
<b>NET ASSETS</b>		<b>1,366,949</b>	<b>856,790</b>
<b>EQUITY</b>			
Retained earnings		1,366,949	856,790
<b>TOTAL EQUITY</b>		<b>1,366,949</b>	<b>856,790</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	RETAINED EARNINGS \$
Balance as at 1 July 2012	1,655,538
Loss for the year	(798,748)
Balance as at 30 June 2013	856,790
Profit for the year	510,159
<b>BALANCE AS AT 30 JUNE 2014</b>	<b>1,366,949</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
NOTE	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from members and customers	15,454,312	13,683,991
Payments to suppliers and employees	(14,260,552)	(13,817,989)
Interest received	186,471	215,936
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>1,380,232</b>	<b>81,938</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of intangible assets	(4,198)	(45,871)
Acquisition of plant and equipment	(250,857)	(102,058)
(Transfer to)/ proceeds from bank term deposits	(577,628)	42,722
Net cash provided by/(used in) investing activities	(832,683)	(105,207)
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>547,549</b>	<b>(23,269)</b>
Cash and cash equivalents at beginning of the financial year	1,178,135	1,201,404
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>1,725,684</b>	<b>1,178,135</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION

Institute of Public Accountants Ltd applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 29 August 2014 by the directors of the company.

#### ACCOUNTING POLICIES

##### 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 not-for-profit organisation to which the principle of mutuality applies. The principle of mutuality is a common law principle arising from the premise that a person cannot profit from himself. The effect of this is that IPA only pays income tax on net income, which is not derived from members. Income, which is derived from members, is exempt from income tax.

##### 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 seven to ninety days. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for impairment is made when there is objective evidence that IPA will not be able to collect the debts.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### d. Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

### Depreciation

The depreciable amount of all fixed assets, including capitalised leased assets, is depreciated on a straight-line basis over the asset's useful life 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 the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

### 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. 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 recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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 item in profit or loss.

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.

#### (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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised. 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### f. Financial Instruments (continued) (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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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 other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

### Impairment

At the end of each reporting period, IPA assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduced carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that they carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, IPA recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that loss events that have been occurred are duly considered.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### f. Financial Instruments (continued) Derecognition

Financial assets are derecognised 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 have 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 profit or loss.

### g. Impairment of Assets

At the end of each reporting period, IPA assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard.

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.

Impairment testing is performed annually for intangible assets with indefinite lives.

### 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 received by IPA during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

### 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. Provisions recognised represent the net estimate of the amounts required to settle the obligation at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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. In determining the liability, consideration is given to employee wage increase and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

### 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.

### m. 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 members and customers.

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

### n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payable to suppliers.

### o. Comparative Figures

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

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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

Receivables are stated net of a provision for impairment of doubtful member and non-member debts of \$5,864 (2013: \$689).

### Key Judgements

#### 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 the designated due date as 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 2014 is also taken into account when the assessment is made of any impairment to the loan.

### q. New and Amended Accounting Policies

#### Provision for employee benefits: annual leave

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. Previously, annual leave satisfied the definition of short-term employee benefits and therefore the leave liability was measured on an undiscounted basis at the amounts expected to be paid when the liability was settled. However, under AASB 119 (September 2011), as the company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows, obligations for annual leave entitlements now meet the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees. Note, however, that these changes do not impact the classification of leave entitlements between current and non-current liabilities in the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
<b>NOTE 2: REVENUE</b>		
<b>OPERATING REVENUE</b>		
Members subscriptions	8,785,902	8,482,524
Members activities	2,850,463	2,054,695
NOOSR Assessments	694,094	416,410
Non-member activities	1,346,381	1,358,068
Interest income	201,916	206,389
Other revenue	191,438	105,911
Management fees	61,385	52,066
<b>Total operating revenue</b>	<b>14,131,579</b>	<b>12,676,063</b>

### NOTE 3: PROFIT FOR THE YEAR

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

Rental expense on premises	945,339	860,235
Depreciation	351,378	395,722
Loss on disposal of plant and equipment	15,982	1,897
Employee benefits expense	5,351,603	5,407,323
Advertising and promotions	250,157	1,033,007

### PROFESSION RELATED COSTS

Australian Professional Ethical Standards Board contribution	448,915	436,900
International Federation of Accountants contribution	115,522	104,089
Australian Council of Professions	3,309	9,691
Confederation of Asian and Pacific Accountants (CAPA)	21,553	20,376
Accounting & Finance Association of Australia & New Zealand	-	26,523

### NOTE 4: INCOME TAX EXPENSE

The prima facie income tax expense at 30 per cent on the net profit attributable to the members of IPA of \$153,048 (2013: income tax benefit of \$239,624) 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 \$5,767,835 (2013: confirmed accumulated tax losses of \$6,277,994) 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.

