

It's Essential

08

Taxation Institute of Australia  
Annual Report



“Representing the best  
and brightest in the  
tax profession”

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# President's Report

The 2008 year was another busy and successful year for the Taxation Institute. We provided a wide range of well-received education programs to our Members and strong leadership on taxation issues during what have proven to be uncertain times.

Due to the adverse economic conditions we intensified our focus on providing high-quality, relevant education to our Members. Integral to this was that our education events delivered the technical product and work skills education necessary to enable our Members to achieve the best outcomes for themselves as tax professionals in the current economic climate.

I am pleased to report that, as always, the Taxation Institute's staff and volunteers came together to achieve our objectives. Our people are indeed our strength. They work together at all levels to meet the needs of our Members and the profession.

During 2008 we offered over 300 education events throughout Australia – that is over 900 hours of tax education. The events were attended by over 19,000 practitioners. In addition, we offered 198 hours of Structured Education. This is a fantastic effort for which everyone involved must be thanked. I also want to pass on a personal well done to the 581 people who finished their Structured Education course during the year.

At a government level, we lodged more than 100 submissions with various bodies including the Australian Taxation Office (ATO), Treasury, the Inspector General of Taxation, Professor Garnaut and Government Ministers. The submissions covered a broad range of topics from those focusing on policy – such as the climate change proposals, Henry tax review and proposed new tax agent regime – through to more specialised and detailed issues – such as family trust election provisions and penalty remission.

One of our objectives for the year was to become more proactive to Government/ATO requests. This is harder than it sounds when you remember that we respond to so many requests for consultation. However, a clear example of our achievements in this area is the Trust Forum

we initiated in September. We will continue to facilitate the Forum and drive the well-overdue reform of the taxation of trusts throughout 2009.

We were only able to deal with the enormous number of submissions because of the invaluable assistance from our volunteers, including committee members and our very talented Tax Policy and Research team. We are indebted to all who helped in this area, not only for making sure that we lodged the submissions on time, but also for their very high standard. There is no doubt that the Taxation Institute is now recognised as one of the leading commentators on tax technical issues.

Further initiatives we introduced during 2008 included measures to reduce the Taxation Institute's carbon footprint and bring our Members together through non-technical sessions such as the Women in Tax series and the growth of the Younger Members series. We also worked hard to ensure regional Members have greater access to educational products through increased offerings online and the expansion of our face-to-face regional program.

Despite the current economic challenges, our future looks bright. Our staff and office bearers are all dedicated individuals who are ready and able to take the Taxation Institute to a successful future. I would like to close my enjoyable and rewarding tenure as President by extending my best wishes to Joan Roberts as the 2009 President and thanking her and the Taxation Institute's CEO, Noel Rowland, for their enormous support and guidance throughout 2008.



Sue Williamson  
President



**“Despite the current economic challenges,  
our future looks bright”**

# CEO's Report

It is my pleasure to present the CEO's report covering the activities of the Taxation Institute during 2008. The Taxation Institute continued to perform well against a difficult economic backdrop which is testament to the quality of our staff and programs and the value we provide to our Members.

2008 was an uncertain and challenging year for all. Who would have thought the economic and financial climate would have changed so dramatically from one year to the next? Many of the assumptions made in our business planning and budgeting were challenged and proven incorrect. Like other organisations, we needed to revisit and revise our plans constantly.

## Leveraging from research findings

In the 2007 Annual Report I referred to market research commissioned by the Taxation Institute late in that year. We were looking for any areas where we could improve existing services to Members and provide new ones that would add value to the membership.

The key findings, released in December 2007, confirmed that we were basically getting things right. Most Members rated the Taxation Institute's products and services very highly, with 'best in category' a common outcome. Member feedback did, however, directly result in a number of new initiatives including: enhancements to the journal *Taxation in Australia*, a revamp of *TaxVine*, additional soft skills continuing professional development (CPD) programs, usage of the Taxation Institute's Member logo by Members and a careers section on our website called Tax Careers.

## Building on the 'essential' platform

The survey also showed Members' overwhelming support for the Taxation Institute's primary strategy of positioning the Taxation Institute as the 'essential' professional membership for tax practitioners. This strategy was launched a number of years ago in response to feedback and was supported by changes in the membership criteria, the introduction of compulsory CPD and the Structured Education Program. The focus of the strategy is to build the status and credibility of the profession and the awareness of the depth of skills and experience held by tax practitioners.

During 2008, one of our major initiatives to further advance awareness of tax practitioners was to make greater use of the media to profile and position the Taxation Institute and its Members. Early in the year, we engaged an external PR agency to seek opportunities where we could communicate our views on a wide range of issues to business and the wider public. We were pleased to see a significant increase in media activity over the year.

## The Taxation Institute's wide and varied activities

Our President, Sue Williamson, has already outlined many of the key activities we carried out throughout the year. These will be discussed in more detail in the operational review pages.

## Sound financial results

The Taxation Institute's financial results were solid yet did reflect the increasing uncertainty and volatility in the economy. After a significant increase in demand for most Taxation Institute products and services in the previous years, there was some inevitable contraction in the consumption of some services.

The financial statements also reflect two extraordinary items. The first relates to the decrease in value of the Taxation Institute's investments due to the substantial falls in the value of Australian and overseas investments. The second relates to a payroll tax refund received in 2008 following the final resolution of an ongoing payroll tax matter over a number of years.

