

# Taxation Institute of Australia

Australia's leading professional association in tax

## 2009 Annual Report

[www.taxinstitute.com.au](http://www.taxinstitute.com.au)





“Your *Essential*  
partner in tax”



# Taxation Institute of Australia

## Our vision

The leading professional association in tax in Australia

## Our mission

Building the expertise and status of the tax professional

Our values are:



**Integrity**



**Professionalism**



**Responsiveness**



**Collaboration**



**Commitment**



**Leadership**

# The Taxation Institute: past, present and future

“From one man to over 13,000 Members – advocacy, knowledge and networks remain the foundation of the Taxation Institute of Australia.”

## Humble beginnings, big ideas

The Taxation Institute was born in a remarkable period of Australia's history. In July 1943, the world and the nation were threatened by the Second World War. It was then that inspiration struck a Sydney accountant named Harold Irving. He decided to try and improve the position of tax agents, tax law and its administration.

### Mr Irving had the following concerns:

- Improvement to complex tax law
- Reducing compliance costs
- Lodgement program extensions
- Size and printing of tax return forms
- Improved relations with tax officers
- Proposals to regulate the accountancy profession.

Australia's tax system has changed greatly. Likewise the Taxation Institute has evolved, grown and become increasingly respected. Dynamic and responsive, the Institute has helped shape changes that benefit its Members and the taxpaying community.

## Collaboration is our cornerstone

The basic sense of belonging to a special organisation endures. After 67 years, our values, friendships and the unselfish desire to learn from each other are central to our success.

The camaraderie at the Institute today was there from the start. Taxation may be serious, but the people who practice it generally have a great sense of humour. Harold Irving aptly called it a “professional brotherhood”.

The Institute is known for its committed volunteers and the altruistic sharing of knowledge. Indeed, professionals willingly sharing their skills with peers may be unique to the tax profession.

## Committed to tax experts

Today we are Australia's leading professional association in tax, with offices in most major cities. Focusing solely on tax, the Institute provides the best resources, education and networks. Our mission is to equip tax professionals with everything they need to demonstrate the highest level of expertise.

We have over 13,000 Members, from new entrants to experienced tax agents, accountants, lawyers and practitioners in corporations, Government and academia. All of them have exclusive access to more than 350 Continuing Professional Development events, conferences and education courses annually, an extensive library service and online and printed resources.

Importantly, the Institute also focuses on the future through its policy and advocacy roles, and is a driving force for improvements in the tax system and its administration.

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# Efforts pay off after a challenging year

## A message from the President

The Taxation Institute had a busy and successful 2009. We provided strong leadership on taxation issues, and enhanced Member services during a very challenging year. Thank you to all our Members, whose continued loyalty, support and active engagement guaranteed our success.

“The Institute took a leading role in preparing tax agents for the new Tax Agent Services Regime.”

### Committed to Members and education

Despite the economic conditions, I'm pleased that we have delivered on our commitment to maintain Member services.

During the year, we kept our focus on providing high-quality, relevant education to the tax profession. We offered more than 350 education events throughout Australia. I attended all of the state conventions and was impressed with the dedication and enthusiasm of the Members behind these excellent events - a fantastic effort from everyone involved.

The Institute also took a leading role in preparing tax agents for the new Tax Agent Services Regime. Nationwide seminars have been conducted on the Regime and a practical manual published.

The Institute's Structured Education Program has continued to build recognition and prestige. Congratulations to all Members who completed their Structured Education courses during 2009.

### Contributing to our industry's future

Our Tax Policy and Research Division remain highly active. In 2009, we lodged more than 100 submissions with various bodies including: the Australian Taxation Office, Treasury, the Inspector General of Taxation and Government Ministers.

Submissions covered a broad range of topics. Some focused on policy, such as the Henry tax review and the new Tax Agent Services Regime. While some were more specialised, such as the application of Division 7A to unpaid present entitlements, the *Bamford* case, taxation of trusts and the employee share scheme provisions.

Members provide invaluable insight into the practical application of draft legislation and legislative proposals - thank you to all who contributed. It wouldn't be possible to prepare the number of submissions we do each year without your help.

### Renewed energy for 2010

On behalf of the National Council, I thank the Institute's CEO Noel Rowland and his team for their great work in a difficult year and dedication to the job.

I also thank my fellow National Councillors for their contributions and support. My year as President was challenging and rewarding, thanks to everyone who made it possible.

2010 will be an exciting time in tax policy. I'm confident our new Tax Policy and Research Division team will bring the enthusiasm and drive needed to respond to issues facing Members and the Institute.

I extend my best wishes to David Williams as the 2010 President, I'm certain his efforts will ensure the continued success of the Taxation Institute.

Joan Roberts  
President



# Adapting, then thriving during the downturn

A message from the CEO

We expected 2009 to be a challenge after 2008's decline, and that certainly proved to be the case. We gave a commitment to Members that despite the downturn, the Institute would, at the very least, maintain its level of service. We believe we kept our promise. This report outlines our activities in 2009, including areas of growth.

## 2009 major initiatives

### Pleasing finances under pressure

The Institute achieved a surplus of \$220,771 in 2009. This was pleasing given the difficult economic circumstances and the resulting drop in Continuing Professional Development (CPD) demand.

Like most businesses we were forced to find savings during the course of the year. By carefully cutting expenditure, while maintaining and increasing Member services, we produced a close to break-even result before the unrealised gain in assets is taken into account.

During the year the Institute also made a significant financial investment in readying itself for the Tax Agent Services Regime and status as a Recognised Tax Agent Association (RTAA).

### Leading the Regime transition

The introduction of the new Tax Agent Services Regime turned the Institute into a hive of activity. We took a leading role in developing tools to help Members and the tax community make an easy transition.