	2014	2013
	\$	\$
<b>NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
Key management personnel compensation	1,301,336	1,131,303
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	1,350	10,527
Deposits at call	1,224,334	667,608
Short term deposits	500,000	500,000
<b>Total cash and cash equivalents</b>	<b>1,725,684</b>	<b>1,178,135</b>

### NOTE 7: TRADE AND OTHER RECEIVABLES

#### CURRENT

Trade receivables	140,581	190,421
Provision for impairment of receivables	(5,864)	(689)
Trade receivables, net	134,717	189,732
Other receivables	3,583	7,885
<b>Total current trade and other receivables</b>	<b>138,300</b>	<b>197,617</b>

#### NON-CURRENT

Loan - Association of Accounting Technicians (Australia) Ltd	350,000	350,000
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### PROVISION FOR IMPAIRMENT OF RECEIVABLES

Movement in the provision for impairment of receivables between the beginning and the end of the current financial year is as follows:

Balance at beginning of the year	689	44,233
- Charge for the year	5,864	25
- Written back	(25)	(23,607)
- Written off	(664)	(19,962)
<b>Balance at end of the year</b>	<b>5,864</b>	<b>689</b>

### LOAN TO ASSOCIATION OF ACCOUNTING TECHNICIANS (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 deferred by a Deed of Variation of Loan Agreement dated 19 March 2012 and repayments will start from 30 June 2016 and finish on 30 June 2021.

The Association of Accounting Technicians (Australia) Ltd has the option to repay amounts earlier. The loan is subject to interest at a rate of 0.5% above the 90 day bank bill rate per annum.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
<b>NOTE 8: FINANCIAL ASSETS</b>		
<b>CURRENT</b>		
Bank term deposits	5,215,122	4,637,494
<b>NON-CURRENT</b>		
Rental deposit	10,367	10,367
<b>NOTE 9: OTHER ASSETS</b>		
Deposits	31,951	30,806
Prepayments	417,101	277,244
Accrued income	90,535	97,247
Total other assets	539,587	405,297
<b>NOTE 10: PLANT AND EQUIPMENT</b>		
Plant and equipment - at cost	1,638,618	1,956,291
Accumulated depreciation	(1,146,072)	(1,470,228)
Total plant and equipment	492,546	486,063
Leasehold improvements - at cost	1,369,868	1,369,079
Accumulated depreciation	(932,324)	(808,549)
Total leasehold improvements	437,544	560,530
Total plant and equipment	930,090	1,046,593

### MOVEMENTS IN CARRYING AMOUNTS

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

	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
	\$	\$	\$
Carrying amount as at 1 July 2013	486,063	560,530	1,046,593
Additions	250,067	790	250,857
Disposals	(15,982)	-	(15,982)
Depreciation expense	(227,602)	(123,776)	(351,378)
Carrying amount as at 30 June 2014	492,546	437,544	930,090

	2014	2013
	\$	\$
<b>NOTE 11: INTANGIBLE ASSETS</b>		
Patents - at cost	82,755	78,557
Accumulated amortisation	(55,506)	(28,378)
Total intangible assets	27,249	50,179

### MOVEMENTS IN CARRYING AMOUNTS

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

Balance at beginning of the year	50,179	24,919
Additions	4,198	45,871
Amortisation expense	(27,128)	(20,611)
Balance at end of the year	27,249	50,179

### NOTE 12: TRADE AND OTHER PAYABLES

Members subscriptions in advance	4,549,082	4,168,097
Trade payables	671,395	537,690
Other income in advance	426,791	482,648
Accrued expenses	612,823	643,813
GST payable	344,278	253,931
Total trade and other payables	6,604,369	6,086,179