## Goals and objectives for 2009

Very late in 2008 the Taxation Institute participated, for the first time, in the Beaton Consulting Business and Professions Study. While the study's primary focus is for Beaton and *Business Review Weekly* (BRW) to convey their annual findings to professional services firms, the participating associations also receive useful feedback.

**“the strategy is to build the status and credibility of the profession”**



# CEO's Report (cont.)

We were pleased to learn that, of the Institute Members who took part in the survey, 70% believe membership is 'very' or 'absolutely' necessary, a percentage which is above the benchmark set average in the survey. Further, 85% of our Members surveyed rate the Taxation Institute's performance as 'excellent' or 'good'. We were even more pleased to identify opportunities where we could improve our service to Members. These will be one of our main areas of focus in 2009.

The Taxation Institute's key strategies remain the same moving into 2009 albeit with some minor variation to take account of the different economic and business climate. We are very conscious of the challenges that many Members will face in 2009 and are committed to supporting them in as many ways as possible.

On a final note of good news, we expect the long-awaited Tax Agents Services Bill to be passed by Federal Parliament in early 2009. We will inform you of our response to the Bill when it is passed.

## Acknowledging hard work

There are two important groups of people I would like to thank and acknowledge on behalf of Members. Firstly, we are incredibly fortunate to attract the volunteer support of hundreds of tax professionals who give freely and very generously of their time to our activities. Their ongoing support and commitment allows us to deliver a truly comprehensive range of products and services. The volunteer group itself is led by the extremely capable National Board and State Councils.

The second group that deserves special recognition is our dedicated and exceptional staff. Each of them gives so much more than they are required to and genuinely believes in making this great organisation even better.



Noel Rowland  
CEO Taxation Institute of Australia

**“We are very conscious of the challenges that many members will face in 2009 and are committed to supporting them in as many ways as possible”**

# The Essential Membership for all Tax Professionals

The Taxation Institute, being an essential membership for every tax professional, attracts the best and brightest in the profession.

The only Member-based professional body dedicated exclusively to taxation, the Taxation Institute contributes to the growth and sustainability of the tax profession. It is the premier provider of taxation education, CPD and the leading voice on tax issues, representing tax professionals at every level.

Because we are acknowledged as an independent voice that considers the broad tax profession, we are often called upon by government and independent or representative bodies to participate in committees, submission teams or working groups. We are also frequently approached by the media for opinion and comment.

## Increased new memberships

In 2008 we saw a 30% increase in new Member applications. New memberships increased right across all categories: Fellow, Associate, Affiliate and Student. These figures show a continued strong commitment to the Taxation Institute by a diverse range of taxation professionals including accountants, lawyers, tax agents, managers and academics.

## In 2008, Members continued to have unrivalled access to:

- Premier tax technical information and knowledge;
- An extensive online tax knowledge base;
- High quality products and services;
- The most influential and important identities in the profession; and
- Networking and social opportunities.

## New marketing tools for Fellows and Associates

In 2008 we saw the launch of the Fellow Member logo tool. Fellow Members now have the opportunity to download complimentary marketing tools to incorporate the Taxation Institute's Member logo on business marketing including business cards, letterheads, websites and other marketing collateral. The logo allows Fellow Members to demonstrate their professional capabilities and stand out from their competitors.

Associate Members, in addition to being able to use the post nominal 'ATIA' to promote their status as a Member have also been given the opportunity to hold a membership certificate.

## Targeted Committee initiatives

In 2008 the National Membership and Services Committee considered the requirements of the *Tax Agents Services Bill* and whether the Taxation Institute should apply to become a Recognised Professional Association.

## In 2008 the committee also reviewed:

- Member entry requirements for Fellow, Associate and Affiliate Members;
- Structured CPD for Members;
- CPD Member Audits;
- Member recruitment and retention strategies; and
- The Taxation Institute's relationship with Tax Teachers and how this is a positive step in Student recruitment.

The Committee was also instrumental in gaining approval for all Structured Education students to enjoy the benefits of Affiliate Membership for the duration of their course. Only Foundation Tax students were previously able to take advantage of this offer.



**“Acknowledged as an independent voice that considers the broad tax profession”**

# Tax Policy and Research

We had a busy year in the Tax Policy and research area with the transition to a new government's management of our tax system opening up new opportunities. We accepted the challenge and used our expertise and networks to influence improvements to the nation's tax policy, the tax system and its administration.

We are proud to be at the forefront of driving change on behalf of Members and the tax profession. It is a team effort and we are indeed indebted to the assistance of our Members in achieving real changes across all market segments:

**Corporate practitioners:** helped us to provide a practical and credible industry perspective to major tax changes. Achievements included:

- Input into the Taxation Institute's drive to bring proposals on the Taxation of Financial Arrangements (TOFA) into a Bill before the Parliament; and
- Invaluable direction provided to the government's consultation on non-forestry-managed investment schemes, prescribed private funds, distributions from managed investment trusts to foreign residents, transfer pricing, and the removal of the more burdensome elements of Division 6C.

**Small business practitioners:** used their understanding of frontline issues and practical knowledge to influence tax policy including:

- A notable win in influencing the Government to reverse its decision to roll back the amendments to the Family Trust Election rules made by the previous Government; and
- Consulting on changes to make small business capital gains tax (CGT) concessions more accessible.

## Milestone year for consultation

The year was significant for broad-level consultation with Members on key issues including:

- Regularly inviting Members to provide input into submissions through *TaxVine*;
- Face-to-face Members roundtables leading up to the introduction of the *Tax Agent Services Bill 2008*, as well as the Government's Australia's Future Tax System Review; and
- Initiated a trust roundtable to address the need for reform of the taxation trusts.