These tools included: a free to Members information session in 2009; a roadshow held in 11 locations nationwide; regular e-newsletters; a new book, the *Tax Agents Manual*, published in conjunction with CCH; and a dedicated web area with detailed information and FAQs.

In June, the National Council resolved to apply to become an RTAA and the Institute set about making the transition from a Recognised Professional Association. Some of these requirements will result in changes to the Institute's Member criteria.

### Growing and enhancing membership

Despite the economic climate, Taxation Institute membership continued to grow. We had a 26% increase in new applications during the year and a high retention rate of 92%. Overall, we have over 13,000 Members, including students.

To support Members affected by the economic downturn, we developed programs to ensure ongoing access to professional development to aid their career advancement.

We also looked for new ways to enhance membership and increase the status and recognition of Members. Focus groups were conducted involving Members and non-members to gauge opinion on our membership categories, and how we are viewed in the profession.

The findings from these focus groups will be used to add further value to membership and reinforce its Essential offering.

“During the year the Institute made a significant financial investment in readying itself for the Tax Agent Services Regime and status as a Recognised Tax Agent Association (RTAA).”





## A message from the CEO (cont.)

“More than 350 events were held around the country attracting more than 18,000 attendees.”

### Thousands got an edge with CPD

We strive to keep Australia's tax professionals in touch with new developments and at the forefront of our industry. Hence, a key function of the Taxation Institute is to deliver up-to-date CPD to our Members and the tax profession.

In 2009, more than 350 events were held around the country with more than 18,000 attendees. The Institute's premier event, the 24th National Convention, was held in Sydney attracting almost 500 delegates.

#### National events during 2009 included:

- 24th National Convention
- Financial Services Taxation Conference
- 4th Consolidations Symposium (held in Sydney and Melbourne)
- 9th States' Taxation Conference
- GST Intensive Conference
- 17th Tax Intensive Retreat.

#### A wide range of events were held throughout Australia including the following popular series':

- Breakfast Club
- Young Tax Practitioners
- Corporate Tax Club
- Trusts and Estates Club
- Women in Tax.

The Taxation Institute also delivered more than 50 hours of online CPD. This included products such as *CPE.TV*, a streaming media service, and the online provision of our full range of publications on a subscription basis, with online learning modules that attract CPD hours.

### Structured Education proved critical

In its fourth year, the Structured Education Program delivered vital skills development to the tax profession and Members' firms. Since 2006, the program has seen 3,156 graduates and has been used by more than 1,000 firms. In 2009, more than 896 candidates were enrolled in these courses.

In the last quarter of 2009, the release of the Tax Agent Services Act caused an increased interest in certification. The Applied Tax course proved to be critical for some candidates and firms to acquire the credentials for voting membership on which to base their tax agent registration.

Many of our graduates are capitalising on the exemptions available towards other programs. This helps them successfully manage their study program, while benefiting from a broad coverage of important tax topics.



## A message from the CEO (cont.)

### Achievements in tax policy and research

In 2009, the Taxation Institute continued to be a driving force for improvements to the tax system.

### Members' input

Our Members provided invaluable technical assistance, practical guidance and industry examples to help us achieve tax changes and influence tax policy and administration.

#### Highlights include:

- After extensive consultation, the Government altered its position on proposed amendments to the **employee share scheme** provisions announced in the 2009/2010 Federal Budget.
- After consultation with the Australian Taxation Office (ATO), many outstanding issues were resolved in relation to the **Taxation of Financial Arrangements (TOFA) regime**.
- **The Tax Agent Services Regime.** After lengthy consultation and multiple submissions over many years, the new regime commenced on 1 March 2010.
- **Proposed changes to the tax treatment of unpaid present entitlements of corporate beneficiaries.** We have consulted with the ATO and others to ensure the concerns of our Members are addressed and the best possible outcome achieved. We hope this issue will be satisfactorily resolved in early 2010.
- **Concessions for taxing Australians who work overseas.** Our Members were able to highlight practical difficulties with changes announced in the 2009/2010 Federal Budget. This insight facilitated consultation with Government and Treasury and led to the introduction of concessions for PAYG withholding.

### Major consultations

During the year we reinforced our position as the driving force for change across many areas. In this regard, we consulted with multiple government bodies on a broad range of issues, including:

- **The ATO** on *Bamford* and the taxation of trusts, Division 7A and unpaid present entitlements, TOFA and the implementation of the tax bonus.
- **Treasury** on Australia's future tax system (i.e. the Henry Review), employee share schemes, the taxation of managed investment trusts and Division 7A.
- **The Board of Taxation** on off-market share buybacks, personal services income, employee share schemes and the legal framework for the administration of GST.
- **The Inspector General of Taxation** on private rulings on income tax matters, and the implications of any delayed or changed ATO advice on significant issues.
- **The Tax Practitioners Board** on the consideration of high priorities once the Tax Agent Services Regime commences in 2010.

“Members provided invaluable technical assistance, practical guidance and industry examples to help us achieve tax changes”

## A message from the CEO (cont.)

“Our online knowledge base now contains over 60,000 technical records”

### More Essential online and print resources

The Taxation Institute now boasts an extensive range of publications with seven books, three main journals and a multitude of online resources.

The principal Members' journal, *Taxation in Australia*, continues to be the most sought-after journal in the tax profession, and Member feedback tells us that *TaxVine*, our weekly e-newsletter, achieves its goal of providing up-to-date and relevant information.

The Institute's website emerged as a primary transaction channel in 2009. More than 56,000 transactions were processed via this portal, including online membership renewals, product purchases, and real time registration for nationwide CPD events.

Our online knowledge base now contains an archive of over 60,000 technical records, including seminar and convention papers, presentations, journal articles and submissions delivered over the past 14 years. Most print publications are now available in an online format which allows us to regularly update the content throughout the year for subscribers.