### NOTE 13: PROVISIONS

<b>CURRENT</b>		
Employee entitlements	736,413	648,380
<b>NON-CURRENT</b>		
Employee entitlements	101,970	161,630
Lease restoration	126,698	122,703
Total non-current provisions	228,668	284,333
Total provisions	965,081	932,713

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	EMPLOYEE ENTITLEMENTS	LEASE RESTORATION	TOTAL
	\$	\$	\$
<b>NOTE 13: PROVISIONS (CONTINUED)</b>			
<b>MOVEMENT IN PROVISIONS</b>			
Balance at 1 July 2013	810,010	122,703	932,713
Additional provisions	443,444	3,995	447,439
Amounts used	(415,071)	-	(415,071)
Balance at 30 June 2014	838,383	126,698	965,081

### 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 have 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.

	2014	2013
	\$	\$
<b>NOTE 14: COMMITMENTS</b>		
<b>OPERATING LEASE COMMITMENTS</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
- not later than 1 year	1,119,295	1,093,430
- between 1 year and 5 years	1,939,361	2,780,921
Total operating lease commitments	3,058,656	3,874,351

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.

	2014	2013
	\$	\$

### 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:

Directors employer reimbursement:

DIRECTOR	DIRECTORS EMPLOYER		
Glenn Cameron Mann	APMS Group	3,000	6,600
Gregory Robert Parr	Scales & Partners Lawyers	6,600	6,600
Kevin Brian Dawes	Strategic Plus Pty Ltd	4,950	6,600
Nordin Zain	Prospect Alliance Consulting	6,600	6,600
Damien Scott Moore	Carrington Accounting Services	6,600	6,600
Russell Alan Hillard	R & J Financial Services	6,600	6,600
Jason Richard Parker	Parker Accounting & Financial Services	13,200	9,900
Anthony Gerard McCartin	McCartin & Associates	6,600	6,600
David Anthony Lever	Greater Geelong City Council	6,600	6,600
Wendy Leegel	Leegel Consulting Pty Ltd	6,600	6,600
Linda Bernard	Westmore Accounting	3,300	-

### TRANSACTIONS WITH RELATED PARTIES

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

IPA leases the Tasmania office premises from Denis Laing – State president (NDC)	19,522	18,205
IPA provided rental accommodation and services during the financial year which are paid to 30 June 2014.	61,385	52,066
Loan receivable from Association of Accounting Technicians (Australia) Ltd (Note 7)	350,000	350,000

### NOTE 16: CONTINGENT LIABILITIES

Bank guarantees for the term of the operating leases for periods up to 4 years	381,554	381,554
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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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 17: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	2014 \$	2013 \$
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	6	1,725,684	1,178,135
Loans and receivables	7	488,300	547,617
Financial assets and deposits	8 & 9	5,257,440	4,678,667
Total financial assets		7,471,424	6,404,419
<b>FINANCIAL LIABILITIES</b>			
Financial liabilities at amortised cost:			
- Trade and other payables	12	1,628,496	1,435,434
Total financial liabilities		1,628,496	1,435,434

### NOTE 18: EVENTS AFTER THE REPORTING PERIOD

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.

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Institute of Public Accountants Ltd, the directors of Institute of Public Accountants Ltd declare that:

- The financial statements and notes, as set out on pages 23 to 40, are in accordance with the Corporations Act 2001 and:
  - comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
  - give a true and fair view of the financial position of the company as at 30 June 2014 and of its performance for the financial year ended on that date.
- In the directors' opinion there are reasonable grounds to believe that the Institute of Public Accountants Ltd will be able to pay its debts as and when they become due and payable



JASON PARKER FIPA  
PRESIDENT



DAVID LEVER FIPA  
TREASURER

Signed in Melbourne, this 29th day of August 2014.

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

We have audited the accompanying financial report of Institute of Public Accountants Ltd, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other 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' RESPONSIBILITIES FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that 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 the 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*, which has been given to the directors of Institute of Public Accountants Ltd, would be the same terms if given to the directors as at the time of this auditor's report.

## 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 2014 and of its performance of the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



McLean Delmo Bentleys Audit Pty Ltd



KEVIN P. ADAMS

DIRECTOR

Hawthorn, 4th September 2014.

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