## Applying common sense

We pursued common sense changes through direct Ministerial representation to the Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, the Minister for Superannuation and Corporate Law, and the Attorney General. The issues we addressed ranged from the impact of the proposed expansion of the Anti-Money-Laundering/Counter-Terrorism-Financing regime on advisers (including tax professionals) through to the Government's review of Self Managed Superannuation Fund self-governance issues. The Joint Committee of Public Accounts and Audit's final report during the year from its inquiry into taxation matters also addressed a number of concerns identified by the Taxation Institute.

## Leading further changes

During the year we reinforced our position as the driving force for change across many additional areas, including:

**Treasury:** we held ongoing consultations on tax policy matters in high-level policy areas such as Climate Change and forums such as the Tax Design Review Panel;

**ATO:** we provided input on tax administration, including more than 100 submissions;

**Board of Taxation:** we contributed to the review of the Financial System Inquiry (FSI) anti-tax deferral regimes, the legal framework for the administration of GST and tax arrangements applying to Managed Investment Trusts; and

**Inspector General of Taxation:** we were involved with matters such as the ATO's administration of public binding advice, non-lodgment of income tax returns and aspects of the ATO's settlement of active compliance activities.

In 2009 we will continue to represent the interests of our Members as an active voice for improvements to our tax system.

**“The year was significant for broad-level consultation with our Members on key issues”**

# Publications and Online Resources

The Taxation Institute continues to grow and improve its range of online resources and technical print publications. Our commitment to identifying, developing and rapidly responding to practitioner needs has allowed us to remain at the forefront of providing relevant tax resources.

Based on industry needs and practitioner feedback, our print publications and online resources are developed in collaboration with practicing tax professionals.

## Print publications

We are dedicated to bringing the latest issues, cases, policy changes and general tax knowledge to our Members and customers.

In 2008 we published the following titles:

- *Estate & Business Succession Planning* in print and online format with accompanying CPD;
- The fifth edition of the popular *Trust Structures Guide*;
- A new edition of the *CGT: Small Business Reliefs Handbook* with online subscription and CPD; and
- A new edition of the *Division 7A Handbook* with online CPD;

We also continue to publish a consolidated book of individual State Convention Papers.

## Taxation Institute journals include:

- *Taxation in Australia* journal – Australia's premier tax journal for Members;
- *The Tax Specialist* – our specialist journal aimed at corporate tax professionals; and
- *Australian Tax Forum* – our quarterly academic journal.

## Rated 'number one'

In recognising the importance of the *Taxation in Australia* journal, we undertook a Member survey to assess its relevance, readability and usefulness. We were delighted that 90% of respondents rated it the number one journal for tax professionals, while over 70% rated it as the most useful of its kind on the market. The survey confirmed to us that the *Taxation in Australia* journal remains a primary benefit of membership.

## Online resources

Apart from the CPD-ROMs mentioned in the CPD section of the report, in 2008 we developed and ran several face-to-face tax research sessions which instructed participants on how to best find tax resources online. *TaxVine*, our weekly e-newsletter, was also redeveloped.

The dedicated Member research service, TaxLine, has once again proven to be a popular benefit of membership. Members can contact TaxLine to request research from a variety of sources. Our physical tax library also boasts one of the country's most extensive collections of tax publications.

## Making the most of our website

We continue to increase the usability of our website resulting in almost 50% of membership renewals now occurring online. During the year we completed a major infrastructure project which has increased the robustness and availability of our website and online resources.

On our website you can find daily tax news, weekly content updates, the latest seminar and convention papers, event listings, podcasts, online CPD and education courses.

## New online career resource

Towards the end of 2008, we launched Tax Careers, a dedicated tax recruitment and online careers service open to all Members – a timely industry resource during an uncertain economic climate.



**“90% of respondents rated *Taxation in Australia* as the number one journal for tax professionals”**

# Continuing Professional Development Programs

Our CPD programs are developed in close consultation with volunteer Members. These programs offer tax professionals up-to-date, practical information which they can use to deal with the many taxation issues faced on a daily basis.

## Continuing education – continuing improvements

In late 2008, the Taxation Institute conducted a comprehensive review of its CPD programs to ensure that the content, format and delivery style of its programs was relevant and responsive to Members' needs.

We continue to investigate alternative delivery methods and tailor our educational offering to suit Members' preferences. In line with this, we released several key technical sessions on CD-ROM during 2008 and delivered 10 popular topics via CPE.TV.

Last year saw the successful delivery of seven national conferences including the Taxation Institute's signature event, the 23rd National Convention. This event was held in Adelaide and attracted over 400 delegates.

In total, the National Division's seven national events, listed below, delivered 86 CPD hours and attracted over 1,100 delegates.

- 23rd National Convention
- Financial Services Conference
- States' Taxation Conferences
- GST Intensive
- Annual Intensive Workshop
- Tax Intensive Retreats held in August and November.