### Anticipating the year ahead

With the release of the reports from the Henry Review and the Cooper Review on superannuation, it looks like 2010 will be a lively and challenging year. The implementation of the Tax Agent Services Regime will provide an opportunity for the tax profession to strengthen its reputation.

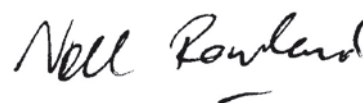
In 2010, the Taxation Institute will continue to play a leading role in advocating changes in tax law and administration. Our goals are to ensure our tax laws and administration are simple, efficient and provide certainty to business and their advisors.

### Acknowledging hard work

It would be remiss of me not to mention our volunteer network of tax professionals, whose work at both a national and state level is integral to the Taxation Institute's success. Their time, energy and expertise enables the Institute to position itself as the leading professional association in tax.

Thank you to all our Members who prepared, reviewed or commented on the 107 submissions made during 2009, who contributed to more than 350 events, or to the many journals, publications and articles. Thank you also to those who worked tirelessly on committees in representing the Taxation Institute.

Finally, thank you and well done to the professional team at the Institute who delivered an outstanding level of service to Members in a difficult year.



Noel Rowland  
Chief Executive Officer



# Directors' Report

– to the Members of the Taxation Institute of Australia

Your Directors present this report of the Taxation Institute of Australia ('the Institute') for the year ended 31 December 2009.

## Directors

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

<b>Arthur Athanasiou</b>	Appointed 01/01/10
<b>Michael Flynn</b>	Appointed 28/03/07
<b>Michael Frampton</b>	Appointed 14/11/06, Retired 31/12/09
<b>Stephen Healey</b>	Appointed 25/09/08
<b>Wayne Healy</b>	Appointed 01/01/10
<b>Peter Murray</b>	Appointed 29/03/06
<b>Matthew Pawson</b>	Appointed 01/01/10
<b>Joan Roberts</b>	Appointed 31/03/00, Retired 31/12/09
<b>Ken Schurgott</b>	Appointed 31/03/05
<b>Stephen Westaway</b>	Appointed 29/11/06
<b>David Williams</b>	Appointed 28/03/03
<b>Lachlan Wolfers</b>	Appointed 01/01/09

Directors have been in office since the start of the 2009 year to the date of this report unless otherwise stated.

## Principal Activities

The principal activity of the Institute during the year was the advancement of public knowledge and understanding of the laws relating to taxation, principally by way of conferences, seminars and meetings and the dissemination of information relating to such laws.

No significant change in the nature of these activities occurred during the year.

## Operating Result

The operating result for the year was a profit of \$220,771 (2008: \$249,953).

The operating result includes an unrealised investment gain of \$231,414.

CPD and Event income was down \$1,349,474 compared to 2008. CPD and Event expenses were down \$819,902 compared to 2008.

The Institute is exempt from income tax.

## Dividends

The Institute's Constitution precludes the payment of dividends. Accordingly, the Directors do not recommend the payment of a dividend. No dividend has been paid or declared since the commencement of the financial year.

## Review of Operations

The results for the year reflect continuing strong demand for Institute products and services despite a weakening economic climate.

## Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Institute that occurred during the financial year under review not otherwise disclosed in this report.

## After Balance Date Events

There has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect the operations of the Institute, the results of those operations or the state of affairs of the Institute in future financial years.

## Future Developments

The Institute is committed to delivering to its members a range of practical education and information services.

## Environmental Issues

The Institute's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## Indemnifying Officer or Auditor

During the financial year the Institute paid a premium for an Associations Liability Insurance policy. This policy provides cover for Directors and Officers of the Institute to the extent permitted by the Corporations Act (2001). Other than the insurance policy no indemnities have been given or agreed to be given during or since the end of the financial year, to any person who is or has been a director, officer or auditor of the Institute.

## Proceedings on behalf of the Institute

No person has applied for leave of Court to bring proceedings on behalf of the Institute or intervene in any proceedings to which the Institute is a party for the purpose of taking responsibility on behalf of the Institute for all or any of those proceedings.

The Institute was not a party to any such proceedings during the year.

## Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

# Directors' Report

– to the Members of the Taxation Institute of Australia

## Directors' Meetings

Attendance at Board and Board Committee meetings during the year ended 31 December 2009:

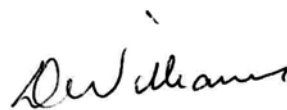
Name	Board of Directors		Investment Committee	
	A	B	A	B
<b>Total number of meetings held</b>	<b>6</b>		<b>4</b>	
<b>Directors</b>	<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>
Michael Flynn	6	4		
Michael Frampton	6	5	4	3
Stephen Healey	6	5		
Peter Murray	6	6	4	4
Joan Roberts	6	6		
Ken Schurgott	6	6		
Stephen Westaway	6	6		
David Williams	6	6	4	4
Lachlan Wolfers	6	6		

Note: A Meetings eligible to attend as a Director  
B Meetings attended as a Director

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



Ken Schurgott, Director



David Williams, Director

Dated this 24th day of March 2010



# Directors' Declaration and Auditor's Independence Declaration

## Directors' Declaration

The Directors of the Institute declare that:

1. The financial statements and notes, as set out on pages 16 to 34, are in accordance with the Corporations Act 2001 and
  - (a) comply with Accounting Standards and the Corporations Regulation 2001; and
  - (b) give a true and fair view of the financial position as at 31 December 2009 and of the performance for the year ended on that date of the Institute.
2. In the Directors' opinion there are reasonable grounds to believe that the Institute 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.



David Williams  
Director



Ken Schurgott  
Director

Dated this 24th day of March 2010

## Auditor's Independence Declaration



24 March 2010

The Board of Directors  
Taxation Institute of Australia  
Level 2, 95 Pitt St, Sydney 2000

Dear Board Members

### TAXATION INSTITUTE OF AUSTRALIA

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Taxation Institute of Australia.