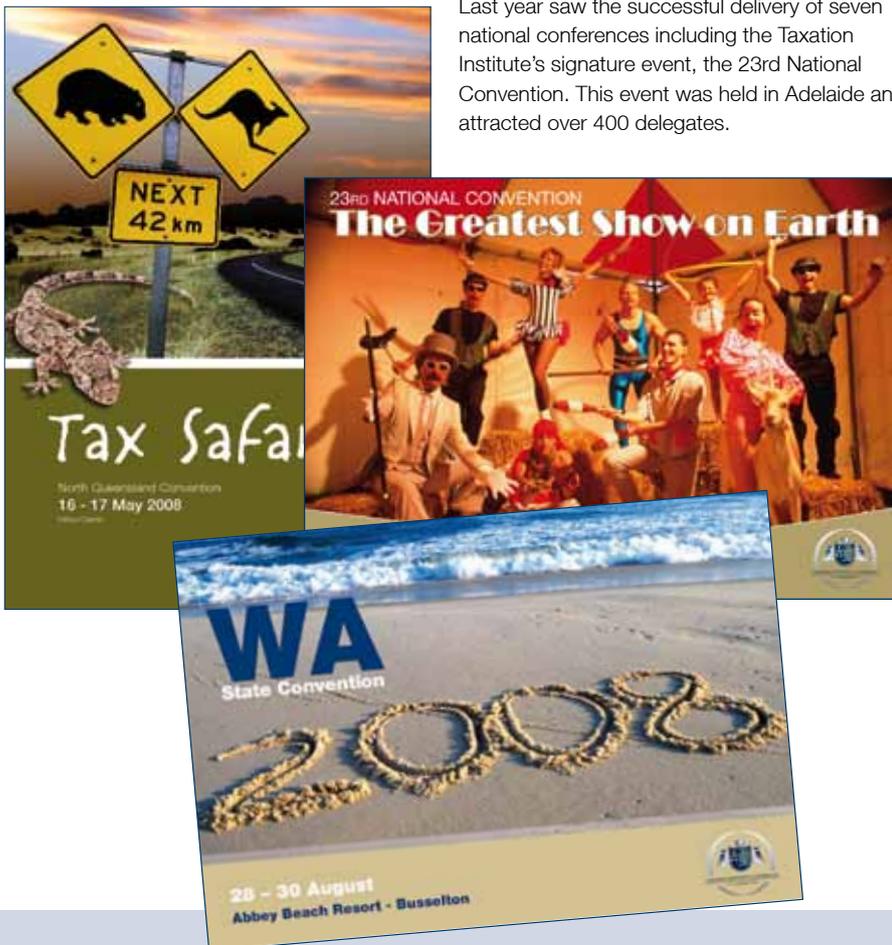
We also ran four national roadshows dealing with:

- Superannuation
- Trusts
- Small Business CGT Concessions
- Expanding Business Overseas.

In addition, the State Divisions held State Conventions and over 300 local seminars and events as well as a number of very popular series including the:

- Breakfast Club series
- Young Tax Practitioner series
- Corporate Tax Club series
- Trusts and Estates series
- Superannuation Club series
- Tax Briefing series.

The National and State Divisions continue to dedicate themselves to providing Members with relevant, high-quality, tax-specific information. Importantly, this information is delivered with a practical focus, is presented by high-calibre practitioners and incorporates opportunities for Members to network with peers.



**“The content, format and delivery style of programs are relevant and responsive to Members' needs”**

# Structured Education Program

The 2008 year heralded the third anniversary of our Structured Education Program. Of special note, in December the first candidate graduated from Advanced Tax after completing Foundation Tax and Applied Tax in prior years.

The Taxation Institute is being recognised through its Structured Education graduates as Australia's premier provider of tax education. This demonstrates that the Program is meeting the needs of the profession.

## Responding to shifting needs

During the year the onus shifted slightly from employer-driven needs to employees seeking courses that give them a competitive edge. Candidates are increasingly taking the initiative in managing their careers and seeking to capitalise on the flexible programming of our courses.

## New residential element to Advanced Tax

To meet the shifting needs of our candidates we offered the third intake for Advanced Tax as an intensive/residential course.

Each level of course offered three intakes with candidate numbers in 2008 at 863 and total participants since its inception in 2006 in excess of 2,260.

## Secured course exemptions

Further course exemptions were secured with CPA Australia and Curtin University to allow candidates to step out of their existing postgraduate programs (Master of Tax, Laws or Commerce) or their CA or CPA programs to access the tax specialisation offered by studying the Taxation Institute's education program.

The Advanced Tax course reached a milestone during 2008 by becoming recognised by Curtin University as exempting graduates for a subject in their Master of Taxation and/or Master of Commerce (Taxation).

## Practical innovations

Last year also saw a number of innovations to the ways employer firms seek to utilise the benefits of the Program. The following examples show how we have modified Program delivery to be truly customer focussed and to ensure the investment in the Program returns value to the profession:

**Induction program:** a graduate induction program using Foundation Tax was held at a firm's premises with the schedule designed by the firm to best fit their business needs.

**Inter and intra-office learning:** A national firm conducted a series of teleconferences with candidates located in different states. The candidates blended their distance study with work-based study groups.

**Regional solution:** a small group of candidates in a regional area attended an in-company course. The partner performed the role of lecturer. We gave the same support to this partner-lecturer as other public program lecturers and set the exam centrally as per normal.

**“The lecturers for Foundation Tax and Applied Tax brought the materials into the practitioner’s realm”**

Heath Adams



# A Special Thank You to Our Volunteers

We would like to acknowledge our volunteers (more than 500 of them from all around Australia) who work tirelessly to pull together the Taxation Institute's many events, education courses and products each year.

## Exceptional effort

The efforts of our Membership, Education, State Technical and State Tax Committees, numerous 'Clubs' and 'Conventions', sub-committees, large number of presenters, and other groups have all been nothing short of exceptional.

Our volunteers' hard work and perseverance helped us to successfully deliver more than 300 national and state events, roadshows and education courses and over 900 CPD hours with over 19,000 delegate attendances.

Without the dedication of our volunteers, we would not be able to offer such relevant, informative and topical events.

## Get involved

We would like to encourage all Members to consider getting involved in various committees. You'll find this is a great way of giving back to your profession. It enables us to continue to deliver excellent service to our Members and drive changes to the tax system. It also provides you with the opportunity to work with your peers in a non-competitive environment, develop new networks and strengthen relationships.



**“Consider it as an essential way to get even more out of your membership”**

# 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 2008.

## Directors

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

<b>Ashutosh Chotai</b>	(appointed 12/08/08, resigned 25/09/08)
<b>Michael Flynn</b>	
<b>Michael Frampton</b>	
<b>Stephen Healey</b>	(appointed 25/09/08)
<b>Clifford Hughes</b>	(appointed 28/03/07, resigned 12/08/08)
<b>Graeme Jolley</b>	(appointed 20/08/08, resigned 21/08/08)
<b>Peter Murray</b>	
<b>Joan Roberts</b>	
<b>Ken Schurgott</b>	
<b>Stephen Westaway</b>	
<b>Malcolm Wight</b>	(appointed 24/06/08, resigned 25/06/08)
<b>David Williams</b>	
<b>Sue Williamson</b>	(appointed 31/03/00, resigned 31/12/08)

Directors have been in office since the start of the 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 \$249,953 (2007: \$405,815).

The operating result for the 2008 year included a recoupment of prior years payroll tax payment of \$706,899. The operating result also includes an unrealised investment loss of \$570,976.

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

The Institute has exposure to daily movements in the Australian, International and Fixed Interest markets through its holding of Financial Assets. Since 31 December 2008 markets have declined and the value of the Institute's Financial Assets has also fallen. The changes in Financial Assets cannot be accurately quantified at this time.

Other than the above 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 (cont.)

## Directors' Meetings

Attendance at Board and Board Committee meetings during the year ended 31 December 2008:

Name	Board of Directors		Investment Committee	
	7		3	
Directors	A	B	A	B
Ashutosh Chotai	1	1		
Michael Flynn	7	7		
Michael Frampton	7	6		
Stephen Healey	3	3		
Clifford Hughes	3	1		
Graeme Jolley (alternate for Michael Frampton)	1	1		
Peter Murray	7	7		
Joan Roberts	7	7	3	3
Ken Schurgott	7	7		
Stephen Westaway	7	5		
Malcolm Wight (alternate for Stephen Westaway)	1	1		
David Williams	7	6	3	3
Sue Williamson	7	7		

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 eighteenth day of March 2009

# 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 2008 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 eighteenth day of March 2009



## Auditor's Independence Declaration Under Section 307C of The Corporations Act 2001 To The Directors of Taxation Institute of Australia

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2008 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



WHK HORWATH SYDNEY



Roger Wong  
Principal

Dated this eighteenth day of March 2009

# Directors' Particulars

## Ashutosh Chotai, B Bus (Accy), M Com, CA, FTIA

Date of Birth: 02/02/1974

Qualifications: Chartered Accountant

Experience: Appointed to National Council 12/08/2008,  
Resigned 25/09/2008

Responsibilities:

- Member Queensland Education Committee 1999-2009
- Chair Queensland Education Committee 2004-2006
- Queensland State Councillor since 2004
- Member National Education Committee 2006
- Member Education Advisory Board since 2007
- Chair Queensland State Council 2007/08

## 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 2007/08
- 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 2008

## 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:

- Chairman 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

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

Date of Birth: 15/08/1966

Qualifications: Chartered Accountant

Experience: Appointed to National Council 25/09/2008

Responsibilities:

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

## Clifford Hughes, B Juris, LLB, M Tax, FTIA

Date of Birth: 24/06/1968

Qualifications: Solicitor

Experience: Appointed to National Council March 2007,  
Resigned August 2008

Responsibilities:

- Queensland State Councillor since 2003
- Member Queensland Education Committee since 2000
- Member Queensland Technical Committee since 2000
- Member National Education Committee 2003-2005
- Member National GST Technical sub-committee since 2003
- Chair Queensland Education Committee 2003/04
- Deputy Chair Queensland State Council 2005/06
- Deputy Chair National Education Committee 2007
- Chair Queensland State Council 2006/07
- Chair Information Products 2008

## Graeme Jolley, B Com, M Tax, CA, FTIA

Date of Birth: 18/08/1956

Qualifications: Chartered Accountant

Experience: Appointed to National Council as Alternate  
Director 20 and 21 August 2008

Responsibilities:

- Western Australian State Councillor 1997-2003 and since 2007
- Chairman Western Australian State Council 2002

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

Date of Birth: 23/03/1959

Qualifications: Chartered Accountant/Solicitor

Experience: Appointed to National Council 2007

Responsibilities:

- Victorian State Councillor since 1997
- Chairman Victorian Education Committee 1999-2003
- Chair Victorian State Council 2003/04
- Member National Education Committee
- Chairman National Information Products 2006
- Chairman National Membership & Services Committee 2007/08

# 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 1999

Responsibilities:

- Tasmanian State Councillor 1996-2007
- Chair National Membership & Services Committee 2005-2007
- Treasurer 2007
- Vice President 2008
- Chair National Technical Committee 2008