As lead audit principal for the audit of the financial statements of Taxation Institute of Australia for the financial period ended 31 December 2009, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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

Yours sincerely



WHK HORWATH SYDNEY



ROGER WONG  
Principal



WHK Horwath Sydney Pty Ltd is a member of Crowe Horwath International, a Swiss entity. Each member firm of Crowe Horwath is a separate and independent legal entity.



Liability limited by a scheme approved under Professional Standards Legislation

# Directors' Particulars

## Arthur Athanasiou, LLM, LLB, BEc, Grad Dip Acc, FTIA

Date of Birth: 04/11/1963

Qualifications: Barrister and Solicitor Supreme Court of Victoria

Experience: Appointed National Council January 2010

Responsibilities:

- Victorian State Conference Committee Chair 2008/09
- Victorian Education Committee Chair 2008/09
- Victorian State Councillor since June 2008
- Deputy Chair National Education Committee 2010
- Member National Investment Committee 2010

## Michael Flynn, LLB, B Com, ACA, FTIA

Date of Birth: 14/03/1961

Qualifications: Barrister-at-law

Experience: Appointed National Council March 2007

Responsibilities:

- National Education Committee 2007
- National Tax Intensive Committee 2007-2010
- States' Taxation Conference Committee 2007
- Chair Victorian State Council 2006/07
- Victorian Education Committee 2006/07
- Victorian State Councillor since June 2000
- Deputy Chair National Technical Committee 2007
- Chair National Education Committee 2008/09
- Member Examinations & Quality Assurance Board 2010

## Michael Frampton, B Com, LLB, FTIA

Date of Birth: 03/02/1959

Qualifications: Barrister and Solicitor Supreme Court  
of Western Australia  
Barrister and Solicitor New Zealand

Experience: Appointed to National Council November 2006

Responsibilities:

- Chair Western Australian State Council 2001
- Western Australian State Councillor since 2001
- Member State Education Committee 1997-2006
- Deputy Chair, National Membership and Services  
Committee 2007
- Deputy Chair, National Education 2008/09

## Stephen Healey, BHMS, B Bus, CA, FTIA

Date of Birth: 15/08/1966

Qualifications: Chartered Accountant

Experience: Appointed to National Council September 2008

Responsibilities:

- Queensland State Councillor since 2000
- Chair Queensland State Council 2005/06
- Treasurer since 2009

## Wayne Healy, B Bus FCPA FTIA

Date of Birth: 10/04/1964

Qualifications: Certified Practising Accountant

Experience: Appointed to National Council January 2010

Responsibilities:

- Member Western Australian State Council since 2004
- Chair Western Australian State Council 2007/08
- Member Western Australian Education Committee since 2000
- Chair Western Australian Education Committee 2005/06
- Member Education Advisory Board since 2005
- Member National Education Committee 2005-2006
- Deputy Chair National Membership Committee 2010

## Peter Murray, B Com, LLB, FCA, FTIA

Date of Birth: 23/03/1959

Qualifications: Chartered Accountant/Solicitor

Experience: Appointed to National Council March 2006

Responsibilities:

- Victorian State Councillor since 1997
- Chair Victorian Education Committee 1999-2003
- Chair Victorian State Council 2003/04
- Member National Education Committee
- Chair National Information Products 2006
- Chair National Membership & Services Committee 2007/08
- Deputy Chair National Technical Committee 2009
- Chair National Investment Committee 2010
- Director Australian Tax Research Foundation  
Appointed January 2010
- Chair National Technical Committee 2010

## Matthew Pawson, B Com, LLB, FTIA

Date of Birth: 02/03/1973

Qualifications: Solicitor

Experience: Appointed to National Council January 2010

Responsibilities:

- Tasmania State Councillor 2010
- Member National Investment Committee 2010



# Directors' Particulars

## Joan Roberts, BA (Hons), LLB (Hons) LLM, FTIA

Date of Birth: 18/08/1949

Qualifications: Barrister and Solicitor

Experience: Appointed to National Council March 2000

Responsibilities:

- Tasmanian State Councillor 1996-2007
- Chair National Membership & Services Committee 2005-2007
- Treasurer 2007
- Vice President 2008
- Chair National Technical Committee 2008
- President 2009
- Director Australian Tax Research Foundation Appointed July 2009 - Retired January 2010

## Ken Schurgott, B App Sc, BA (Acy), LLB, MLS, LLM, M App Fin, FTIA

Date of Birth: 06/09/1949

Qualifications: Solicitor

Experience: Appointed to National Council March 2005

Responsibilities:

- Member Education, Examinations & Quality Assurance Board
- Governor Australian Tax Research Foundation
- New South Wales State Councillor since 2003
- Member New South Wales Education Committee
- Chair South Australian State Council 2002
- Chair National Education 2006/07
- Member Education Advisory Board & Education, Examinations & Quality Assurance Board 2009
- Deputy Chair National Technical Committee 2010

## Stephen Westaway, B Fin Admin, FCA, FTIA

Date of Birth: 24/01/1958

Qualifications: Chartered Accountant

Experience: Appointed to National Council November 2006

Responsibilities:

- South Australian State Councillor since February 2000
- Chair Education Advisory Board 2007/08
- Chair South Australian State Council 2007
- Chair National Membership & Services Committee 2009/10

## David Williams, B Com, LLB, LLM (Hons), FTIA

Date of Birth: 06/06/1953

Qualifications: Solicitor

Experience: Appointed to National Council March 2003

Responsibilities:

- New South Wales State Councillor 1992-1996 and since 2000
- NSW State Chair 2003/04
- Chair National Education Committee 2004-2006
- Member National Education Committee 2007
- Deputy Chair National Technical Committee March 2006/07
- Chair Information Products 2007
- Treasurer 2008
- Vice President 2009
- Chair National Technical Committee 2009
- Director Australian Tax Research Foundation Appointed July 2009
- President appointed January 2010