## 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 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
- Chairman South Australian State Council 2002
- Chairman National Education 2006 and 2007

## 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
- Education and Convention Sub-committee since April 2004
- Chairman Education Advisory Board 2007/08
- Chairman South Australian State Council 2007

## Malcolm Wight, B Acc, ACA, FTIA

Date of Birth: 12/03/1959

Qualifications: Chartered Accountant

Experience: Appointed as Alternate Director 24 June 2008

Responsibilities:

- Members South Australian Membership Committee since 1996
- South Australian State Councillor since 2002
- Deputy Chair South Australian State Council 2007
- Chair South Australian State Council 2008

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

Date of Birth: 06/06/1953

Qualifications: Solicitor

Experience: Appointed to National Council 2003

Responsibilities:

- New South Wales State Councillor 1992-1996 and since 2000
- NSW State Chairman 2003-2004
- Chairman National Education Committee 2004-2006
- Member National Education Committee 2007
- Deputy Chairman National Technical Committee March 2006/07
- Chairman Information Products 2007
- Treasurer 2008

## Sue Williamson, LLM, B Com, FTIA

Date of Birth: 28/02/1960

Qualifications: Barrister and Solicitor

Experience: Appointed to National Council 2000

Responsibilities:

- Victorian State Councillor since 1995
- Member National Education Committee
- Governor Australian Tax Research Foundation since 2007
- Treasurer 2006
- Vice-President 2007
- President 2008

## Company Secretary

### Noel Rowland

Date of Birth: 21/01/1967

Qualifications: Chief Executive Officer and Company Secretary

Experience: Appointed Company Secretary March 1998

# Income Statement

– For the year ended 31 December 2008

	Note	2008	2007
		\$	\$
Revenue	2	13,782,655	12,608,241
Employee benefits expense		(5,189,979)	(5,042,254)
Depreciation and amortisation expenses		(404,751)	(383,222)
Membership services		(5,219,241)	(4,861,965)
Administration expenses		(2,147,755)	(1,914,985)
Net change in fair value of financial assets held at fair value through profit and loss	3	(570,976)	-
Profit before income tax expense		249,953	405,815
Income tax expense	1(j)	-	-
<b>Profit after income tax expense</b>		<b>249,953</b>	<b>405,815</b>

The accompanying notes form part of these financial statements.

# Balance Sheet

– As at 31 December 2008

	Note	2008	2007
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	4,393,349	3,353,106
Trade and Other Receivables	6	1,271,666	1,352,914
Inventories	7	7,647	46
Financial Assets at fair value through profit or loss	11	1,629,204	2,102,014
<b>TOTAL CURRENT ASSETS</b>		<b>7,301,866</b>	<b>6,808,080</b>
<b>NON-CURRENT ASSETS</b>			
Investment in Subsidiary	8	6	6
Plant and Equipment	10	782,170	928,408
<b>TOTAL NON-CURRENT ASSETS</b>		<b>782,176</b>	<b>928,414</b>
<b>TOTAL ASSETS</b>		<b>8,084,042</b>	<b>7,736,494</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	12	3,572,345	3,518,723
Short Term Provision	13	350,658	288,493
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,923,003</b>	<b>3,807,216</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Provisions	13	133,137	151,329
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>133,137</b>	<b>151,329</b>
<b>TOTAL LIABILITIES</b>		<b>4,056,140</b>	<b>3,958,545</b>
<b>NET ASSETS</b>		<b>4,027,902</b>	<b>3,777,949</b>
<b>EQUITY</b>			
Retained Profits		4,027,902	3,777,949
<b>TOTAL EQUITY</b>		<b>4,027,902</b>	<b>3,777,949</b>

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

– For the year ended 31 December 2008

	2008	2007
	\$	\$
<b>Retained Earnings</b>		
Opening retained earnings	3,777,949	3,372,134
Net Profit for the Year	249,953	405,815
<b>Retained earnings at year end</b>	<b>4,027,902</b>	<b>3,777,949</b>
<b>Total equity at the end of the year</b>	<b>4,027,902</b>	<b>3,777,949</b>

The accompanying notes form part of these financial statements.

# Cash Flow Statement

– For the year ended 31 December 2008

	Note	2008	2007
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and others		14,592,340	13,623,994
Payments to suppliers and employees		(13,654,157)	(13,527,460)
Interest Received		355,807	312,385
<b>Net cash provided by operating activities</b>	<b>16(b)</b>	<b>1,293,990</b>	<b>408,919</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of financial assets at fair value through profit or loss		79,020	-
Payment for plant and equipment		(258,513)	(236,583)
Dividend income		102,932	-
Purchase of financial assets		-	(2,080,000)
Dividend income and proceeds from sale of financial assets reinvested in financial assets at fair value through profit or loss		(177,186)	-
<b>Net cash provided by (used in) investing activities</b>		<b>(253,747)</b>	<b>(2,316,583)</b>
Net Increase/(Decrease) in Cash Held		1,040,243	(1,907,664)
Cash at beginning of the financial year		3,353,106	5,260,770
<b>Cash at end of the financial year</b>	<b>16(a)</b>	<b>4,393,349</b>	<b>3,353,106</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

– For the year ended 31 December 2008

## NOTE 1. STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of the Taxation Institute of Australia for the year ended 31 December 2008 was authorised for issue by a resolution of the Directors on 18 March 2009.

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 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.