## Lachlan Wolfers, B Ec, LLB (Hons), MTax (Hons) ACA, FTIA

Date of Birth: 06/06/1974

Qualifications: Solicitor

Experience: Appointed to National Council January 2009

Responsibilities:

- New South Wales State Councillor since 2007
- Chair Information Products Working Group 2009
- Chair National Education Committee

## Company secretary

### Noel Rowland

Date of Birth: 21/01/1967

Qualifications: Chief Executive Officer and Company Secretary

Experience: Appointed Company Secretary March 1998

Responsibilities:

- Director Australian Tax Research Foundation Appointed November 2009

# Statement of Comprehensive Income

– For the year ended 31 December 2009

	Note	2009	2008
		\$	\$
Revenue	2	11,688,782	13,782,655
Employee benefits expense		(4,998,123)	(5,189,979)
Depreciation and amortisation expenses	3	(365,264)	(404,751)
CPD events and member services		(4,399,339)	(5,219,241)
Administration expenses		(1,936,699)	(2,147,755)
Net change in fair value of financial assets held at fair value through profit and loss	3	231,414	(570,976)
Profit before income tax expense	3	220,771	249,953
Income tax expense	1(j)	-	-
<b>Profit after income tax expense</b>		<b>220,771</b>	<b>249,953</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>220,771</b>	<b>249,953</b>

The accompanying notes form part of these financial statements.

# Balance Sheet

– As at 31 December 2009

	Note	2009	2008
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	5,001,393	4,393,349
Trade and Other Receivables	6	1,038,527	1,271,666
Inventories	7	-	7,647
Financial Assets at fair value through profit or loss	11	2,163,329	1,629,204
<b>TOTAL CURRENT ASSETS</b>		<b>8,203,249</b>	<b>7,301,866</b>
<b>NON-CURRENT ASSETS</b>			
Investment in Subsidiary	8	-	6
Plant and Equipment	10	462,559	782,170
<b>TOTAL NON-CURRENT ASSETS</b>		<b>462,559</b>	<b>782,176</b>
<b>TOTAL ASSETS</b>		<b>8,665,808</b>	<b>8,084,042</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	12	4,043,710	3,572,345
Short Term Provision	13	223,189	350,658
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,266,899</b>	<b>3,923,003</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Provisions	13	150,236	133,137
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>150,236</b>	<b>133,137</b>
<b>TOTAL LIABILITIES</b>		<b>4,417,135</b>	<b>4,056,140</b>
<b>NET ASSETS</b>		<b>4,248,673</b>	<b>4,027,902</b>
<b>EQUITY</b>			
Retained Profits		4,248,673	4,027,902
<b>TOTAL EQUITY</b>		<b>4,248,673</b>	<b>4,027,902</b>

The accompanying notes form part of these financial statements.



# Statement of Changes in Equity

– For the year ended 31 December 2009

	2009	2008
	\$	\$
<b>Retained Earnings</b>		
Opening retained earnings	4,027,902	3,777,949
Net Profit for the Year	220,771	249,953
<b>Retained earnings at year end</b>	<b>4,248,673</b>	<b>4,027,902</b>
<b>Total equity at the end of the year</b>	<b>4,248,673</b>	<b>4,027,902</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

– For the year ended 31 December 2009

	Note	2009	2008
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and others		13,142,173	14,592,340
Payments to suppliers and employees		(12,479,618)	(13,654,157)
Interest Received		199,787	355,807
<b>Net cash provided by operating activities</b>	<b>16(b)</b>	<b>862,342</b>	<b>1,293,990</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of financial assets at fair value through profit or loss		206,343	79,020
Payment for plant and equipment		(45,653)	(258,513)
Dividend income		94,066	102,932
Dividend income and proceeds from sale of financial assets reinvested in financial assets at fair value through profit or loss		(509,054)	(177,186)
<b>Net cash used in investing activities</b>		<b>(254,298)</b>	<b>(253,747)</b>
Net Increase in Cash Held		608,044	1,040,243
Cash at beginning of the financial year		4,393,349	3,353,106
<b>Cash at end of the financial year</b>	<b>16(a)</b>	<b>5,001,393</b>	<b>4,393,349</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## – For the year ended 31 December 2009

### NOTE 1. STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of the Taxation Institute of Australia (“The Institute”) for the year ended 31 December 2009 was authorised for issue by a resolution of the Directors on 24 March 2010.

The Taxation Institute of Australia is a company limited by guarantee, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Institute in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions events and conditions to which they apply.

The accounting policies set out below have been consistently applied to all years presented unless otherwise stated. The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair values of selected non-current assets, financial assets and financial liabilities.

#### (a) Revenue

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

Revenue from sales of goods is recognised upon the delivery of the goods to the customers.

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

Revenue from members received in advance is deferred to the period to which it relates and included as an accrual on the balance sheet.

Dividends income are recognised as revenue when the right to receive payment is established.

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

#### (b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and only

include direct costs. Brochures published for distribution to members free of charge are held as inventory held for distribution at the lower of cost and net replacement cost.

#### (c) Plant and Equipment

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

#### Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

#### Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over their estimated useful lives to the Institute commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	20.0% – 33.3%
Development Costs	20%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An assets carrying amount is written down immediately to its recoverable amount if the assets 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 or losses are included in the Income statements.

#### Make good provision on leased premises

Costs required to return the premises to its original condition as set out in the lease agreement are recognised as a provision in the financial statements.

The provision has been calculated as an estimate of future costs and discounted to a present value.

#### (d) Leases

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.

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



# Notes to the Financial Statements

– For the year ended 31 December 2009

## (e) Financial Instruments

### **Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity 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 either discharged, cancelled or expire. The difference between the carrying value of the financial liability 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.