# Notes to the Financial Statements

– For the year ended 31 December 2008

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

## (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 Income Statement.

#### (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 Income Statement.

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 2008

## **(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) Comparative Figures**

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

## **(m) 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 2008.

# Notes to the Financial Statements

– For the year ended 31 December 2008

	2008	2007
	\$	\$
<b>NOTE 2. REVENUE</b>		
<b>Operating Activities</b>		
Membership Services including Education	5,498,724	5,345,270
Rendering of services (Conventions and Events)	5,831,040	5,665,773
Sales of publications	1,154,468	1,099,376
Commercial sponsorship	14,516	49,073
Advertising revenue	95,876	114,351
	<b>12,594,624</b>	<b>12,273,843</b>
<b>Other Income</b>		
Interest	378,200	312,385
Dividend income	102,932	22,013
Payroll Tax refund	706,899	-
	<b>1,188,031</b>	<b>334,398</b>
<b>Total revenue</b>	<b>13,782,655</b>	<b>12,608,241</b>

# Notes to the Financial Statements

– For the year ended 31 December 2008

	2008	2007
	\$	\$
<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	404,751	383,222
	<b>404,751</b>	<b>383,222</b>
<b>Remuneration of auditor</b>		
- audit	18,000	16,000
- other services	2,100	1,850
	<b>20,100</b>	<b>17,850</b>
<b>Rental expense on operating leases</b>		
- minimum lease payments	517,038	346,226
	<b>517,038</b>	<b>346,226</b>
Net change in fair value of Financial Assets held at fair value through profit and loss	570,976	-
	<b>570,976</b>	<b>-</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 2008

	2008	2007
	\$	\$
<b>NOTE 5. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	194,205	103,480
Short term deposits	4,199,144	3,249,626
	<b>4,393,349</b>	<b>3,353,106</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	437,774	382,313
Prepayments	833,892	970,601
	<b>1,271,666</b>	<b>1,352,914</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	46
<b>NOTE 8. INVESTMENT IN SUBSIDIARY</b>		
Shares in controlled entity – at cost	6	6

# Notes to the Financial Statements

– For the year ended 31 December 2008

## NOTE 9. CONTROLLED ENTITIES

Subsidiary: The Australian Institute of Certified Tax Practitioners Pty Ltd

Country of incorporation: Australia Percentage owned: 100% (2007: 100%)

The Institute's subsidiary - The Australian Institute of Certified Tax Practitioners Pty Ltd has not traded since 2004, and hence its results are not material.

Australian Tax Research Foundation (ATRF)

The Institute took over administrative responsibility for the ATRF in 2002. Whilst the Institute could exercise control over the ATRF, it does not and the Foundation continues to be run as an independent organisation with an independent 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.

	2008	2007
	\$	\$
<b>NOTE 10. PLANT AND EQUIPMENT</b>		
Plant and Equipment – at cost	2,011,125	1,856,704
Less: accumulated depreciation	(1,232,714)	(956,583)
	<b>778,411</b>	<b>900,121</b>
Development costs	75,522	75,522
Less: amortisation on development	(71,763)	(47,235)
	<b>3,759</b>	<b>28,287</b>
<b>Total Plant and Equipment</b>	<b>782,170</b>	<b>928,408</b>

# Notes to the Financial Statements

– For the year ended 31 December 2008

	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	900,121	28,287	928,408
Additions	258,513	-	258,513
Depreciation or amortisation expense	(380,223)	(24,528)	(404,751)
<b>Carrying amount at the end of the year</b>	<b>778,411</b>	<b>3,759</b>	<b>782,170</b>

	2008	2007
	\$	\$

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

<b>Investments in Unit Trusts at fair value</b>	<b>1,629,204</b>	<b>2,102,014</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 Income Statement and provided in note 3.

(a) Risk exposure

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

# Notes to the Financial Statements

– For the year ended 31 December 2008

	2008	2007
	\$	\$
<b>NOTE 12. TRADE AND OTHER PAYABLES</b>		
<b>CURRENT</b>		
Trade payables	673,859	617,548
Income in advance	2,898,486	2,901,175
	<b>3,572,345</b>	<b>3,518,723</b>

(a) The Institute's exposure to Liquidity risk is discussed in note 17.

	2008	2007
	\$	\$
<b>NOTE 13. PROVISIONS</b>		
<b>CURRENT</b>		
Employee benefits	350,658	288,493
<b>NON-CURRENT</b>		
Employee benefits	56,729	84,581
Make good on premises	76,408	66,748
	133,137	151,329
<b>(a) Aggregate employee benefits</b>	<b>407,387</b>	<b>373,074</b>
<b>(b) Number of employees at year end</b>	<b>55</b>	<b>53</b>

# Notes to the Financial Statements

– For the year ended 31 December 2008

	2008	2007
	\$	\$
<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	538,634	411,125
■ later than one year but not later than 5 years	723,857	938,543
■ later than 5 years	-	-
	<b>1,262,491</b>	<b>1,349,668</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 offices 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 2008

	2008	2007
	\$	\$
<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 income statement as follows:		
<b>Cash on hand and at bank</b>	<b>4,393,349</b>	<b>3,353,106</b>
<b>(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit after income tax	249,953	405,815
Non-cash flows in profit from ordinary activities		
Depreciation	404,751	383,222
Net change in fair value of financial assets held at fair value through profit or loss	570,976	-
Dividend Income	(102,932)	(22,014)
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in Receivables	81,248	(608,442)
(Increase)/decrease in Inventories	(7,601)	650
Increase in Payables	53,622	202,673
Increase in Provisions	43,973	47,015
<b>Cash flows from operations</b>	<b>1,293,990</b>	<b>408,919</b>