### **Classification and Subsequent Measurement**

#### **(i) Financial assets held at fair value through profit or loss**

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or 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. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

#### **(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 using the effective interest rate method.

#### **(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 the entity's intention to hold these investments to maturity. They are subsequently measured at cost using the effective interest rate method.

#### **(iv) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

### **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 each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Comprehensive Income.

#### **(f) Impairment of Assets**

At each reporting date, the entity 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 the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

#### **(g) Employee Benefits**

Provision is made for the Institute's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

# Notes to the Financial Statements

– For the year ended 31 December 2009

## **(h) Cash and Cash Equivalents**

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

## **(i) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

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

## **(j) Income Tax**

The Institute is exempt for income tax purposes under Section 50-5 of the Income Tax Assessment Act of 1997.

## **(k) Provisions**

Provisions are recognised when the entity has a legal or constitutional 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.

## **(l) Trade and other payables**

These amounts represent liabilities for goods provided to the Institute prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

## **(m) Comparative Figures**

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

## **(n) Critical Accounting Estimates and judgements**

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

### **Key Estimates - Impairment**

The Institute assesses impairment at each reporting date by evaluating conditions specific to the Institute that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair values less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised for the year ended 31 December 2009.

## **(o) Adoption of Revised Accounting Standards**

The Institute has applied revised AASB 101 Presentation of Financial Statements, which became effective on 1 January 2009. The revised standard contains a number of terminology changes, including the amendment of the names of the primary financial statements. Income statement is replaced with statement of Comprehensive income. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Institute had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

# Notes to the Financial Statements

– For the year ended 31 December 2009

	2009	2008
	\$	\$
<b>NOTE 2. REVENUE</b>		
<b>Operating Activities</b>		
Membership Services including Education	5,700,572	5,498,724
Rendering of services (CPD and Events)	4,481,566	5,831,040
Sales of publications	1,083,583	1,154,468
Commercial sponsorship	1,013	14,516
Advertising revenue	129,188	95,876
	<b>11,395,922</b>	<b>12,594,624</b>
<b>Other Income</b>		
Interest	198,794	378,200
Dividend Income	94,066	102,932
Payroll Tax Refund	-	706,899
	<b>292,860</b>	<b>1,188,031</b>
<b>Total revenue</b>	<b>11,688,782</b>	<b>13,782,655</b>



# Notes to the Financial Statements

– For the year ended 31 December 2009

	2009	2008
	\$	\$
<b>NOTE 3. PROFIT FROM ORDINARY ACTIVITIES</b>		
Profit from ordinary activities before income tax expense has been determined after:		
<b>Expenses</b>		
<b>Depreciation of non-current assets</b>		
- plant and equipment	365,264	404,751
	<b>365,264</b>	<b>404,751</b>
<b>Remuneration of auditor</b>		
- audit	20,000	18,000
- other services	4,570	2,100
	<b>24,570</b>	<b>20,100</b>
<b>Rental expense on operating leases</b>		
- minimum lease payments	572,004	517,038
	<b>572,004</b>	<b>517,038</b>
<b>Significant Revenue and (Expenses)</b>		
Net change in fair value of Financial Assets held at fair value through profit and loss	231,414	(570,976)
	<b>231,414</b>	<b>(570,976)</b>

## NOTE 4. DIVIDENDS

The company's constitution precludes the payment of dividends. No dividend has been paid or declared since the commencement of the financial year.

# Notes to the Financial Statements

– For the year ended 31 December 2009

	2009	2008
	\$	\$
<b>NOTE 5. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	75,082	194,205
Short term deposits	4,926,311	4,199,144
	<b>5,001,393</b>	<b>4,393,349</b>
(a) The Institute's exposure to interest rate risk is discussed in note 17.		
<b>NOTE 6. TRADE AND OTHER RECEIVABLES</b>		
<b>CURRENT</b>		
Trade Receivables	311,769	437,774
Prepayments	726,758	833,892
	<b>1,038,527</b>	<b>1,271,666</b>
(a) Impaired receivables and receivables past due None of the current receivables are impaired or past due but not impaired.		
(b) The Institute's exposure to credit risk is discussed in note 17.		
<b>NOTE 7. INVENTORIES</b>		
<b>CURRENT</b>		
At cost – goods for resale	-	7,647
<b>NOTE 8. INVESTMENT IN SUBSIDIARY</b>		
Shares in controlled entity – at cost	-	6

# Notes to the Financial Statements

## – For the year ended 31 December 2009

### NOTE 9. CONTROLLED ENTITIES

Subsidiary: The Australian Institute of Certified Tax Practitioners Pty Ltd  
 Country of incorporation: Australia  
 Percentage owned: 100% (2008: 100%)

The Institute's subsidiary - The Australian Institute of Certified Tax Practitioners Pty Ltd a non trading company was deregistered in 2009.

Australian Tax Research Foundation (ATRF)

The Institute took over administrative responsibility for the ATRF in 2002. Before 2009 the Institute did not exercise control over the ATRF, and the ATRF continued to be run as an independent organisation with an independent board.

In late 2009 the Institute took over control of the ATRF and appointed new directors to the ATRF Board.

It is the opinion of the Institute's directors that given the immateriality of the ATRF's operations, assets and liabilities consolidating the ATRF into the Institute's results would not lead to more meaningful information being provided to the users of the Institute's Financial Report.

	2009	2008
	\$	\$
<b>NOTE 10. PLANT AND EQUIPMENT</b>		
Plant and Equipment – at cost	2,056,775	2,011,125
Less: accumulated depreciation	(1,594,216)	(1,232,714)
	<b>462,559</b>	<b>778,411</b>
Development costs	75,522	75,522
Less: amortisation on development	(75,522)	(71,763)
	-	<b>3,759</b>
<b>Total Plant and Equipment</b>	<b>462,559</b>	<b>782,170</b>

# Notes to the Financial Statements

– For the year ended 31 December 2009

	Plant and Equipment	Development Costs	Total
	\$	\$	\$
<b>NOTE 10. PLANT AND EQUIPMENT (CONT.)</b>			
<b>(a) Movements in carrying amounts.</b>			
Movement in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.			
Balance at the beginning of the year	778,411	3,759	782,170
Additions	45,653	-	45,653
Depreciation or amortisation expense	(361,505)	(3,759)	(365,264)
<b>Carrying amount at the end of the year</b>	<b>462,559</b>	<b>-</b>	<b>462,559</b>

	2009	2008
	\$	\$

## NOTE 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

<b>Investments in Unit Trusts at fair value</b>	<b>2,163,329</b>	<b>1,629,204</b>
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Listed equity investments are managed by Goldman Sachs JB Were and consist of investments in wholesale funds and therefore have no fixed maturity date or coupon rate.

Changes in fair values of financial assets at fair value through profit and loss are recorded in the Statement of Comprehensive Income and provided in notes 2 and 3.

### (a) Risk exposure

Information about the Institute's exposure to credit risk and the price risk is provided in note 17.

# Notes to the Financial Statements

– For the year ended 31 December 2009

	2009	2008
	\$	\$
<b>NOTE 12. TRADE AND OTHER PAYABLES</b>		
<b>CURRENT</b>		
Trade payables	719,252	673,859
Income in advance	3,324,458	2,898,486
	<b>4,043,710</b>	<b>3,572,345</b>
(a) The Institute's exposure to Liquidity risk is discussed in note 17.		
	\$	\$
<b>NOTE 13. PROVISIONS</b>		
<b>CURRENT</b>		
Employee benefits	223,189	350,658
<b>NON-CURRENT</b>		
Employee benefits	73,828	56,729
Make good on premises	76,408	76,408
	150,236	133,137
<b>(a) Aggregate employee benefits</b>	<b>297,017</b>	<b>407,387</b>
<b>(b) Number of employees at year end</b>	<b>50</b>	<b>55</b>



# Notes to the Financial Statements

– For the year ended 31 December 2009

	2009	2008
	\$	\$
<b>NOTE 14. CAPITAL AND LEASING 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 one year	575,603	538,634
– later than one year but not later than 5 years	285,279	723,857
	<b>860,882</b>	<b>1,262,491</b>

The property leases are non-cancellable leases with one to five-year terms, with rent payable monthly in advance. An option exists on some of the leases to renew the term for an additional period up to five years.

## NOTE 15. SEGMENT REPORTING

The Institute is a not for profit Industry Association with branches in each State except Tasmania and provides educational services to members and the public. It conducts conventions and seminars as part of its educational services and produces a monthly journal as a service to members but it does not ascribe separate results or use of assets to its educational or member services segments.

# Notes to the Financial Statements

– For the year ended 31 December 2009

	2009	2008
	\$	\$
<b>NOTE 16. CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of Cash</b>		
For the purpose of the statement of cash flows, "cash" includes cash on hand, deposits and managed funds. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the items in the statement of comprehensive income as follows:		
<b>Cash on hand and at bank</b>	<b>5,001,393</b>	<b>4,393,349</b>
<b>(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit after income tax	220,771	249,953
<b>Non-cash flows in profit from ordinary activities</b>		
Depreciation	365,264	404,751
Net change in fair value of financial assets held at fair value through profit or loss	(231,414)	570,976
Dividend Income	(94,066)	(102,932)
Loss from disposal of investment in subsidiary	6	-
<b>Changes in assets and liabilities</b>		
Decrease in Receivables	233,139	81,248
(Increase)/decrease in Inventories	7,647	(7,601)
Increase in Payables	471,365	53,622
Increase/(decrease) in Provisions	(110,371)	43,973
<b>Cash flows from operations</b>	<b>862,342</b>	<b>1,293,990</b>

# Notes to the Financial Statements

– For the year ended 31 December 2009

## NOTE 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Institute's principal financial instruments comprise receivables, payables, financial assets held at fair value through profit or loss, cash, and short-term deposits.

The main risks arising from the Institute's financial instruments are interest rate risk, price risk, credit risk and liquidity risk. The Institute uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

### Risk Exposures and Responses

#### Interest rate risk

The Institute's exposure to market interest rates relates primarily to the Institute's cash and cash equivalents.

At the balance date, the Institute had the following financial assets exposed to Australian variable interest rate risk that are not hedged:

	Floating Interest rate	Fixed Interest rate	Non interest bearing	Total	Weighted average effective interest rate
	\$	\$	\$	\$	%
Year ended 31 December 2009					
<b>Financial Assets</b>					
Cash and cash equivalents	5,000,311	-	1,082	5,001,393	3.89%
Trade and other receivables	-	-	1,038,527	1,038,527	
Financial assets held at fair value through profit or loss	-	-	2,163,329	2,163,329	
	<b>5,000,311</b>	<b>-</b>	<b>3,202,938</b>	<b>8,203,249</b>	
<b>Financial Liabilities</b>					
Trade and other payables	-	-	4,043,710	4,043,710	
			<b>4,043,710</b>	<b>4,043,710</b>	
Year ended 31 December 2008					
<b>Financial Assets</b>					
Cash and cash equivalents	4,392,299	-	1,050	4,393,349	7.37%
Trade and other receivables	-	-	1,271,666	1,271,666	
Financial assets held at fair value through profit or loss	-	-	1,629,204	1,629,204	
	<b>4,392,299</b>	<b>-</b>	<b>2,901,920</b>	<b>7,294,219</b>	
<b>Financial Liabilities</b>					
Trade and other payables	-	-	3,572,345	3,572,345	
			<b>3,572,345</b>	<b>3,572,345</b>	

# Notes to the Financial Statements

## – For the year ended 31 December 2009

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

For the year ended 31 December 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit would have been affected as follows:

	Post-tax profit higher/(lower)	
	2009	2008
	\$	\$
+1% (100 basis points)	50,003	43,823
-1% (100 basis points)	(50,003)	(43,823)

The movements in profit are due to higher/lower interest income from cash balances.