# Notes to the Financial Statements

– For the year ended 31 December 2008

## NOTE 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Institute's principal financial instruments comprise receivables, payables, available for sale investments, 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 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 receivables	-	-	3,572,345	3,572,345	
			<b>3,572,345</b>	<b>3,572,345</b>	
Year ended 31 December 2007					
<b>Financial Assets</b>					
Cash and cash equivalents	3,351,956	-	1,150	3,353,106	6.39%
Trade and other receivables	-	-	1,352,914	1,352,914	
Financial assets held at fair value through profit or loss	-	-	2,102,014	2,102,014	
	<b>3,351,956</b>	<b>-</b>	<b>3,456,078</b>	<b>6,808,034</b>	
<b>Financial Liabilities</b>					
Trade and other receivables	-	-	3,518,723	3,518,723	
			<b>3,518,723</b>	<b>3,518,723</b>	

# Notes to the Financial Statements

– For the year ended 31 December 2008

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

For the year ended 31 December 2007, 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)	
	2008	2007
	\$	\$
+1% (100 basis points)	43,823	48,887
-1% (100 basis points)	(43,823)	(48,887)

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 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 2008 profit would have been approximately \$160,000.

## 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 2008

## 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 4 weeks Annual Leave
- Entitlement to 10 days Sick Leave
- Entitlement to Long Service Leave is based on contract
- 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 for business calls.

2008		2007	
Noel Rowland	Chief Executive Officer	Noel Rowland	Chief Executive Officer
Michael Dirkis	Senior Tax Counsel	Michael Dirkis	Senior Tax Counsel
Ruth Ferraro	General Manager, Education	Ruth Ferraro	General Manager, Education
Des Reynolds	General Manager, Finance and Administration	Des Reynolds	General Manager, Finance and Administration
Zeina Khodr	General Manager, Information Products	Zeina Khodr	General Manager, Information Products
Deborah Patison	General Manager, Marketing (resigned 13/08/2008)	Deborah Patison	General Manager, Marketing
Anna Mirzayan	General Manager, Marketing (commenced 10/11/2008)		

	2008	2007
	\$	\$
<b>Remuneration for Key Management Personnel</b>		
Base Salaries	1,106,985	1,041,918
Superannuation	95,763	93,591
Bonuses	-	43,783
<b>Total Remuneration</b>	<b>1,202,748</b>	<b>1,179,292</b>

The bonus amount paid to staff was a performance bonus for 2007 year.

## 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. 70,928 67,670

# Notes to the Financial Statements

– For the year ended 31 December 2008

## 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

The Institute has exposure to daily movements in the Australian, International and Fixed Interest markets through its holding of Financial Assets. Since 31 December 2008 markets have declined and the value of the Institute's Financial Assets has also fallen. The changes in Financial Assets cannot be accurately quantified at this time.

## 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 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

## Directors' Responsibility for the Financial Report

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

## 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 of Taxation Institute of Australia is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the company's financial position as at 31 December 2008 and of their performance for the year ended on that; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

WHK HORWATH SYDNEY

Roger Wong  
Principal

Dated this eighteenth day of March 2009

# Contact us

## Executive Team

<b>Noel Rowland</b>	Chief Executive Officer
<b>Michael Dirkis</b>	Senior Tax Counsel
<b>Ruth Ferraro</b>	General Manager, Education
<b>Zeina Khodr</b>	General Manager, Information Products
<b>Anna Mirzayan</b>	General Manager, Marketing
<b>Des Reynolds</b>	General Manager, Finance and Administration

## National Office

**CEO Noel Rowland**  
 Level 2, 95 Pitt Street,  
 Sydney NSW 2000  
 Tel: 02 8223 0000  
 Fax: 02 8223 0099  
 Email: ceo@taxinstitute.com.au

## State Divisions

### New South Wales and ACT

**Chairman: Mariana Von Lucken**  
**Manager: Claire Kasses**  
 Level 2, 95 Pitt Street,  
 Sydney NSW 2000  
 Tel: 02 8223 0040  
 Fax: 02 8223 0077  
 Email: nsw@taxinstitute.com.au

### Victoria

**Chairman: Tim Neilson**  
**State Manager Ruth White**  
 Level 15, 350 Collins Street,  
 Melbourne VIC 3000  
 Tel: 03 9603 2000  
 Fax: 03 9603 2050  
 Email: vic@taxinstitute.com.au

### Queensland

**Chairman: Dr David Morrison**  
**State Manager Monique Belousoff/Juliette Cheetham**  
 Level 11, Emirates Building  
 167 Eagle Street,  
 Brisbane QLD 4000  
 Tel: 07 3225 5200  
 Fax: 07 3225 5222  
 Email: qld@taxinstitute.com.au

### Western Australia

**Chairman: Wayne Healy**  
**State Manager Paul Fleay**  
 Level 2, Parmelia House,  
 191 St Georges Terrace,  
 Perth WA 6005  
 Tel: 08 9322 2004  
 Fax: 08 9322 2153  
 Email: wa@taxinstitute.com.au

### South Australia and Northern Territory

**Chairman: Malcolm Wight**  
**State Manager Angelika Hislop**  
 Ground Floor,  
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 Tel: 08 8357 8113  
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 Email: sa@taxinstitute.com.au

### Tasmania

**Chairman: Brent Murphy**  
**State Manager Ruth White**  
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It's Essential