### Price risk

The Institute's exposure to commodity price risk is minimal.

Equity securities price risk arises from investments in equity securities. In 2007, the Institute employed Goldman Sachs JB Were to manage part of its investments. The Institute also formed an Investment Committee to meet with Goldman Sachs JB Were on a quarterly basis and review the investment strategy. Goldman Sachs JB Were invest surplus cash across a range of investments including cash, fixed interest, property trusts, equities both in Australia and overseas. The Institute does not hold any direct equity investments.

The Institute has some exposure to price risk for both listed and unlisted securities. The investment portfolio is structured to minimise risk from fluctuations in the investment market. If the market value of the entire portfolio moved by 10%, the effect on the 2009 profit would have been approximately \$216,000.

### Credit risk

Credit risk arises from the financial assets of the Institute, which comprise cash and cash equivalents, trade and other receivables and available for sale financial assets. The Institute's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Institute does not hold any credit derivatives to offset its credit exposure.

The Institute trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Institute's policy to securitise its trade and other receivables.

In addition, receivables balances are monitored on an ongoing basis with the result that the Institute's exposure to bad debts is not significant.

There is no significant concentration of credit risk within the Institute.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Institute manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Institute has no borrowings and as such has no exposure to liquidity risk.

### Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Institute is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

# Notes to the Financial Statements

– For the year ended 31 December 2009

## NOTE 18. MEMBERS' GUARANTEE

The Institute is a company limited by guarantee. Every member of the Institute undertakes to contribute to the assets of the Institute in the event of its being wound up while he/she is a member or within one year afterwards for the payment of the debts and liabilities of the Institute contracted before he/she ceases to be a member and the costs, charges and expenses of winding up and for the adjustment of the rights of the contributors among themselves such amount as may be required not exceeding two dollars (\$2.00).

## NOTE 19. RELATED PARTY TRANSACTIONS KEY MANAGEMENT PERSONNEL

Key Management Personnel are employed under fixed term contracts up to five years duration.

Common features with employment agreements include:

- Entitlement to Annual Leave and Sick Leave
- Entitlement to Long Service Leave
- All Contracts may be terminated without notice for serious misconduct
- Reasonable notice of termination is to be given by both employee and the Institute
- A performance bonus may be paid but this is a discretionary payment
- Where required staff are provided with a mobile phone or blackberry.

2009		2008	
Noel Rowland	Chief Executive Officer	Noel Rowland	Chief Executive Officer
Michael Dirkis	Senior Tax Counsel (resigned)	Michael Dirkis	Senior Tax Counsel
Ruth Ferraro	General Manager of Education	Ruth Ferraro	General Manager of Education
Des Reynolds	Chief Financial Officer	Des Reynolds	General Manager Finance & Admin.
Zeina Khodr	General Manager Information Products	Zeina Khodr	General Manager Information Products
Alex Munroe	General Manager Information Products	Deborah Patison	General Manager Marketing
Anna Mirzayan	General Manager Marketing	Anna Mirzayan	General Manager Marketing
Adrian Devenish	General Manager CRM & E-business		

	2009	2008
	\$	\$

### Remuneration for Key Management Personnel

Base Salaries	1,217,913	1,106,985
Superannuation	99,707	95,763
<b>Total Remuneration</b>	<b>1,317,620</b>	<b>1,202,748</b>

### DIRECTORS REMUNERATION

No income was paid or is payable to the directors of the company.

The President is paid for services she provides to the company.	73,552	70,928
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# Notes to the Financial Statements

– For the year ended 31 December 2009

## **NOTE 20. ACCOUNTING POLICIES**

A number of Australian Accounting Standards have been issued or amended which are not yet effective and have not been adopted in preparation of the financial statements at reporting date. They are not expected to have significant impact on the Institute in the future year.

## **NOTE 21. EVENTS AFTER THE BALANCE DATE**

There has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect the operations of the Institute, the results of those operations or the state of affairs of the Institute in the future financial years.

## **NOTE 22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no contingent liabilities or contingent assets at reporting date.

## **NOTE 23. COMPANY DETAILS**

The registered office of the company is: C/O PricewaterhouseCoopers  
Level 1 25 National Circuit  
Forrest ACT 2603

The principal place of business is: Taxation Institute of Australia  
Level 2 95 Pitt St  
Sydney NSW 2000

# Independent Audit Report

– To the Members of the Taxation Institute of Australia



## Report on the Financial Report

We have audited the accompanying financial report of Taxation Institute of Australia ("the Company"), which comprises the balance sheet as at 31 December 2009, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

## Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## 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, the financial report presents fairly, in all material respects, the financial position of Taxation Institute of Australia as of 31 December 2009, and its financial performance and cash flows for the year then ended in accordance with the Corporations Act 2001 and the Australian Accounting Standards (including Australian Accounting Interpretations).

WHK HORWATH SYDNEY

Roger Wong  
Principal

Dated this 24th day of March 2010

Total Financial Solutions



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# Contact us

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<b>Robert Jeremenko</b>	Senior Tax Counsel
<b>Ruth Ferraro</b>	General Manager, Education
<b>Alex Munroe</b>	General Manager, Information Products
<b>Anna Mirzayan</b>	General Manager, Marketing
<b>Des Reynolds</b>	Chief Financial Officer
<b>Adrian Devenish</b>	General Manager, CRM & E-business

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